



## CITY OF WARREN, MICHIGAN

Fiscal Year Ended June 30, 2019  
Comprehensive Annual Financial Report



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# City of Warren, Michigan

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**Comprehensive Annual Financial Report  
with Supplemental Information  
June 30, 2019**

**Prepared by the Controller's Office**

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

November 22, 2019

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

In accordance with City Charter and State Statute, the City of Warren is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm in accordance with generally accepted auditing standards. Pursuant to those requirements, the City Controller's Office hereby submits the comprehensive annual financial report of the City of Warren for the fiscal year ended June 30, 2019.

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, 2019 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **General Information**

The City of Warren was incorporated as a home rule City on January 1, 1957. The City is governed by a seven-member Council, Mayor, Treasurer and City Clerk, all of whom are elected to a maximum of three four-year terms except the Mayor (20 years). The City encompasses 34.5 square miles (22,080 acres) of the southwestern section of Macomb County where it is adjacent to the City of Detroit. The City's boundaries are Eight Mile Road on the south, Fourteen Mile Road on the north, Dequindre Road on the west and a parallel line running due north from the Gratiot-Eight Mile Road intersection on the east. With a population of 134,056 (2010 census figure), Warren remains the third largest city in the State of Michigan.

## General Information (continued)

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

The South Campus of Macomb Community College is a public college located on a 100-acre site on Twelve Mile Road. Macomb Community College is one of the nation's leading community colleges, providing learning experiences to better our community. Macomb ranks high in Michigan and nationally in the number of associate's degrees. The college's comprehensive educational programming includes pre-collegiate experiences, university transfer and career preparation programs, bachelor's degree completion and graduate degree programs, workforce training, professional and continuing education and enrichment opportunities. Wayne State University has opened an Extension Center right across from Macomb's South Campus on 12 Mile and is named the Advanced Technology Education Center.

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

The mission of the Warren Public Library is to improve the quality of life for the citizens of Warren by providing services and resources that promote educational, cultural, social and economic well being. The library strives to be a source of information for lifetime learning and enjoyment. One of its primary goals is to stimulate young children's interest in reading and learning and to encourage literacy among all age groups. The Warren Public Library operates a Civic Center Library and occupies 35,000 square feet on the main floor of the City Hall building. The Library features a computer lab, self check-out units, private study rooms and an inviting reading room with fireplace. Services such as after-hours book pick-up and a drive-up book drop are also available. This centrally located library benefits all citizens of Warren. Warren also has branch libraries, each providing internet access and adaptive devices for the visually impaired. The Maybelle Burnette library has been constructed in the City's south end and opened in October 2019 for our residents. As a member of the Suburban Library Cooperative, the Warren Libraries provide access for patrons to all library materials in the State of Michigan.

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

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

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

## **Reporting Entity**

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

## **Accounting Systems, Budgetary and Internal Controls**

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

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

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

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

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

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

## **Economic Outlook**

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

The 2020 budget has committed to continue to invest in the City's infrastructure with over \$5 million in General Fund and Special Revenue Fund Equipment and Capital Improvements. The Enterprise Funds have capital outlay of almost \$43 million. With six of the seven labor contracts being in place through June 2020, the City is poised to deliver excellent services and financial results for the upcoming years. There is still concern over revenues from personal property tax and state shared revenues. The City will continue to scrutinize expenditures and try to maximize all other revenues.

## **Long-term Financial Planning**

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



## Major Initiatives

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

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

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Warren for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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,



Richard Fox  
City Controller



Government Finance Officers Association

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

Presented to

**City of Warren  
Michigan**

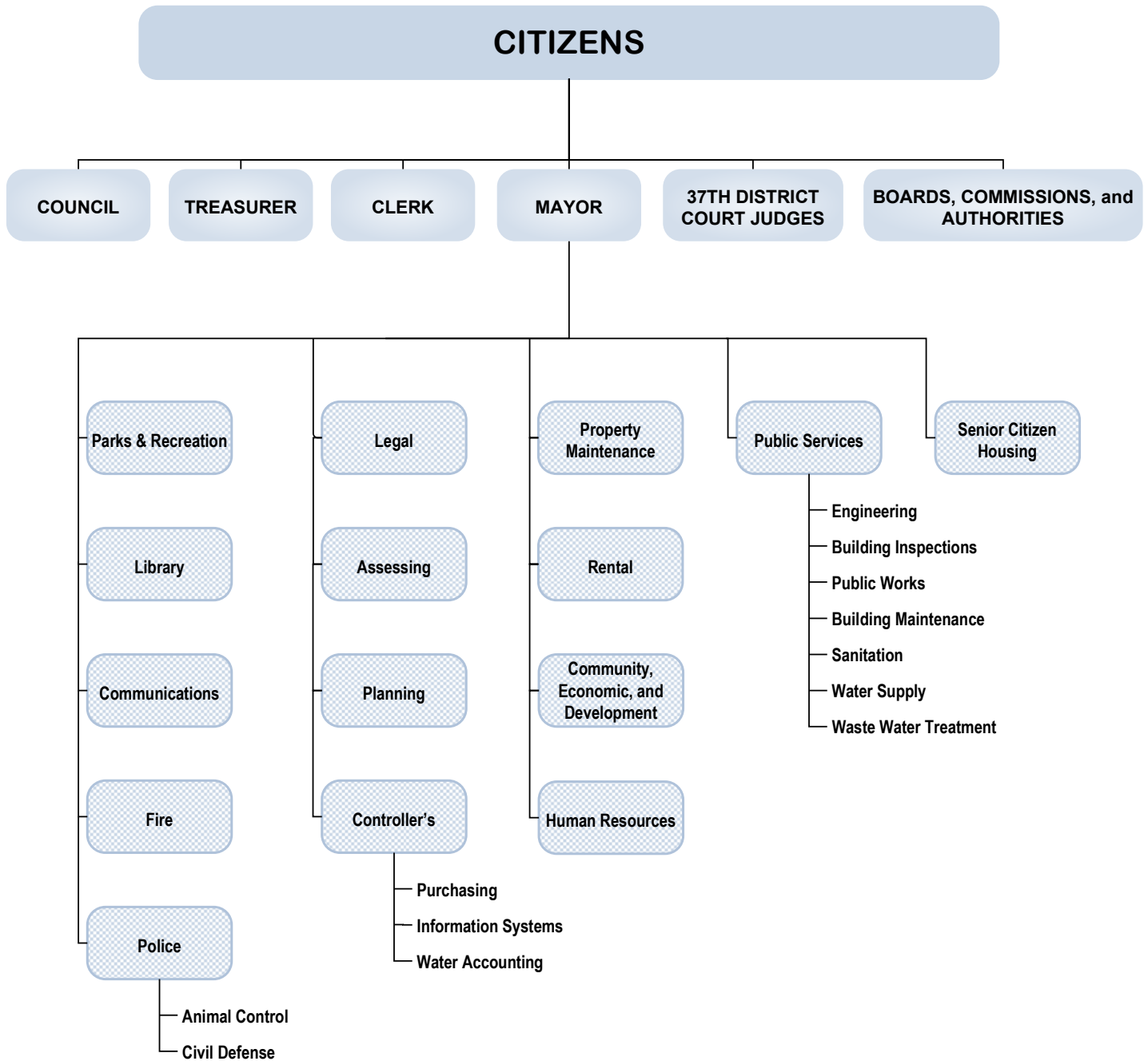
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

# City of Warren, Michigan Organization Chart



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

## Independent Auditor's Report

To the City Council  
City of Warren, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Warren, Michigan (the "City") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise City of Warren, Michigan's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Benefit Plan annual financial report, which represent 33 percent, 33 percent, and 17 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information of the City of Warren, Michigan. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Pension 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 Police and Fire Retirement System Defined Benefit Pension Plan, the City of Warren Police and Fire Retirement Health Benefits Plan and Trust, the City of Warren Employees' Retirement System Defined Benefit Plan, and the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust were not audited under *Government Auditing Standards*.

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

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

To the City Council  
City of Warren, Michigan

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

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

#### *Other Information*

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

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

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

To the City Council  
City of Warren, Michigan

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of City of Warren, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Warren, Michigan's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 22, 2019

Our discussion and analysis of 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, 2019. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and the City's financial statements.

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2019:

### ***Financial Highlights***

- As a result of this year's operations, governmental activities net position increased by \$34 million, or 19.2 percent, from the prior year. The increase is primarily due to an increase in state-shared revenue from the personal property tax reimbursement.
- As a result of this year's operations, business-type activities net position increased by \$2.2 million, or 2.6 percent, from the prior year. The increase is primarily due to the positive operating activity in the water and sewer system and net change in pension and OPEB obligations.
- The General Fund reported a \$10.1 million increase in fund balance from the prior year. This increase is primarily due to an increase in state-shared revenue from the personal property tax reimbursement.

### ***Using This Annual Report***

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

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



# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

The following tables show, in a condensed format, the current year's net position and changes in net position as of June 30, 2019 compared to the prior year:

### The City's Net Position

	Governmental Activities			
	2018	2019	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 129,726,402	\$ 143,105,018	\$ 13,378,616	10.3
Capital assets	138,503,112	158,868,087	20,364,975	14.7
Total assets	268,229,514	301,973,105	33,743,591	12.6
<b>Deferred Outflows of Resources</b>	37,963,303	59,826,050	21,862,747	57.6
<b>Liabilities</b>				
Current liabilities	7,396,294	12,334,743	4,938,449	66.8
Long-term liabilities:				
Due within one year	4,546,368	5,323,527	777,159	17.1
Due in more than one year	386,663,701	440,959,573	54,295,872	14.0
Total liabilities	398,606,363	458,617,843	60,011,480	15.1
<b>Deferred Inflows of Resources</b>	84,262,935	45,992,557	(38,270,378)	(45.4)
<b>Net Position</b>				
Net investment in capital assets	113,821,101	137,591,150	23,770,049	20.9
Restricted	62,562,871	51,381,660	(11,181,211)	(17.9)
Unrestricted	(353,060,453)	(331,784,055)	21,276,398	(6.0)
Total net position	<b>\$ (176,676,481)</b>	<b>\$ (142,811,245)</b>	<b>\$ 33,865,236</b>	(19.2)

	Business-type Activities			
	2018	2019	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 95,824,065	\$ 92,432,650	\$ (3,391,415)	(3.5)
Capital assets	144,086,883	150,363,539	6,276,656	4.4
Total assets	239,910,948	242,796,189	2,885,241	1.2
<b>Deferred Outflows of Resources</b>	2,968,145	7,291,331	4,323,186	145.7
<b>Liabilities</b>				
Current liabilities	6,617,784	6,877,135	259,351	3.9
Long-term liabilities:				
Due within one year	8,509,900	8,794,725	284,825	3.3
Due in more than one year	141,493,394	147,724,688	6,231,294	4.4
Total liabilities	156,621,078	163,396,548	6,775,470	4.3
<b>Deferred Inflows of Resources</b>	1,758,761	-	(1,758,761)	(100.0)
<b>Net Position</b>				
Net investment in capital assets	78,416,923	88,586,233	10,169,310	13.0
Restricted	10,604,481	11,758,477	1,153,996	10.9
Unrestricted	(4,522,150)	(13,653,738)	(9,131,588)	201.9
Total net position	<b>\$ 84,499,254</b>	<b>\$ 86,690,972</b>	<b>\$ 2,191,718</b>	2.6

**The City's Changes in Net Position**

	Governmental Activities			
	2018	2019	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 21,808,137	\$ 23,004,408	\$ 1,196,271	5.5
Operating grants	19,154,256	20,534,246	1,379,990	7.2
Capital grants	326,759	193,543	(133,216)	(40.8)
General revenue:				
Taxes - Property taxes	88,206,104	90,212,955	2,006,851	2.3
State-shared revenue	18,394,692	26,158,925	7,764,233	42.2
Investment earnings	870,709	2,371,630	1,500,921	172.4
Other revenue	2,213,801	5,564,869	3,351,068	151.4
Total revenue	150,974,458	168,040,576	17,066,118	11.3
<b>Program Expenses</b>				
General government	16,097,711	13,009,185	(3,088,526)	(19.2)
District court	6,464,165	7,840,727	1,376,562	21.3
Public safety	62,391,916	60,857,353	(1,534,563)	(2.5)
Public works	26,695,024	34,995,669	8,300,645	31.1
Community and economic development	3,966,082	7,438,567	3,472,485	87.6
Recreation and culture	11,398,091	9,492,031	(1,906,060)	(16.7)
Interest on long-term debt	359,449	541,808	182,359	50.7
Total program expenses	127,372,438	134,175,340	6,802,902	5.3
<b>Change in Net Position</b>	23,602,020	33,865,236	10,263,216	43.5
<b>Net Position - Beginning of year</b>	(200,278,501)	(176,676,481)	23,602,020	(11.8)
<b>Net Position - End of year</b>	<b>\$ (176,676,481)</b>	<b>\$ (142,811,245)</b>	<b>\$ 33,865,236</b>	(19.2)

	Business-type Activities			
	2018	2019	Change	Percent Change
<b>Revenue</b>				
Water and Sewer Fund	\$ 47,890,812	\$ 50,100,846	\$ 2,210,034	4.6
Senior housing	2,379,554	2,482,676	103,122	4.3
Total revenue	50,270,366	52,583,522	2,313,156	4.6
<b>Expenses</b>				
Water and Sewer Fund	31,872,979	52,185,596	20,312,617	63.7
Senior housing	1,797,443	2,126,731	329,288	18.3
Total expenses	33,670,422	54,312,327	20,641,905	61.3
Interest income	636,200	1,760,106	1,123,906	176.7
Capital contributions	-	2,160,417	2,160,417	100.0
<b>Change in Net Position</b>	17,236,144	2,191,718	(15,044,426)	(87.3)
<b>Net Position - Beginning of year</b>	67,263,110	84,499,254	17,236,144	25.6
<b>Net Position - End of year</b>	<b>\$ 84,499,254</b>	<b>\$ 86,690,972</b>	<b>\$ 2,191,718</b>	2.6

The governmental net position increased \$34 million from a year ago - increasing from \$(176.7) million to \$(142.8) million. The increase is primarily due to an increase in state-shared revenue from the personal property reimbursement.

The City's total governmental revenue increased by approximately \$17.1 million, or 11.3 percent. This increase was primarily due to an increase in state-shared revenue from the personal property tax reimbursement.

Expenses increased by approximately \$6.8 million, or 5.3 percent. The increase was primarily in public works due to the City's Road Repair Program, which is committed to repair roads through special revenue road millage and MTF Bonds.

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

The net position of business-type activities increased \$2.2 million, or 2.6 percent, from a year ago.

Business-type activities unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$9.1 million. The decrease in unrestricted net position was primarily due to the negative impact of OPEB and pension offset by positive operating activities from the Water and Sewer Fund.

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

Our analysis of the City's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2019 include the General Fund, Grant Fund, Sanitation Fund, and Capital Projects Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately \$70.6 million in 2019. Revenue was greater than expenditures (including transfers) in the General Fund by \$10.1 million. This was primarily due to an increase in state-shared revenue from the personal property tax reimbursement. Unassigned fund balance of \$17.4 million is approximately 16.8 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 additional rodent baiting and DPW concrete reconstruction. At year end, General Fund expenditures were \$8.7 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$9.3 million, primarily due to an increase in state-shared revenue from the personal property tax reimbursement.

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

At the end of fiscal year 2019, the City had \$309.2 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 \$158.9 million, and business-type net capital assets are \$150.4 million (see Note 5 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in 2019 when the City issued new bonds of \$19 million in business-type activities. Please see Note 7 of the notes to the basic financial statements for additional information.

***Economic Factors and Next Year's Budgets***

City management has implemented cost-cutting programs that have reduced overall expenditures and provided positive fiscal results for the fiscal year ended June 30, 2019. However, the economy is beginning to weaken across the country and globally. Therefore, city management will need to adopt even more cost-cutting programs throughout the budget to ensure the City's financial stability. The city administration, along with the City Council, must continue to develop a financial strategy that is fiscally responsible while maintaining as many core services as possible.

***Contacting the City's Management***

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

June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 109,302,369	\$ 35,599,039	\$ 144,901,408	\$ 25,540,456
Receivables (Note 4)	26,214,306	7,099,737	33,314,043	1,955
Due from component units	357,411	-	357,411	-
Internal balances	2,406,916	(2,406,916)	-	-
Inventory	212,717	359,237	571,954	136,296
Prepaid items and other assets	820,740	109,948	930,688	12,979
Deposits	3,790,559	-	3,790,559	-
Restricted assets (Note 1)	-	51,671,605	51,671,605	-
Capital assets:				
Assets not subject to depreciation (Note 5)	29,050,698	10,422,388	39,473,086	-
Assets subject to depreciation - Net (Note 5)	129,817,389	139,941,151	269,758,540	-
<b>Total assets</b>	<b>301,973,105</b>	<b>242,796,189</b>	<b>544,769,294</b>	<b>25,691,686</b>
<b>Deferred Outflows of Resources</b>				
Bond refunding loss being amortized	344,661	895,508	1,240,169	197,922
Deferred outflows related to pensions	44,018,061	4,370,264	48,388,325	-
Deferred outflows related to OPEB	15,463,328	2,025,559	17,488,887	41,338
<b>Total deferred outflows of resources</b>	<b>59,826,050</b>	<b>7,291,331</b>	<b>67,117,381</b>	<b>239,260</b>
<b>Liabilities</b>				
Accounts payable	8,443,909	4,981,963	13,425,872	1,319,142
Due to other governmental units	1,155	-	1,155	64,845
Due to primary government	-	-	-	357,411
Refundable deposits, bonds, etc.	1,090,165	811,872	1,902,037	232,637
Accrued liabilities and other	1,821,121	1,071,498	2,892,619	354,121
Unearned revenue	978,393	11,802	990,195	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,080,174	370,436	2,450,610	-
Provision for property tax refunds	69,042	-	69,042	199,687
Current portion of long-term debt (Note 7)	3,174,311	8,424,289	11,598,600	5,213,828
Due in more than one year:				
Compensated absences	8,842,185	548,130	9,390,315	-
Provision for claims (Note 14)	5,013,405	-	5,013,405	-
Net pension liability (Note 10)	184,351,003	21,275,476	205,626,479	-
Net OPEB liability (Note 8)	212,738,897	21,307,262	234,046,159	434,842
Long-term debt (Note 7)	27,462,517	104,593,820	132,056,337	40,276,784
Landfill postclosure liability (Note 17)	2,551,566	-	2,551,566	-
<b>Total liabilities</b>	<b>458,617,843</b>	<b>163,396,548</b>	<b>622,014,391</b>	<b>48,453,297</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	42,957,154	-	42,957,154	-
Deferred inflows related to OPEB	3,035,403	-	3,035,403	-
<b>Total deferred inflows of resources</b>	<b>45,992,557</b>	<b>-</b>	<b>45,992,557</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	137,591,150	88,586,233	226,177,383	-
Restricted:				
Streets and highways	25,224,690	-	25,224,690	-
Public safety	3,083,864	-	3,083,864	-
Recreation and culture	7,418,276	-	7,418,276	-
Sanitation	2,011,789	-	2,011,789	-
Community development	9,255,137	-	9,255,137	-
Capital projects	4,367,204	-	4,367,204	-
Debt service	-	11,758,477	11,758,477	-
Courts	20,700	-	20,700	-
Unrestricted	(331,784,055)	(13,653,738)	(345,437,793)	(22,522,351)
<b>Total net position</b>	<b>\$ (142,811,245)</b>	<b>\$ 86,690,972</b>	<b>\$ (56,120,273)</b>	<b>\$ (22,522,351)</b>

# City of Warren, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 13,009,185	\$ 7,169,653	\$ 789,960	\$ 193,543
District court	7,840,727	6,158,855	362,793	-
Public safety	60,857,353	6,334,555	1,120,593	-
Public works	34,995,669	136,627	15,530,630	-
Community and economic development	7,438,567	948,220	2,320,623	-
Recreation and culture	9,492,031	2,256,498	409,647	-
Interest on long-term debt	541,808	-	-	-
Total governmental activities	134,175,340	23,004,408	20,534,246	193,543
Business-type activities:				
Water and Sewer Fund	52,185,596	49,598,358	582,139	2,160,417
Senior Housing	2,126,731	2,482,676	-	-
Total business-type activities	54,312,327	52,081,034	582,139	2,160,417
Total primary government	<b>\$ 188,487,667</b>	<b>\$ 75,085,442</b>	<b>\$ 21,116,385</b>	<b>\$ 2,353,960</b>
Component units:				
Tax Increment Finance Authority	\$ 1,626,026	\$ -	\$ -	\$ -
Downtown Development Authority	5,209,623	53,402	-	-
Brownfield Redevelopment Authority	1,978,374	254,197	-	-
Total component units	<b>\$ 8,814,023</b>	<b>\$ 307,599</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Loss on sale of capital assets				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

# Statement of Activities

**Year Ended June 30, 2019**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,856,029)	\$ -	\$ (4,856,029)	\$ -
(1,319,079)	-	(1,319,079)	-
(53,402,205)	-	(53,402,205)	-
(19,328,412)	-	(19,328,412)	-
(4,169,724)	-	(4,169,724)	-
(6,825,886)	-	(6,825,886)	-
(541,808)	-	(541,808)	-
(90,443,143)	-	(90,443,143)	-
-	155,318	155,318	-
-	355,945	355,945	-
-	511,263	511,263	-
(90,443,143)	511,263	(89,931,880)	-
-	-	-	(1,626,026)
-	-	-	(5,156,221)
-	-	-	(1,724,177)
-	-	-	(8,506,424)
90,212,955	-	90,212,955	6,887,182
26,158,925	-	26,158,925	4,166,468
2,371,630	1,760,106	4,131,736	393,908
2,095,219	-	2,095,219	-
-	(79,651)	(79,651)	-
3,469,650	-	3,469,650	-
124,308,379	1,680,455	125,988,834	11,447,558
33,865,236	2,191,718	36,056,954	2,941,134
(176,676,481)	84,499,254	(92,177,227)	(25,463,485)
<b>\$ (142,811,245)</b>	<b>\$ 86,690,972</b>	<b>\$ (56,120,273)</b>	<b>\$ (22,522,351)</b>

Governmental Funds  
Balance Sheet

June 30, 2019

	General Fund	Grant Fund	Capital Projects Fund	Sanitation Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 47,229,379	\$ 730,733	\$ 22,876,523	\$ 2,513,644	\$ 35,952,090	\$ 109,302,369
Receivables (Note 4)	13,503,197	8,853,703	441,794	193,574	3,222,038	26,214,306
Due from component units	357,411	-	-	-	-	357,411
Due from other funds	2,822,145	-	-	-	116,213	2,938,358
Inventory	181,511	-	-	22,341	8,865	212,717
Prepaid items and other assets	796,697	15,894	-	-	8,149	820,740
Deposits	1,123,486	-	-	-	2,667,073	3,790,559
<b>Total assets</b>	<b>\$ 66,013,826</b>	<b>\$ 9,600,330</b>	<b>\$ 23,318,317</b>	<b>\$ 2,729,559</b>	<b>\$ 41,974,428</b>	<b>\$ 143,636,460</b>
<b>Liabilities</b>						
Accounts payable	\$ 3,249,817	\$ 213,508	\$ 785,880	\$ 611,473	\$ 3,583,231	\$ 8,443,909
Due to other governmental units	1,053	-	-	-	102	1,155
Due to other funds	116,213	126,163	-	-	289,066	531,442
Refundable deposits, bonds, etc.	611,087	-	213,970	-	265,108	1,090,165
Accrued liabilities and other	1,275,566	5,522	-	100,103	233,921	1,615,112
Unearned revenue	491,546	-	-	-	486,847	978,393
Provision for property tax refunds	52,252	-	-	6,194	10,596	69,042
<b>Total liabilities</b>	<b>5,797,534</b>	<b>345,193</b>	<b>999,850</b>	<b>717,770</b>	<b>4,868,871</b>	<b>12,729,218</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	857,505	8,637,918	366,280	160,404	92,596	10,114,703
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	181,511	-	-	22,341	8,865	212,717
Prepays	796,697	15,894	-	-	8,149	820,740
Restricted:						
Roads	-	-	9,015,230	-	25,177,861	34,193,091
Grants	-	601,325	-	-	-	601,325
Capital projects	-	-	3,174,980	-	-	3,174,980
Sanitation	-	-	-	1,829,044	-	1,829,044
Recreation	-	-	-	-	773,356	773,356
Library	-	-	-	-	3,412,069	3,412,069
Cable franchise fees	-	-	-	-	3,170,070	3,170,070
Police enforcement	-	-	-	-	2,784,875	2,784,875
Special assessments	-	-	825,944	-	-	825,944
Vice crime	-	-	-	-	298,989	298,989
District court	-	-	-	-	20,700	20,700
Committed:						
Rental ordinance	-	-	-	-	1,308,543	1,308,543
Special assessments	-	-	136,429	-	-	136,429
Assigned:						
Subsequent year's budget	4,869,431	-	-	-	-	4,869,431
Compensated absences	10,008,989	-	-	-	-	10,008,989
Claims and insurance	5,013,405	-	-	-	-	5,013,405
Capital projects	-	-	8,799,604	-	-	8,799,604
Debt service	-	-	-	-	49,484	49,484
Capital equipment	2,577,500	-	-	-	-	2,577,500
Retiree health care	18,502,996	-	-	-	-	18,502,996
Unassigned	17,408,258	-	-	-	-	17,408,258
<b>Total fund balances</b>	<b>59,358,787</b>	<b>617,219</b>	<b>21,952,187</b>	<b>1,851,385</b>	<b>37,012,961</b>	<b>120,792,539</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 66,013,826</b>	<b>\$ 9,600,330</b>	<b>\$ 23,318,317</b>	<b>\$ 2,729,559</b>	<b>\$ 41,974,428</b>	<b>\$ 143,636,460</b>



**Governmental Funds**

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

**June 30, 2019**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 120,792,539</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	158,868,087
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	10,114,703
Deferred charges on refunding are deferred inflows and are not reported in the funds	344,661
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(30,636,828)
Accrued interest is not due and payable in the current period and is not reported in the funds	(206,009)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(10,922,359)
Pension benefits	(183,290,096)
Retiree healthcare benefits	(200,310,972)
Other long-term liabilities, such as claims, judgments, and landfill postclosure costs, do not present a claim on current financial resources and are not reported in the funds	(7,564,971)
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (142,811,245)</u></u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Grant Fund	Capital Projects Fund	Sanitation Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 68,011,430	\$ -	\$ -	\$ 8,194,640	\$ 14,006,885	\$ 90,212,955
Special assessments	-	-	216,085	-	-	216,085
Intergovernmental:						
Federal grants	406,077	2,611,204	-	-	192,974	3,210,255
State sources	26,245,988	-	-	1,243,663	17,844,056	45,333,707
Charges for services	4,853,834	-	-	-	1,940,181	6,794,015
Fines and forfeitures	5,040,420	-	910,933	-	1,065,279	7,016,632
Licenses and permits:						
Cable franchise fees	-	-	-	-	2,095,219	2,095,219
Other licenses and permits	4,959,256	-	-	-	-	4,959,256
Interest and rentals	1,091,029	-	426,262	57,796	877,319	2,452,406
Other revenue:						
Misc. income	3,154,589	13,721	-	293,829	46,641	3,508,780
Contributions from component units	-	-	2,500,000	-	-	2,500,000
Total revenue	<u>113,762,623</u>	<u>2,624,925</u>	<u>4,053,280</u>	<u>9,789,928</u>	<u>38,068,554</u>	<u>168,299,310</u>
<b>Expenditures</b>						
Current:						
General government	13,763,564	-	285,361	-	-	14,048,925
District court	7,201,016	-	-	-	321,801	7,522,817
Public safety	70,631,565	-	-	-	1,086,920	71,718,485
Public works	11,438,075	-	4,242,842	18,489,450	17,528,144	51,698,511
Community and economic development	784,548	2,513,739	3,325,794	-	834,207	7,458,288
Recreation and culture	43,870	-	-	-	11,833,844	11,877,714
Debt service	3,574	-	39,421	-	2,695,992	2,738,987
Total expenditures	<u>103,866,212</u>	<u>2,513,739</u>	<u>7,893,418</u>	<u>18,489,450</u>	<u>34,300,908</u>	<u>167,063,727</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	9,896,411	111,186	(3,840,138)	(8,699,522)	3,767,646	1,235,583
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	2,500,000	-	2,865,354	5,365,354
Transfers out	(183,927)	-	(16)	-	(5,181,411)	(5,365,354)
New debt issued	429,889	-	-	7,441,000	-	7,870,889
Total other financing sources (uses)	<u>245,962</u>	<u>-</u>	<u>2,499,984</u>	<u>7,441,000</u>	<u>(2,316,057)</u>	<u>7,870,889</u>
<b>Net Change in Fund Balances</b>	10,142,373	111,186	(1,340,154)	(1,258,522)	1,451,589	9,106,472
<b>Fund Balances - Beginning of year</b>	<u>49,216,414</u>	<u>506,033</u>	<u>23,292,341</u>	<u>3,109,907</u>	<u>35,561,372</u>	<u>111,686,067</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 59,358,787</u></u>	<u><u>\$ 617,219</u></u>	<u><u>\$ 21,952,187</u></u>	<u><u>\$ 1,851,385</u></u>	<u><u>\$ 37,012,961</u></u>	<u><u>\$ 120,792,539</u></u>

**Governmental Funds**

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

**Year Ended June 30, 2019**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$</b>	<b>9,106,472</b>
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		31,820,649
Depreciation expense		(11,326,172)
Net book value of assets disposed of		(129,502)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(477,411)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position		(7,870,889)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		2,137,733
Interest expense is recognized in the government-wide statements as it accrues		(102,186)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		10,753,048
Amortization of deferred charges on refunding is expensed in the statement of net position, but does not affect financial resources for the governmental funds		(46,506)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>33,865,236</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 32,644,432	\$ 2,954,607	\$ 35,599,039
Receivables	7,095,657	4,080	7,099,737
Due from other funds	-	368,976	368,976
Inventory	359,237	-	359,237
Prepaid items and other assets	109,927	21	109,948
Total current assets	40,209,253	3,327,684	43,536,937
Noncurrent assets:			
Restricted assets (Note 1)	51,671,605	-	51,671,605
Capital assets:			
Assets not subject to depreciation (Note 5)	10,200,744	221,644	10,422,388
Assets subject to depreciation - Net (Note 5)	132,752,488	7,188,663	139,941,151
Total noncurrent assets	194,624,837	7,410,307	202,035,144
Total assets	234,834,090	10,737,991	245,572,081
<b>Deferred Outflows of Resources</b>			
Bond refunding loss being amortized	895,508	-	895,508
Deferred outflows related to pensions	4,370,264	-	4,370,264
Deferred outflows related to OPEB	1,984,221	41,338	2,025,559
Total deferred outflows of resources	7,249,993	41,338	7,291,331
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,932,885	49,078	4,981,963
Due to other funds	2,207,381	568,511	2,775,892
Refundable deposits, bonds, etc.	573,442	238,430	811,872
Accrued liabilities and other	1,055,926	15,572	1,071,498
Unearned revenue	-	11,802	11,802
Compensated absences	370,436	-	370,436
Current portion of long-term debt (Note 7)	8,038,233	386,056	8,424,289
Total current liabilities	17,178,303	1,269,449	18,447,752
Noncurrent liabilities:			
Compensated absences	504,455	43,675	548,130
Net pension liability (Note 10)	21,275,476	-	21,275,476
Net OPEB liability (Note 8)	20,872,420	434,842	21,307,262
Long-term debt (Note 7)	103,650,744	943,076	104,593,820
Total noncurrent liabilities	146,303,095	1,421,593	147,724,688
Total liabilities	163,481,398	2,691,042	166,172,440
<b>Net Position</b>			
Net investment in capital assets	82,505,058	6,081,175	88,586,233
Restricted - Debt service	11,758,477	-	11,758,477
Unrestricted	(15,660,850)	2,007,112	(13,653,738)
Total net position	<u>\$ 78,602,685</u>	<u>\$ 8,088,287</u>	<u>\$ 86,690,972</u>

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

Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Operating Revenue</b>			
Sale of water	\$ 24,256,170	\$ -	\$ 24,256,170
Sewage disposal charges	23,949,597	-	23,949,597
Other sales to customers	605,853	-	605,853
Interest and penalty charges	786,738	-	786,738
Rental revenue	-	1,541,349	1,541,349
Other operating revenue	-	941,327	941,327
Total operating revenue	49,598,358	2,482,676	52,081,034
<b>Operating Expenses</b>			
Cost of water	9,680,882	-	9,680,882
Operating and maintenance costs	5,461,836	-	5,461,836
Billing and administrative costs	2,752,094	536,946	3,289,040
Wages and fringes	22,544,157	689,876	23,234,033
Materials and supplies	849,717	74,640	924,357
Other operating expenses	-	562,760	562,760
Professional services	1,514,955	-	1,514,955
Depreciation	5,557,339	238,896	5,796,235
Total operating expenses	48,360,980	2,103,118	50,464,098
<b>Operating Income</b>	1,237,378	379,558	1,616,936
<b>Nonoperating Revenue (Expense)</b>			
Investment income	1,752,204	7,902	1,760,106
Interest expense	(3,824,616)	(23,613)	(3,848,229)
Loss on sale of assets	(79,651)	-	(79,651)
Operating grants	582,139	-	582,139
Total nonoperating expense	(1,569,924)	(15,711)	(1,585,635)
<b>Income - Before capital contributions</b>	(332,546)	363,847	31,301
<b>Capital Contributions - Other</b>	2,160,417	-	2,160,417
<b>Change in Net Position</b>	1,827,871	363,847	2,191,718
<b>Net Position - Beginning of year</b>	76,774,814	7,724,440	84,499,254
<b>Net Position - End of year</b>	<b>\$ 78,602,685</b>	<b>\$ 8,088,287</b>	<b>\$ 86,690,972</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 50,244,491	\$ 2,482,676	\$ 52,727,167
Receipts (payments) for interfund services and reimbursements	22,149	(11,798)	10,351
Payments to suppliers	(18,487,612)	(1,340,299)	(19,827,911)
Payments to employees and fringes	(15,737,419)	(557,712)	(16,295,131)
Net cash and cash equivalents provided by operating activities	16,041,609	572,867	16,614,476
<b>Cash Flows Provided by Noncapital Financing Activities</b> - Operating grants and subsidies	582,139	-	582,139
<b>Cash Flows from Capital and Related Financing Activities</b>			
Issuance of bonds	18,985,000	-	18,985,000
Proceeds from sale of capital assets	5,402	-	5,402
Purchase of capital assets	(9,922,846)	(74,681)	(9,997,527)
Principal and interest paid on capital debt	(30,217,485)	(404,669)	(30,622,154)
Net cash and cash equivalents used in capital and related financing activities	(21,149,929)	(479,350)	(21,629,279)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	1,750,209	7,902	1,758,111
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(2,775,972)	101,419	(2,674,553)
<b>Cash and Cash Equivalents</b> - Beginning of year	87,092,009	2,853,188	89,945,197
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 84,316,037</u>	<u>\$ 2,954,607</u>	<u>\$ 87,270,644</u>
<b>Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 32,644,432	\$ 2,954,607	\$ 35,599,039
Restricted cash	51,671,605	-	51,671,605
Total cash and cash equivalents	<u>\$ 84,316,037</u>	<u>\$ 2,954,607</u>	<u>\$ 87,270,644</u>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2019

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 1,237,378	\$ 379,558	\$ 1,616,936
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	5,557,339	238,896	5,796,235
Changes in assets and liabilities:			
Receivables	703,653	(9,044)	694,609
Due to and from other funds	22,149	(11,798)	10,351
Inventories	(12,810)	-	(12,810)
Prepaid and other assets	15,125	-	15,125
Net pension or OPEB liability	8,149,150	134,894	8,284,044
Accounts payable	518,145	(159,639)	358,506
Deferred refunding charges	(148,520)	-	(148,520)
Total adjustments	<u>14,804,231</u>	<u>193,309</u>	<u>14,997,540</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 16,041,609</u>	<u>\$ 572,867</u>	<u>\$ 16,614,476</u>
<b>Significant Noncash Transactions - Capital contributions</b>	\$ 2,160,417	\$ -	\$ 2,160,417

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2019

	Pension and Other Employee Benefits - December 31, 2018	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,898,960	\$ 2,360,461
Investments:		
U.S. government securities	45,589,275	-
Stocks	270,643,994	-
Bonds	58,460,599	-
Real estate	19,751,084	-
Other	104,524,891	-
Securities lending	5,292,591	-
Receivables:		
Accrued interest receivable	1,003,534	-
Other receivables	97,249	-
Prepaid items and other assets	252,688	-
Total assets	508,514,865	\$ 2,360,461
<b>Liabilities</b>		
Accounts payable	2,392,955	\$ 44
Due to other governmental units	-	41
Due to primary government	8,813,821	-
Refundable deposits, bonds, etc.	-	2,355,930
Accrued liabilities and other	454,936	4,446
Obligations under securities lending agreements	5,691,668	-
Total liabilities	17,353,380	\$ 2,360,461
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<b>\$ 491,161,485</b>	



Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	Pension and Other Employee Benefits - December 31, 2018
<hr/>	
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 22,744,257
Net decrease in fair value of investments	(47,055,904)
Investment-related expenses	(1,903,494)
	<hr/>
Net investment loss	(26,215,141)
Securities lending income:	
Interest and dividends	202,170
Securities lending - Investment expense	(108,658)
	<hr/>
Total securities lending income	93,512
Contributions:	
Employer contributions	42,251,229
Employee contributions	1,238,376
	<hr/>
Total contributions	43,489,605
Total additions	17,367,976
<b>Deductions</b>	
Benefit payments	62,632,235
Refunds of contributions	1,925,685
Administrative expenses	910,415
	<hr/>
Total deductions	65,468,335
<b>Net Decrease in Net Position Held in Trust</b>	(48,100,359)
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<hr/> 539,261,844
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<b><u><u>\$ 491,161,485</u></u></b>

Component Units  
Statement of Net Position

June 30, 2019

	Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,038,210	\$ 24,166,295	\$ 335,951	\$ 25,540,456
Receivables - Other	-	1,551	404	1,955
Inventory	-	136,296	-	136,296
Prepaid items and other assets	-	12,979	-	12,979
Total assets	1,038,210	24,317,121	336,355	25,691,686
<b>Deferred Outflows of Resources</b>				
Bond refunding loss being amortized (Note 1)	-	197,922	-	197,922
Deferred outflows related to OPEB	-	41,338	-	41,338
<b>Liabilities</b>				
Accounts payable	2,214	1,280,288	36,640	1,319,142
Due to other governmental units	-	-	64,845	64,845
Due to primary government	2,308	355,103	-	357,411
Refundable deposits, bonds, etc.	-	232,637	-	232,637
Accrued liabilities and other	-	354,121	-	354,121
Noncurrent liabilities:				
Due within one year:				
Provision for property tax refunds	10,523	189,164	-	199,687
Current portion of long-term debt	-	5,213,828	-	5,213,828
Due in more than one year:				
Net OPEB liability	-	434,842	-	434,842
Long-term debt	-	40,276,784	-	40,276,784
Total liabilities	15,045	48,336,767	101,485	48,453,297
<b>Net Position</b>	<b>\$ 1,023,165</b>	<b>\$ (23,780,386)</b>	<b>\$ 234,870</b>	<b>\$ (22,522,351)</b>

# City of Warren, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Tax Increment Finance Authority - Community and economic development	\$ 1,626,026	\$ -	\$ -	\$ -
Downtown Development Authority:				
Community and economic development	3,808,183	53,402	-	-
Interest on long-term debt	1,401,440	-	-	-
Total Downtown Development Authority	5,209,623	53,402	-	-
Brownfield Redevelopment Authority - Community and economic development	1,978,374	254,197	-	-
Total component units	<u>\$ 8,814,023</u>	<u>\$ 307,599</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

Component Units  
Statement of Activities

Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (1,626,026)	-	-	\$ (1,626,026)
-	(3,754,781)	-	(3,754,781)
-	(1,401,440)	-	(1,401,440)
-	(5,156,221)	-	(5,156,221)
-	-	(1,724,177)	(1,724,177)
(1,626,026)	(5,156,221)	(1,724,177)	(8,506,424)
250,743	5,864,701	771,738	6,887,182
13,750	4,152,718	-	4,166,468
22,039	351,434	20,435	393,908
286,532	10,368,853	792,173	11,447,558
(1,339,494)	5,212,632	(932,004)	2,941,134
2,362,659	(28,993,018)	1,166,874	(25,463,485)
<b><u>\$ 1,023,165</u></b>	<b><u>\$ (23,780,386)</u></b>	<b><u>\$ 234,870</u></b>	<b><u>\$ (22,522,351)</u></b>

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

City of Warren, Michigan (the "City"), formerly Warren Township, was incorporated on January 1, 1957 under provisions of Act 279, P.A. 1909, as amended (Home Rule Act). The City is administered by a mayor, a council of seven members, a treasurer, and a 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 the authority existing for the exclusive benefit of the City itself:

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

**Discretely Presented Component Units**

*Tax Increment Finance Authority*

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

*Downtown Development Authority*

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

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

*Brownfield Redevelopment Authority*

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

**Accounting and Reporting Principles**

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

**Fund Accounting**

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

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Grant Fund is used to account for the proceeds of specific grant revenue that is restricted to expenditures for specified purposes.
- The Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new buildings, equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- The Sanitation Fund is used to account for the costs associated with the collection and disposal of solid waste, recyclables, and compost in the City.

**Proprietary Funds**

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

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

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

**Fiduciary Funds**

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

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

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

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.

June 30, 2019

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

***Report Presentation***

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

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

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

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

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

***Specific Balances and Transactions***

**Cash, Cash Equivalents, and Investments**

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

**Inventories and Prepaid Items**

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

**Restricted Assets**

The Water and Sewer Fund has \$51,671,605 set aside and classified as restricted assets. Of this amount, \$50,345,295 related to unspent bond proceeds to be spent on water main replacements and the detention basin. In addition, the Water and Sewer Fund's revenue bonds have a covenant that requires the fund to maintain certain reserve levels, which amounted to \$1,326,310 at June 30, 2019. Net position of \$11,758,477 has been restricted for future debt service payments, which include the required reserve levels as discussed, and is made up of the remaining excess of revenue over expenditures.



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

**Capital Assets**

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

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

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

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflows of resources related to the VEBA and defined benefit pension plans, as indicated in Notes 8 and 10, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first is the deferred inflows of resources related to unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from many sources: property taxes, circuit court revenue, grants, special assessments, and various other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred outflows of resources related to the VEBA and defined benefit pension plans, as indicated in Notes 8 and 10, respectively.

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

**Property Tax Revenue**

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

The City's 2018 tax is levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

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

June 30, 2019

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

The 2018 taxable valuation of the City totaled \$3.32 million (a portion of which is abated and a portion of which is captured by the TIFA, DDA, and Brownfield Authority). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	8.6709 \$	27,796,000
Emergency medical service	0.2887	872,000
Library charter and operating	1.3216	4,233,000
Rubbish services	2.5550	8,189,000
Police/Fire pension and retiree health care	4.9848	16,087,000
Police operating	0.9632	3,087,000
Fire operating	0.9632	3,087,000
Recreation operating	0.9632	3,087,000
Police and fire operating	4.8676	15,535,000
Road repairs	2.0860	6,677,000
Total		<u>\$ 88,650,000</u>

**Pension**

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

**Other Postemployment Benefit Costs**

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

**Compensated Absences (Vacation and Sick Leave)**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits.

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

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

June 30, 2019

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

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

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

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

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

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

**Adoption of New Accounting Pronouncements**

As of June 30, 2019, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Note 7 - Long-term Debt has been updated to reflect the requirements outlined in the new accounting standard.

June 30, 2019

**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:

Cumulative shortfall - July 1, 2018	\$ (8,239,896)
Current year permit revenue	3,680,806
Related expenses - Estimated indirect costs	<u>3,303,654</u>
Current year excess	<u>377,152</u>
Cumulative shortfall - June 30, 2019	<u>\$ (7,862,744)</u>

**Fund Deficits**

At June 30, 2019, the governmental activities reported a deficit in net position of \$142,811,245. This deficit primarily relates to the net pension and OPEB liabilities reported in the full accrual basis. No governmental funds have deficits when reported on the fund basis.

At June 30, 2019, the Downtown Development Authority reported a deficit in net position of \$23,780,386. 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.

**Budgetary Information**

At June 30, 2019, the City had no outstanding encumbrances.

**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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. In accordance with the provisions of the act, the City, by separate ordinance, has adopted the following policies relative to its investments:

1. The city treasurer is authorized to invest surplus funds as follows:
  - (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States
  - (b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2) below
  - (c) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase
  - (d) Repurchase agreements consisting of instruments list in subdivision (a) above

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

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

The City has designated 11 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

**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 (collectively, 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, 2018, 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, 2019 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, 2019, 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, 2019 were \$5,292,591 and \$5,530,151, 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 \$146,665,034 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City's component units had \$22,649,954 of bank deposits that were uninsured and uncollateralized. Additionally, the fiduciary funds, at their year end of December 31, 2018, had \$2,598,541 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Interest Rate Risk***

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

At June 30, 2019 (December 31, 2018 for the City's fiduciary funds), the City had the following investments and maturities:

Primary Government	Carrying Value	0-5 Years
U.S. government agency securities	\$ 7,904,980	\$ 7,904,980
Certificates of deposit	2,287,508	2,287,508
Corporate bonds	1,000,000	1,000,000
Municipal bonds	2,047,003	2,047,003
Total	<u>\$ 13,239,491</u>	<u>\$ 13,239,491</u>

June 30, 2019

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

Fiduciary Funds	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
U.S. government	\$ 27,208,118	\$ 12,223,210	\$ 11,896,907	\$ 3,088,001
U.S. government agency	774,460	239,045	-	535,415
Mortgage-backed securities	5,487,239	62,673	185,710	5,238,856
Collateralized mortgage obligations	1,397,381	804,324	409,649	183,408
Asset-backed securities	6,318,067	3,490,529	1,024,577	1,802,961
Corporate and convertible bonds	47,261,827	27,722,905	13,420,285	6,118,637
Mezzanine debt financing	19,504	-	-	19,504
Foreign bonds and notes	1,659,629	930,111	441,562	287,956
Municipal bonds	358,682	45,523	-	313,159
Bond Index Funds	3,412,322	-	3,412,322	-
<b>Total</b>	<b>\$ 93,897,229</b>	<b>\$ 45,518,320</b>	<b>\$ 30,791,012</b>	<b>\$ 17,587,897</b>

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2019, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
JPMorgan Securities - Fixed income	\$ 20,993,165	Aaa	Moody's
Comerica - Government Cash Investment Fund	22,757,565	Not rated	N/A
Corporate bonds	1,000,000	Aa3	Moody's
Municipal bonds	2,047,003	N/R, Aa1, & Aa2	Moody's
<b>Total</b>	<b>\$ 46,797,733</b>		

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Goldman Sachs FS Prime Obligations Fund	\$ 3,581,600	AAAm	S&P
Repurchase agreement	988,411	AI/PI/FI	Moody's
Comerica Short-term Fund Series C	6,027,514	Not rated	N/A
Index funds	3,412,322	AA1 - AA2	Moody's
Bank investment pool	15,011,654	AAA - AA	Moody's
Debt securities	16,139,634	AAA	S&P
Debt securities	302,060	AA1	S&P
Debt securities	1,049,011	AA2	S&P
Debt securities	2,761,915	AA3	S&P
Debt securities	6,581,744	A1	S&P
Debt securities	6,755,065	A2	S&P
Debt securities	7,560,682	A3	S&P
Debt securities	3,294,165	BBB	S&P
Debt securities	14,711,995	BAA1 & below	S&P
Debt securities	14,499,980	Not rated	N/A
<b>Total</b>	<b>\$ 102,677,752</b>		

**Component Units**

Interlocal agreement	\$ 776,359	Aaa	Moody's
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**Note 3 - Deposits and Investments (Continued)**

***Foreign Currency Risk***

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

The following securities are subject to foreign currency risk:

Security	Foreign Currency	Fair Value
Foreign bonds	Euro	\$ 4,297,500
Foreign bonds	UK pound	878,882
Foreign bonds	Honk Kong dollar	2,089,515
Foreign bonds	Japanese yen	2,463,202
Foreign bonds	Canadian dollar	244,837
Foreign stocks	Swedish krona	102,036

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

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

At year end, the City had \$22,757,565 in such funds at Comerica Bank (J Fund), which is recorded at amortized cost in accordance with GASB Statement No. 79. There are no limitations or restrictions on participant withdrawals for that investment pool.

June 30, 2019

**Note 4 - Receivables**

Receivables as of June 30, 2019 for the City's individual major funds and the nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Total	Business-type Activities	Component Units
	General Fund	Grant Fund	Capital Projects Fund	Sanitation Fund	Nonmajor Funds			
Receivables:								
Property taxes receivable	\$ 475,238	\$ -	\$ -	\$ 55,879	\$ 101,038	\$ 632,155	\$ -	\$ -
Special assessments receivable	-	-	366,281	-	-	366,281	-	-
Receivables from sales to customers on account	-	-	-	-	-	-	6,905,621	-
Accrued interest receivable	381,053	-	-	-	22,879	403,932	13,724	1,955
Other receivables	271,167	-	75,513	137,695	671,591	1,155,966	35,737	-
Due from other governmental units	3,847,372	215,785	-	-	2,426,530	6,489,687	144,655	-
Due from pension and VEBA funds	8,528,367	-	-	-	-	8,528,367	-	-
Notes receivable	-	8,637,918	-	-	-	8,637,918	-	-
Net receivables	<u>\$3,503,197</u>	<u>\$8,853,703</u>	<u>\$ 441,794</u>	<u>\$ 193,574</u>	<u>\$3,222,038</u>	<u>\$26,214,306</u>	<u>\$7,099,737</u>	<u>\$ 1,955</u>

June 30, 2019

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2018	Reclassifications	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 14,626,636	\$ -	\$ 550,485	\$ -	\$ 15,177,121
Construction in progress	2,314,920	(1,145,959)	12,704,616	-	13,873,577
Subtotal	16,941,556	(1,145,959)	13,255,101	-	29,050,698
Capital assets being depreciated:					
Infrastructure	172,077,738	156,926	4,951,163	-	177,185,827
Buildings and improvements	93,962,973	107,798	1,325,122	-	95,395,893
Machinery and equipment	63,308,370	881,235	12,289,263	(1,481,224)	74,997,644
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	338,824,796	1,145,959	18,565,548	(1,481,224)	357,055,079
Accumulated depreciation:					
Infrastructure	117,449,365	-	2,848,048	-	120,297,413
Buildings and improvements	49,151,826	-	2,927,748	-	52,079,574
Machinery and equipment	42,168,837	-	5,416,868	(1,351,722)	46,233,983
Land improvements	8,493,212	-	133,508	-	8,626,720
Subtotal	217,263,240	-	11,326,172	(1,351,722)	227,237,690
Net capital assets being depreciated	121,561,556	1,145,959	7,239,376	(129,502)	129,817,389
Net governmental activities capital assets	\$ 138,503,112	\$ -	\$ 20,494,477	\$ (129,502)	\$ 158,868,087

**Business-type Activities**

	Balance July 1, 2018	Reclassifications	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 1,598,648	\$ -	\$ -	\$ -	\$ 1,598,648
Construction in progress	2,823,519	(950,735)	6,950,956	-	8,823,740
Subtotal	4,422,167	(950,735)	6,950,956	-	10,422,388
Capital assets being depreciated:					
Buildings and improvements	101,068,091	499,773	1,609,452	(488,184)	102,689,132
Machinery and equipment	16,576,561	8,103	911,628	(99,626)	17,396,666
Utility systems	151,998,292	442,859	2,685,908	(31,075)	155,095,984
Subtotal	269,642,944	950,735	5,206,988	(618,885)	275,181,782
Accumulated depreciation:					
Buildings and improvements	46,157,010	-	2,598,969	(403,131)	48,352,848
Machinery and equipment	14,363,369	-	377,941	(99,626)	14,641,684
Utility systems	69,457,849	-	2,819,325	(31,075)	72,246,099
Subtotal	129,978,228	-	5,796,235	(533,832)	135,240,631
Net capital assets being depreciated	139,664,716	950,735	(589,247)	(85,053)	139,941,151
Net business-type activities capital assets	\$ 144,086,883	\$ -	\$ 6,361,709	\$ (85,053)	\$ 150,363,539

June 30, 2019

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

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

Governmental activities:	
General government	\$ 2,643,454
Public safety	3,038,645
City development	91,145
Highway and streets	2,662,521
Sanitation	1,563,047
Recreation and culture	<u>1,327,360</u>
Total governmental activities	<u>\$ 11,326,172</u>
Business-type activities:	
Water and sewer	\$ 5,557,339
Senior citizen housing	<u>238,896</u>
Total business-type activities	<u>\$ 5,796,235</u>

**Construction Commitments**

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

	Spent to Date	Remaining Commitment
City projects	\$ 24,214,642	\$ 17,057,299
Water and sewer projects	<u>20,378,996</u>	<u>23,872,344</u>
Total	<u>\$ 44,593,638</u>	<u>\$ 40,929,643</u>

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

The composition of interfund balances is as follows:

Fund Due To	Fund Due From						Component Units	Total
	General Fund	Grant Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	Total Primary Government		
General Fund	\$ -	\$ 126,163	\$ 289,066	\$ 2,207,381	\$ 199,535	\$ 2,822,145	\$ 357,411	\$ 3,179,556
Nonmajor governmental funds	116,213	-	-	-	-	116,213	-	116,213
Nonmajor enterprise funds	-	-	-	-	368,976	368,976	-	368,976

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, 2019.

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

Receiving Fund (Transfer In)	Paying Fund (Transfer Out)	Amount
Capital Projects Fund	Nonmajor governmental funds	\$ 2,500,000
Nonmajor governmental funds	General Fund	183,927
	Capital Projects Fund	16
	Nonmajor governmental funds	<u>2,681,411</u>
	Total	<u>\$ 5,365,354</u>

June 30, 2019

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

The transfer from the nonmajor governmental funds to the Capital Projects Fund represents the use of restricted resources to finance construction costs. The transfer from the General Fund to the nonmajor governmental funds represents the use of unrestricted resources to finance costs related to the indigent defense commission, as well as to finance costs related to the major and local road programs. The transfers within the nonmajor governmental funds represent the sharing of gas and weight tax revenue in accordance with Act 51 and the movement of resources to be used for debt service.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements - Installment purchase agreements:	1.39%-3.42%	\$ 238,346	\$ 7,870,889	\$ (238,346)	\$ 7,870,889	\$ 1,056,682
Other debt:						
Road Construction - Capital Improvement Refunding: Series 2013A Maturing through 2027	2.70%	3,264,978	-	(431,020)	2,833,958	459,755
Sidewalk Construction - Capital Improvement Refunding: Series 2015 Maturing through 2029	2.00%-3.25%	1,965,000	-	(225,000)	1,740,000	220,000
Road Construction - MTF, Series 2018 - Maturing through 2033	3.00%-3.35%	13,100,000	-	(720,000)	12,380,000	735,000
General Obligation Bonds - Series 2014, WCC refunding - Maturing through 2027	2.35%	6,380,000	-	(685,000)	5,695,000	695,000
Total other debt principal outstanding		24,709,978	-	(2,061,020)	22,648,958	2,109,755
Unamortized bond premiums		124,854	-	(7,873)	116,981	7,874
Total bonds and contracts payable		25,073,178	7,870,889	(2,307,239)	30,636,828	3,174,311
Compensated absences		10,416,895	2,588,843	(2,083,379)	10,922,359	2,080,174
Total governmental activities long-term debt		\$ 35,490,073	\$ 10,459,732	\$ (4,390,618)	\$ 41,559,187	\$ 5,254,485

June 30, 2019

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

***Business-type Activities***

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements - State Revolving Fund - Installment purchase agreements:						
SRF, Series 5134-01 - Maturing through 2024	2.50%	\$ 1,940,000	\$ -	\$ (255,000)	\$ 1,685,000	\$ 265,000
SRF, Series 5134-02 - Maturing through 2026	2.125%	2,920,000	-	(340,000)	2,580,000	345,000
SRF, Series 5134-03 - Maturing through 2024	2.125%	452,091	-	(60,000)	392,091	60,000
SRF, Series 5134-04 - Maturing 2026	1.625%	3,600,000	-	(425,000)	3,175,000	430,000
SRF, Series 5401-01 - Maturing through 2030	2.50%	2,073,918	-	(135,000)	1,938,918	140,000
Other direct borrowings - Installment purchase agreements		5,918,685	-	(487,676)	5,431,009	524,613
Total direct borrowings and direct placements principal outstanding		16,904,694	-	(1,702,676)	15,202,018	1,764,613
Other debt:						
Water and Sewer Bonds - Refunding Series 2012 - Maturing through 2016	4.00%	11,445,000	-	(1,910,000)	9,535,000	1,935,000
Capital Improvement Bonds - Series 2003	3.70% - 4.125%	415,000	-	(75,000)	340,000	80,000
Capital Improvement Bonds - Series 2010	3.55%-6.00%	6,965,000	-	(6,965,000)	-	-
Capital Improvement Bonds - Series 2012	2.50%-4.10%	13,025,000	-	(13,025,000)	-	-
Capital Improvement Bonds - Series 2013A Refunding	2.70%	1,280,022	-	(168,980)	1,111,042	180,245
Capital Improvement Bonds - Series 2013	4.00% - 4.50%	15,900,000	-	(750,000)	15,150,000	775,000
Capital Improvement Bonds - Series 2017	2.00% - 3.25%	51,160,000	-	(2,125,000)	49,035,000	2,170,000
Capital Improvement Bonds - Refunding Series 2019	3.00% - 3.25%	-	12,495,000	-	12,495,000	520,000
Capital Improvement Bonds - Refunding Series 2019A	2.00% - 3.00%	-	6,490,000	-	6,490,000	390,000
Senior Housing Bonds - Refunding Series 2012 - Maturing 2023	2.00%	1,690,000	-	(375,000)	1,315,000	380,000
Total other debt principal outstanding		101,880,022	18,985,000	(25,393,980)	95,471,042	6,430,245
Unamortized bond premiums		2,162,185	386,093	(202,278)	2,346,000	229,643
Unamortized bond discounts		(219,539)	-	218,588	(951)	(212)
Total bonds and contracts payable		120,727,362	19,371,093	(27,080,346)	113,018,109	8,424,289
Compensated absences		800,338	477,131	(358,903)	918,566	370,436
Total business-type activities long-term debt		\$ 121,527,700	\$ 19,848,224	\$ (27,439,249)	\$ 113,936,675	\$ 8,794,725

June 30, 2019

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

**Component Units**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Other debt:						
Series 2015 Refunding	2.00%-3.00% 4.00%-	\$ 11,895,000	\$ -	\$ (595,000)	\$ 11,300,000	\$ 1,080,000
Series 2013 Refunding	4.625%	11,325,000	-	(1,315,000)	10,010,000	1,545,000
Series 2014 Refunding	2.00%-3.00%	26,335,000	-	(2,575,000)	23,760,000	2,530,000
Total other debt principal outstanding		49,555,000	-	(4,485,000)	45,070,000	5,155,000
Unamortized bond premiums		479,440	-	(58,828)	420,612	58,828
Total component units long-term debt		\$ 50,034,440	\$ -	\$ (4,543,828)	\$ 45,490,612	\$ 5,213,828

**General Obligation Bonds and Contracts**

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities and infrastructure. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City's qualified bonds are fully guaranteed by the State of Michigan. County contractual agreements and installment purchase agreements are also general obligations of the City. 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. General obligations outstanding at June 30, 2019 are as follows:

**Sidewalk and Road Construction Bonds**

Sidewalk and road construction bonds are composed of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City are pledged as additional security. These bond issues have aggregate principal maturities ranging from \$970,000 to \$1,482,857 a year and are due serially through fiscal year 2033 with annual interest rates ranging from 2.00 percent to 3.35 percent.

**General Obligation Bonds**

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

**Water and Sewer Bonds**

Water and Sewer Bonds, including the Capital Improvement Bonds and the State Revolving Fund Bonds, are composed of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenue of the water and sewer system. The bond issues have aggregate principal maturities ranging from \$4,110,000 to \$8,057,143 a year and are due serially through fiscal year 2037 with annual interest rates ranging from 1.625 percent to 4.50 percent. The total liability for SRF, Series 5401-01 at June 30, 2019 is \$1,938,918; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated above.

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

**Downtown Development Authority Bonds**

DDA Bonds are composed 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 Authority Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,135,000 to \$5,515,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 to 4.625 percent.

**Senior Housing Bonds**

Senior Housing Bonds consist of the Refunding Series 2012 bonds. Principal and interest payments are to be paid from cash flows generated by monthly rental unit receipts. In addition, the City has pledged its full faith and credit for the payment of these principal and interest payments as they become due. The Senior Housing Refunding Bonds, Series 2012, have principal maturities ranging from \$150,000 to \$395,000 a year and are due serially through the fiscal year ending June 30, 2023 with an annual interest rate of 2.00 percent.

**Installment Purchases**

In fiscal year 2019, the City entered into agreements to finance the purchase of garbage bins, recycling trucks, and police vehicles. The total amount of the financing is \$7,870,899.

In 2011, the Water and Sewer Fund entered into an agreement to finance 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.

**Other Long-term Liabilities**

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



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

**Annual Debt Service**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,056,682	\$ 246,508	\$ 2,109,755	\$ 618,850	\$ 4,031,795
2021	1,071,448	231,742	2,145,530	563,383	4,012,103
2022	1,108,333	194,857	2,197,857	506,748	4,007,795
2023	1,146,510	156,679	2,029,530	451,328	3,784,047
2024	1,186,028	117,162	2,045,939	397,421	3,746,550
2025-2029	2,301,888	115,009	8,030,347	1,225,189	11,672,433
2030-2034	-	-	4,090,000	340,325	4,430,325
2035-2038	-	-	-	-	-
<b>Total</b>	<b>\$ 7,870,889</b>	<b>\$ 1,061,957</b>	<b>\$ 22,648,958</b>	<b>\$ 4,103,244</b>	<b>\$ 35,685,048</b>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,764,613	\$ 347,916	\$ 6,430,245	\$ 3,085,160	\$ 11,627,934
2021	1,838,435	307,697	6,584,470	2,843,354	11,573,956
2022	1,899,224	265,740	6,762,143	2,624,005	11,551,112
2023	1,977,528	222,232	5,430,470	2,426,150	10,056,380
2024	2,042,832	176,781	5,299,061	2,252,602	9,771,276
2025-2029	5,315,468	284,098	26,159,653	8,723,788	40,483,007
2030-2034	363,918	9,147	26,060,000	4,495,881	30,928,946
2035-2038	-	-	12,745,000	821,775	13,566,775
<b>Total</b>	<b>\$ 15,202,018</b>	<b>\$ 1,613,611</b>	<b>\$ 95,471,042</b>	<b>\$ 27,272,715</b>	<b>\$ 139,559,386</b>

Years Ending June 30	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2020	\$ 5,155,000	\$ 1,336,531	\$ 6,491,531
2021	5,310,000	1,187,656	6,497,656
2022	5,455,000	1,021,806	6,476,806
2023	5,360,000	855,331	6,215,331
2024	5,515,000	681,388	6,196,388
2025-2029	18,275,000	1,069,791	19,344,791
2030-2034	-	-	-
2035-2038	-	-	-
<b>Total</b>	<b>\$ 45,070,000</b>	<b>\$ 6,152,503</b>	<b>\$ 51,222,503</b>

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

***Current Bond Refunding***

During the year, the City issued \$18,985,000 in Capital Improvement Refunding Bonds, Series 2019 and 2019A. The net proceeds of these bonds (after payment of \$292,761 in underwriting fees, insurance, and other issuance costs) were used to refund \$19,135,000 of Capital Improvement Bonds, Series 2010 and 2012. The refunding reduced total debt service payments over the next 18 years by approximately \$1,642,741, which represents an economic gain of \$1,292,464.

***Revenue Bond***

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of various capital improvements. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$132,044,785. During the current year, the increase in net position of the system was \$1,827,871 compared to the annual debt requirements of \$10,947,209.

***Assets Pledged as Collateral***

**Direct Borrowings and Direct Placements**

The City's outstanding installment purchase agreements are secured with collateral of the financed equipment.

**Note 8 - Other Postemployment Benefit Plan**

***Plan Description***

**City Employees' OPEB Plan**

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

The Trust is created for the exclusive purpose of funding health, life, and disability benefits for those retirees and beneficiaries eligible to receive such retirement benefits under the City of Warren General Employees' Retirement System and 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, MI 48093-5287.

**Police and Fire OPEB Plan**

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.

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, MI 48093-5287.

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

June 30, 2019

**Note 8 - Other Postemployment Benefit Plan (Continued)**

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

**Benefits Provided**

The City's postemployment health and dental benefits are administered under a combination of premium-based, self-insurance, and/or Medicare coverage plans. In general, if a retiree or members of his or her immediate family are entitled to retirement benefits under the City Employees' Retirement System or the Police and Fire Retirement System, then they are entitled to the postretirement health and dental insurance benefits. Currently, the City provides 100 percent of the cost of health insurance and either 50 percent or 100 percent of dental coverage dependent upon the coverage selected. Some collective bargaining agreements include language that employees will pay either 50 percent or 25 percent of their health insurance upon retirement dependent on age and years of service. There are currently no retirees under the provisions of these contracts. Recent collective bargaining agreements have included retirement health savings account provisions for new hires. During employment, the City will contribute 2 percent of the employee's wages, and the employee will contribute 2 percent to 5 percent of wages into the plan. At retirement, the employee will not be provided retiree health insurance under any of the City's existing plans.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Date of member count	December 31, 2016	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	500	560
Inactive plan members entitled to but not yet receiving benefits	24	4
Active plan members	86	154
Total plan members	<u>610</u>	<u>718</u>

**Contributions**

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

According to Section 25-401 of the Code of Ordinances, the City shall pay to the trust an amount consistent with actuarial valuations and calculations and shall adhere to any funding provisions contained in the collective bargaining agreements. The board of trustees shall adopt rules and procedures for all payments made to the trust and shall conform with all tax provisions of the City Charter and state law. For the year ended June 30, 2019, the City contributed \$9,000,000, which equals the actuarial determined calculation. There were no provisions in the collective bargaining agreements for additional contributions and no required employee contributions.

**Note 8 - Other Postemployment Benefit Plan (Continued)**

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

According to Section 25-401 of the Code of Ordinances, the City shall pay to the trust an amount consistent with actuarial valuations and calculations and shall adhere to any funding provisions contained in the collective bargaining agreements. The board of trustees shall adopt rules and procedures for all payments made to the trust and shall conform with all tax provisions of the City Charter and state law. For the year ended June 30, 2019, the City contributed \$10,000,000, which equals the actuarial determined calculation. There were no required employee contributions.

**Net OPEB Liability**

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

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Measurement date used for the City's net OPEB liability	December 31, 2018	December 31, 2018
Based on a comprehensive actuarial valuation as of	December 31, 2016	December 31, 2017

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

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2017</b>	\$ 149,853,102	\$ 57,020,274	\$ 92,832,828
Changes for the year:			
Service cost	1,852,338	-	1,852,338
Interest	10,665,881	-	10,665,881
Differences between expected and actual experience	896,114	-	896,114
Changes in actuarial assumptions	6,436,284	-	6,436,284
Contributions - Employer	-	10,631,555	(10,631,555)
Net investment income	-	(3,474,216)	3,474,216
Benefit payments, including refunds	(7,327,343)	(7,327,343)	-
Administrative expenses	-	(140,508)	140,508
Net changes	12,523,274	(310,512)	12,833,786
<b>Balance at December 31, 2018</b>	<b>\$ 162,376,376</b>	<b>\$ 56,709,762</b>	<b>\$ 105,666,614</b>

The plan's fiduciary net position represents 34.9 percent of the total OPEB liability.

June 30, 2019

**Note 8 - Other Postemployment Benefit Plan (Continued)**

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2017</b>	\$ 179,799,666	\$ 44,968,815	\$ 134,830,851
Changes for the year:			
Service cost	1,516,273	-	1,516,273
Interest	13,045,589	-	13,045,589
Differences between expected and actual experience	(10,623,910)	-	(10,623,910)
Contributions - Employer	-	11,810,718	(11,810,718)
Net investment income	-	(1,829,637)	1,829,637
Benefit payments, including refunds	(8,532,131)	(8,532,131)	-
Administrative expenses	-	(26,665)	26,665
Net changes	(4,594,179)	1,422,285	(6,016,464)
<b>Balance at December 31, 2018</b>	<u>\$ 175,205,487</u>	<u>\$ 46,391,100</u>	<u>\$ 128,814,387</u>

The plan's fiduciary net position represents 26.5 percent of the total OPEB liability.

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$13,045,763 for the general employees' plan and \$859,382 for the police and fire plan.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - General Employees'	Deferred Inflows of Resources - General Employees'	Deferred Outflows of Resources - Police and Fire	Deferred Inflows of Resources - Police and Fire
Difference between expected and actual experience	\$ 206,796	\$ -	\$ -	\$ 3,035,403
Changes in assumptions	1,485,296	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	4,084,495	-	2,485,112	-
Employer contributions to the plan subsequent to the measurement date	4,268,530	-	4,999,996	-
Total	<u>\$ 10,045,117</u>	<u>\$ -</u>	<u>\$ 7,485,108</u>	<u>\$ 3,035,403</u>

**Note 8 - Other Postemployment Benefit Plan (Continued)**

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

Years Ending June 30	General Employees'	Police and Fire
2020	\$ 2,536,779	\$ (2,558,875)
2021	844,687	476,527
2022	844,687	476,527
2023	1,550,434	1,055,530
Total	<u>\$ 5,776,587</u>	<u>\$ (550,291)</u>

**Actuarial Assumptions**

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

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Medical inflation	6.0 percent for the first year, decreasing 0.1 percent per year to 5.0 percent	6.0 percent for the first year, decreasing 0.1 percent per year to 5.0 percent
Salary increases (including inflation)	N/A	N/A
Investment rate of return (net of investment expenses)	7.25%	7.40%
Mortality rates	RP 2014 Mortality Table	RP 2000 Projected to 2014 Mortality Table

**Discount Rate**

**City Employees' OPEB Plan**

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

**Police and Fire OPEB Plan**

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

June 30, 2019

**Note 8 - Other Postemployment Benefit Plan (Continued)**

**Investment Rate of Return**

The following were the asset allocation policies as of December 31, 2018 for each plan:

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	5.74 %
International equity	10.00	6.38
Fixed income	35.00	2.02
Alternative assets	10.00	6.24

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	5.74 %
International equity	15.00	5.27
Domestic bonds	19.00	2.02
Real estate	10.00	6.66
Other assets	11.00	6.24

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

The following presents the net OPEB liabilities of the city employees' and the police and fire plans, calculated using the discount rate of 7.25 percent for the city employees' plan and 7.40 percent for the police and fire plan, as well as what the net OPEB liabilities would be if they were calculated using discount rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net OPEB liability of the City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$ 124,642,719	\$ 105,666,614	\$ 89,790,082
Net OPEB liability of the Police and Fire Retirement Health Benefits Pension Plan and Trust	151,716,545	128,814,387	110,002,063

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

The following presents the net OPEB liabilities of the city employees' and the police and fire plans, calculated using the healthcare cost trend rate of 6.0 percent, as well as what the net OPEB liabilities would be if they were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Healthcare Cost Trend Rate	1 Percent Increase
Net OPEB liability of the City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$ 90,649,657	\$ 105,666,614	\$ 123,638,749
Net OPEB liability of the Police and Fire Retirement Health Benefits Pension Plan and Trust	100,562,856	128,814,387	141,139,459

**Note 8 - Other Postemployment Benefit Plan (Continued)**

**Assumption Changes**

For the current year, the mortality table used for the net OPEB liability calculation was updated from the RP 2000 Combined Healthy Table to the RP 2014 Mortality Table.

**Note 9 - Aggregate OPEB-related Balances**

The following table presents the aggregate balances for the net OPEB liability, deferred inflows related to the OPEB plans, deferred outflows related to the OPEB plans, and the OPEB expense for the year ended June 30, 2019. Detailed information for each OPEB plan can be found in Note 8.

	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$162,376,378	\$ 56,709,762	\$105,666,614	\$ 10,045,117	\$ -	\$ 13,045,763
Police and Fire Retirement Health Benefits Pension Plan and Trust	<u>175,205,487</u>	<u>46,391,100</u>	<u>128,814,387</u>	<u>7,485,108</u>	<u>3,035,403</u>	<u>859,382</u>
Total	<u>\$337,581,865</u>	<u>\$103,100,862</u>	<u>\$234,481,001</u>	<u>\$ 17,530,225</u>	<u>\$ 3,035,403</u>	<u>\$ 13,905,145</u>

**Note 10 - Pension Plans**

**Plan Description**

**Employees' Retirement System**

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

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

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

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

**Police and Fire Retirement System**

The system's pension board administers the Police and Fire Retirement System Defined Benefit Pension Plan (the "Plan") - a single-employer defined benefit pension plan that provides pensions for substantially all permanent full-time police and fire employees of the City. Benefit terms have been established based on the 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, MI 48093-5287.



**Note 10 - Pension Plans (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 the ex officio member have voting privileges.

***Benefits Provided***

**Employees' Retirement System**

The pension plan provides retirement, disability, and death benefits. Regular retirement benefits are payable upon retirement at any age with 30 years of service, attainment of age 50 with 25 years of service, or age 60 with 8 years of service. Before reaching the age of 62, benefits are computed as credited years of service times 2.50 percent of final average compensation (FAC). FAC is computed as the average of the highest two years of service. At age 62, benefits are computed as credited years of service times the sum of (a) 1.1 percent of the first \$4,200 of FAC plus (b) 2.50 percent of FAC in excess of \$4,200.

Deferred retirement benefits vest after eight years of credited service. For members of UAW Local 412 - Unit 59, GELC (formerly AFSCME) Local 1917, GELC 227 (formerly AFSCME Local 1250), 37th Judicial District Court employees, and nonunion employees, deferred retirement benefits are payable beginning at age 55. For members of UAW Local 412 - Unit 35, deferred retirement benefits are payable at age 45. Benefits are based on years of credited service and FAC at the time employment is terminated.

**Police and Fire Retirement System**

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

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	City Employees' Retirement System Defined Benefit Pension Plan	Police and Fire Retirement System Defined Benefit Pension Plan
Date of member count	December 31, 2018	December 31, 2018
Retirees and beneficiaries	499	568
Inactive plan members entitled to but not yet receiving benefits	20	4
Active plan members	70	315
	<u>589</u>	<u>887</u>
Total employees covered by the plan	<u>589</u>	<u>887</u>

**Note 10 - Pension Plans (Continued)**

***Contributions***

**Employees' Retirement System**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. The normal cost and actuarial accrued liability were determined using an aggregate actuarial funding method. For the year ended December 31, 2018, employer contributions were \$8,888,571. Of this amount, \$8,590,317 was contributed in accordance with the actuarial valuation dated December 31, 2016. 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.

**Police and Fire Retirement System**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended December 31, 2018, employer contributions were \$10,917,187 in accordance with the actuarial valuation dated December 31, 2016, and the average active member contribution rate was 3.0 to 5.0 percent of annual pay determined by date of hire. The City is required to contribute at an actuarially determined rate.

***Net Pension Liability***

**Employees' Retirement System**

The City has chosen to use December 31, 2018 as its measurement date for the net pension liability. The December 31, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of December 31, 2018.

**Police and Fire Retirement System**

The City has chosen to use December 31, 2018 as its measurement date for the net pension liability. The December 31, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of December 31, 2017, which used updated procedures to roll forward the estimated liability to December 31, 2018.

June 30, 2019

**Note 10 - Pension Plans (Continued)**

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2017</b>	\$ 184,356,145	\$ 136,672,411	\$ 47,683,734
Changes for the year:			
Service cost	1,012,891	-	1,012,891
Interest	12,809,972	-	12,809,972
Differences between expected and actual experience	2,626,423	-	2,626,423
Changes in assumptions	5,403,963	-	5,403,963
Contributions - Employer	-	8,888,571	(8,888,571)
Net investment loss	-	(7,078,254)	7,078,254
Benefit payments, including refunds	(16,346,649)	(16,346,649)	-
Administrative expenses	-	(251,092)	251,092
<b>Net changes</b>	<b>5,506,600</b>	<b>(14,787,424)</b>	<b>20,294,024</b>
<b>Balance at December 31, 2018</b>	<b>\$ 189,862,745</b>	<b>\$ 121,884,987</b>	<b>\$ 67,977,758</b>

The plan's fiduciary net position represents 64.2 percent of the total pension liability.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2017</b>	\$ 400,631,065	\$ 300,598,677	\$ 100,032,388
Changes for the year:			
Service cost	4,815,882	-	4,815,882
Interest	28,627,916	-	28,627,916
Differences between expected and actual experience	2,098,602	-	2,098,602
Contributions - Employer	-	10,917,187	(10,917,187)
Contributions - Employee	-	1,238,075	(1,238,075)
Net investment loss	-	(13,770,465)	13,770,465
Benefit payments, including refunds	(32,350,541)	(32,350,541)	-
Administrative expenses	-	(514,140)	514,140
Miscellaneous other charges	-	55,410	(55,410)
<b>Net changes</b>	<b>3,191,859</b>	<b>(34,424,474)</b>	<b>37,616,333</b>
<b>Balance at December 31, 2018</b>	<b>\$ 403,822,924</b>	<b>\$ 266,174,203</b>	<b>\$ 137,648,721</b>

The plan's fiduciary net position represents 65.9 percent of the total pension liability.

June 30, 2019

**Note 10 - Pension Plans (Continued)**

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

For the year ended June 30, 2019, the City recognized pension expense of \$16,060,390 for the Employees' Retirement System and \$7,687,191 for the Police and Fire Retirement System.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - Employees' Retirement	Deferred Inflows of Resources - Employees' Retirement	Deferred Outflows of Resources - Police and Fire Retirement	Deferred Inflows of Resources - Police and Fire Retirement
Difference between expected and actual experience	\$ -	\$ -	\$ 3,290,035	\$ 332,140
Changes in assumptions	-	-	5,603,004	42,625,014
Net difference between projected and actual earnings on pension plan investments	9,668,352	-	19,913,326	-
Employer contributions to the plan subsequent to the measurement date	4,295,178	-	5,618,430	-
Total	<u>\$ 13,963,530</u>	<u>\$ -</u>	<u>\$ 34,424,795</u>	<u>\$ 42,957,154</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	Employee's Retirement System	Police and Fire Retirement System
2020	\$ 3,390,594	\$ (6,661,011)
2021	1,107,999	(12,850,993)
2022	1,814,969	(1,788,771)
2023	3,354,790	7,149,986
Total	<u>\$ 9,668,352</u>	<u>\$ (14,150,789)</u>

***Actuarial Assumptions***

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

	City Employees' Retirement System Defined Benefit Pension Plan	Police and Fire Retirement System Defined Benefit Pension Plan
Inflation	4.0%	4.0%
Salary increases (including inflation)	4.0% - 7.8%	4.0% - 7.0%
Investment rate of return (net of investment expenses, including inflation)	7.25%	7.4%
Mortality rates	RP 2014 Healthy Annuitant	RP 2000 Combined Healthy Mortality Table projected to 2014

**Note 10 - Pension Plans (Continued)**

***Discount Rate***

**Employees' Retirement System**

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

**Police and Fire Retirement System**

The discount rate used to measure the total pension liability was 7.4 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that system contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

***Projected Cash Flows***

**Employees' Retirement System**

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

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The table below outlines the board's adopted asset allocation policy and the best estimates of geometric real rates of return as of the December 31, 2018 for each major asset class included in the plan's target asset allocation.

**Police and Fire Retirement System**

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

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The table below outlines the board's adopted asset allocation policy and the best estimates of geometric real rates of return as of the December 31, 2018 for each major asset class included in the plan's target asset allocation.

**Note 10 - Pension Plans (Continued)**

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

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

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

**Police and Fire Retirement System**

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

The following were the asset allocation policies as of December 31, 2018 for each plan:

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	5.74 %
International equity	10.00	6.38
Fixed income	35.00	2.02
Alternative assets	10.00	6.24

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	5.74 %
International equity	15.00	5.27
Domestic bonds	19.00	2.02
Alternative assets	11.00	6.24
Real estate	10.00	6.66

**Note 10 - Pension Plans (Continued)**

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

The following presents the net pension liabilities of the City, calculated using the current discount rates, as well as what the City's net pension liabilities would be if they were calculated using discount rates that are 1 percentage point lower (6.25 percent or 6.40 percent for the Employees' Retirement System or Police and Fire Retirement System, respectively) or 1 percentage point higher (8.25 percent or 8.40 percent for the Employees' Retirement System or Police and Fire Retirement System, respectively) than the current rates:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net pension liability of the City Employees' Retirement System Defined Benefit Pension Plan	\$ 85,124,175	\$ 67,977,758	\$ 53,159,448
Net pension liability of the Police and Fire Retirement System Defined Benefit Pension Plan	178,592,956	137,648,721	102,807,350

***Pension Plan Fiduciary Net Position***

Detailed information about the plans' fiduciary net positions is available in the separately issued financial reports. For the purpose of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plans' fiduciary net positions and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. The plans use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Assumption Changes***

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

For the current year, the mortality table used for the net pension liability calculation was updated from the RP 2000 Combined Healthy Table to the RP 2014 Mortality Table. Furthermore, the assumed rate of investment return was decreased to 7.25 percent from 7.30 percent.

***Pension Plan Reserves***

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

**Employees' Retirement System**

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

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

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

June 30, 2019

**Note 10 - Pension Plans (Continued)**

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

**Police and Fire Retirement System**

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

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

The balances of the reserve accounts at December 31, 2018 are as follows:

	Required Reserve - Employees' Retirement	Amount Funded - Employees' Retirement	Required Reserve - Police and Fire Retirement	Amount Funded - Police and Fire Retirement
Retiree reserve	\$ 144,627,032	\$ 121,845,257	\$ 247,600,413	\$ 247,600,413
Employee reserve	39,729	39,729	18,573,790	18,573,790

**Note 11 - Aggregate Pension-related Balances**

The following table presents the aggregate balances for the net pension liability, deferred inflows related to pensions, deferred outflows related to pensions, and pension expense for the year ended June 30, 2018. Detailed information for each pension plan can be found in Note 10.

	Total Pension Liability	Plan Net Position	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
City Employees' Retirement System Defined Benefit Pension Plan	\$ 189,862,745	\$ 121,884,987	\$ 67,977,758	\$ 13,963,530	\$ -	\$ 16,060,390
Police and Fire Retirement System Defined Benefit Pension Plan	403,822,924	266,174,203	137,648,721	34,424,795	42,957,154	7,687,191
<b>Total</b>	<b>\$ 593,685,669</b>	<b>\$ 388,059,190</b>	<b>\$ 205,626,479</b>	<b>\$ 48,388,325</b>	<b>\$ 42,957,154</b>	<b>\$ 23,747,581</b>

**Note 12 - Defined Contribution Plan**

***Plan Description***

The defined contribution plan was approved by the Warren City Council at its meeting on April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full-time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the defined contribution plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the defined contribution plan. There were 319 active participants in the plan as of June 30, 2019. The City contributed approximately \$2.5 million for the year ended June 30, 2019.



**Note 12 - Defined Contribution Plan (Continued)**

***Funding Policy***

For employees transferring from the defined benefit pension plan to the defined contribution plan, the City contributes 15.0 percent of payroll and the employee contributes 3.0 percent. For employees hired after ratification of their respective union contracts, the City contributes 10.0 percent of payroll and the employee contributes 4.0 percent.

**Note 13 - Other Retirement Plans**

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

**Plan Description**

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

**Summary of Significant Accounting Policies**

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

Investments are reported at fair value.

**Funding Policy**

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

**Deferred Compensation Plan**

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

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

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

**Note 14 - 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 self-insured for non-HMO medical benefits afforded to employees and retirees. The program is liable for the first \$250,000 per employee contract. The City has purchased a specific stop-loss insurance policy of \$250,000.

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

The government-wide statement of net position reports "provision for claims" in the amount of \$5,013,405 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, 2019, as provided by the City's insurance carrier. The General Fund balance sheet reports "assigned fund balance - claims and insurance" in the amount of \$5,013,405.

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:

	2017	Est. Claims Incurred/ Reserved	Payments and Adjustments	2018	Est. Claims Incurred/ Reserved	Payments and Adjustments	2019
Workers' compensation, automobile, and public entity liability	\$ 6,554,562	\$ 3,413,635	\$(3,413,635)	\$ 6,554,562	\$ 3,097,963	\$(4,639,120)	\$ 5,013,405

**Note 15 - Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The investments held in the fiduciary funds are reported as of December 31, 2018.

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

June 30, 2019

**Note 15 - Fair Value Measurements (Continued)**

The City has the following recurring fair value measurements as of June 30, 2019:

	Fair Value Measurement Using			Balance at June 30, 2019
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Debt securities:</b>				
U.S. Treasury securities*	\$ -	\$ 27,626,606	\$ -	\$ 27,626,606
Domestic fixed income*	-	3,412,322	-	3,412,322
International fixed income*	-	1,897,150	-	1,897,150
Commercial mortgage-backed securities*	-	7,757,723	-	7,757,723
Asset-backed securities*	-	6,318,067	-	6,318,067
Closed-end MF - Fixed income*	3,217,404	-	-	3,217,404
Open-end MF - Fixed income*	6,381,588	-	-	6,381,588
Municipal obligations*	-	4,531,648	-	4,531,648
Corporate bonds*	-	45,973,670	-	45,973,670
Private placement*	-	-	454,545	454,545
U.S. Treasury securities	7,904,980	-	-	7,904,980
Corporate bonds	1,000,000	-	-	1,000,000
<b>Total debt securities</b>	<b>18,503,972</b>	<b>97,517,186</b>	<b>454,545</b>	<b>116,475,703</b>
<b>Available-for-sale debt securities:</b>				
Domestic stock*	128,974,306	-	-	128,974,306
Foreign stock*	20,001,983	-	-	20,001,983
Real estate investment trusts*	6,840,487	-	-	6,840,487
ADR*	27,598,776	-	-	27,598,776
CIF - Equity*	-	44,021,365	-	44,021,365
Closed-end MF - Equity*	19,109,317	36,003,600	12,198,795	67,311,712
Partnerships publicly traded*	388,276	183,453	-	571,729
Private equity funds*	-	-	25,445,221	25,445,221
Short-term investment funds	26,329,646	-	-	26,329,646
<b>Total equity securities</b>	<b>229,242,791</b>	<b>80,208,418</b>	<b>37,644,016</b>	<b>347,095,225</b>
<b>Total investments by fair value level</b>	<b>\$ 247,746,763</b>	<b>\$ 177,725,604</b>	<b>\$ 38,098,561</b>	<b>463,570,928</b>
<b>Investments measured at NAV:</b>				
Fifth Third - DDA				776,359
Equity Index Fund*				28,617,287
Peak Partners Offshore Fund Ltd				2,603,735
Vintage VI Offshore LP*				1,714,414
StepStone Mezzanine Partners I (Offshore) LP*				19,504
StepStone Mezzanine Partners (Offshore II) LP*				459,675
Avista Capital Opportunities Fund II (Offshore) LP*				511,177
Cohesive Capital Partners II (Offshore) LP*				3,876,018
<b>Total investments measured at NAV</b>				<b>38,578,169</b>
<b>Total investments measured at fair value</b>				<b>\$ 502,149,097</b>

\*These represent fiduciary fund investments, which are stated as of December 31, 2018.

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

**Note 15 - Fair Value Measurements (Continued)**

The fair value of Level 1 investments at December 31, 2018 and June 30, 2019 was determined using prices quoted in active markets for those securities.

The fair value of debt securities at December 31, 2018 and June 30, 2019 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted prices for similar assets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of private equity funds at December 31, 2018 was determined primarily based on Level 3 inputs. The system estimates the fair value of these investments based on a review of an independent auditor’s report for each fund and the fund’s general partner’s assessment of fair value. The general partner’s estimates may include the use of pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the underlying assets.

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

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

As of June 30, 2019, 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	\$ 776,359	\$ -	N/A	N/A
Equity Index Fund*	28,617,287	-	N/A	N/A
Peak Partners Offshore Fund Ltd.*	2,603,735	-	N/A	N/A
Vintage VI Offshore LP*	1,714,414	-	N/A	N/A
StepStone Mezzanine Partners I (Offshore) LP*	19,504	-	N/A	N/A
StepStone Private Equity Partners (Offshore II) LP*	459,675	-	N/A	N/A
Avista Capital Opportunities Fund II (Offshore) LP*	511,177	-	N/A	N/A
Cohesive Capital Partners II (offshore) LP*	3,876,018	-	N/A	N/A
<b>Total investments measured at NAV</b>	<b>\$ 38,578,169</b>	<b>\$ -</b>		

\*These represent fiduciary fund investments, which are stated as of December 31, 2018.

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

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

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

**Note 15 - Fair Value Measurements (Continued)**

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

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

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

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

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

***Disclosures Regarding Redemption Only upon Liquidation***

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

**Note 16 - Contingent Liabilities**

***Litigation***

There are various claims and legal actions pending against 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 17 - Joint Venture**

The City is a member of the South Macomb Disposal Authority (the "Authority"), which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, Eastpointe, and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budget. The City, however, does not have a definable equity interest in the South Macomb Disposal Authority. Nevertheless, due to the City's previous association with the Authority, the City has estimated a landfill postclosure liability of approximately \$2,600,000. Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, Box 286, St. Clair Shores, MI 48080.

**Note 18 - Tax Abatements**

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

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

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

For the fiscal year ended June 30, 2019, the City abated \$1,175,052 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

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

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

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

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

June 30, 2019

**Note 18 - Tax Abatements (Continued)**

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

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

Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2019 is as follows:

Tax Abatement Program	Amount of Taxes Abated During the Year Ended June 30, 2019
Brownfield Redevelopment Authority Sites	\$ 717,737
Industrial and Commercial Facilities (Act 198)	1,175,052
Exempt Personal Property (Act 328)	5,402
Tool & Die Renaissance and Recovery Zone Properties	287,102
Other commercial and industrial tax abatements	81,106

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 68,475,214	\$ 68,475,214	\$ 68,011,430	\$ (463,784)
Intergovernmental:				
Federal grants	-	581,385	406,077	(175,308)
State sources - State-shared revenue	18,373,000	18,560,600	26,245,988	7,685,388
Charges for services	4,136,000	4,136,000	4,853,834	717,834
Fines and forfeitures	5,182,000	5,182,000	5,040,420	(141,580)
Licenses and permits	3,709,000	3,709,000	4,959,256	1,250,256
Interest and rentals - Investment earnings	140,000	140,000	1,091,029	951,029
Other revenue	8,463,758	8,475,687	7,987,424	(488,263)
<b>Total revenue</b>	<b>108,478,972</b>	<b>109,259,886</b>	<b>118,595,458</b>	<b>9,335,572</b>
<b>Expenditures</b>				
Current services:				
General government:				
Council	1,169,635	1,493,339	1,048,654	444,685
Mayor	722,712	712,712	472,847	239,865
Controller	1,760,893	1,760,893	1,690,461	70,432
Information technology/Data proc.	765,730	765,730	712,610	53,120
Treasurer	1,391,839	1,391,839	1,296,527	95,312
Assessing	2,295,364	2,302,598	2,034,966	267,632
Clerk	1,443,251	1,536,663	1,174,556	362,107
Buildings maintenance	2,336,924	2,361,330	2,138,134	223,196
Legal	1,584,448	1,584,448	1,396,250	188,198
Human resources	1,580,605	1,580,605	1,199,086	381,519
Administration unallocated expense	5,038,848	5,563,848	5,380,271	183,577
Other commissions	87,551	87,551	52,037	35,514
District court	7,666,870	8,402,822	7,201,016	1,201,806
Public safety:				
Police department	43,487,397	44,045,532	42,793,320	1,252,212
Fire department	24,885,846	25,150,220	23,938,092	1,212,128
Civil defense	228,932	228,932	224,172	4,760
Animal control	489,372	489,372	363,338	126,034
Crime commission	12,800	12,800	12,563	237
Building inspections	3,669,118	3,768,884	3,303,654	465,230
Public works:				
Property maintenance	1,316,747	1,634,893	1,409,175	225,718
Stormwater drainage	149,501	149,501	149,501	-
Highway street lighting	2,900,000	3,591,304	2,907,053	684,251
DPW garage	4,037,230	5,942,363	5,422,700	519,663
Public service director	485,836	499,485	382,733	116,752
Engineering and inspections	1,256,912	1,285,931	1,166,913	119,018
Community and economic development:				
Planning	753,476	753,476	578,773	174,703
Zoning	22,005	22,005	14,577	7,428
Economic development opportunities	242,040	242,040	191,198	50,842
Recreation and culture:				
Historical commission	14,668	14,668	9,117	5,551
Cultural commission	26,600	26,600	26,520	80
Village historical commission	15,850	15,850	8,233	7,617
<b>Total expenditures</b>	<b>111,839,000</b>	<b>117,418,234</b>	<b>108,699,047</b>	<b>8,719,187</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(3,360,028)</b>	<b>(8,158,348)</b>	<b>9,896,411</b>	<b>18,054,759</b>
<b>Other Financing (Uses) Sources</b>				
Transfers out	(157,525)	(277,690)	(183,927)	93,763
New debt issued	-	-	429,889	429,889
<b>Total other financing (uses) sources</b>	<b>(157,525)</b>	<b>(277,690)</b>	<b>245,962</b>	<b>523,652</b>
<b>Net Change in Fund Balance</b>	<b>(3,517,553)</b>	<b>(8,436,038)</b>	<b>10,142,373</b>	<b>18,578,411</b>
<b>Fund Balance - Beginning of year</b>	<b>49,216,414</b>	<b>49,216,414</b>	<b>49,216,414</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 45,698,861</b>	<b>\$ 40,780,376</b>	<b>\$ 59,358,787</b>	<b>\$ 18,578,411</b>

**City of Warren, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 2,517,054	\$ 2,517,054	\$ 2,611,204	\$ 94,150
Other revenue	-	-	13,721	13,721
Total revenue	2,517,054	2,517,054	2,624,925	107,871
<b>Expenditures</b> - Community and economic development	1,153,229	1,153,230	2,513,739	(1,360,509)
<b>Net Change in Fund Balance</b>	1,363,825	1,363,824	111,186	(1,252,638)
<b>Fund Balance</b> - Beginning of year	506,033	506,033	506,033	-
<b>Fund Balance</b> - End of year	<u>\$ 1,869,858</u>	<u>\$ 1,869,857</u>	<u>\$ 617,219</u>	<u>\$ (1,252,638)</u>

**City of Warren, Michigan**

Required Supplemental Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)  
 Sanitation Fund

**Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,231,316	\$ 8,231,316	\$ 8,194,640	\$ (36,676)
Intergovernmental - State sources	325,000	825,000	1,243,663	418,663
Investment income	2,500	2,500	57,796	55,296
Other revenue	265,000	265,000	293,829	28,829
Total revenue	8,823,816	9,323,816	9,789,928	466,112
<b>Expenditures - Public works</b>	10,896,139	19,291,453	18,489,450	802,003
<b>Excess of Expenditures Over Revenue</b>	(2,072,323)	(9,967,637)	(8,699,522)	1,268,115
<b>Other Financing Sources - New debt issued</b>	-	7,441,000	7,441,000	-
<b>Net Change in Fund Balance</b>	(2,072,323)	(2,526,637)	(1,258,522)	1,268,115
<b>Fund Balance - Beginning of year</b>	3,109,907	3,109,907	3,109,907	-
<b>Fund Balance - End of year</b>	<u>\$ 1,037,584</u>	<u>\$ 583,270</u>	<u>\$ 1,851,385</u>	<u>\$ 1,268,115</u>

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

	<b>Last Two Plan Years Years Ended December 31</b>	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 1,852,338	\$ 1,920,562
Interest	10,665,881	10,711,662
Differences between expected and actual experience	896,114	(5,938,551)
Changes in assumptions	6,436,284	-
Benefit payments, including refunds	(7,327,343)	(7,254,730)
<b>Net Change in Total OPEB Liability</b>	12,523,274	(561,057)
<b>Total OPEB Liability - Beginning of year</b>	149,853,102	150,414,159
<b>Total OPEB Liability - End of year</b>	<b>\$ 162,376,376</b>	<b>\$ 149,853,102</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 10,631,555	\$ 14,900,078
Net investment income	(3,474,216)	6,909,968
Administrative expenses	(140,508)	(61,216)
Benefit payments, including refunds	(7,327,343)	(7,254,730)
<b>Net Change in Plan Fiduciary Net Position</b>	(310,512)	14,494,100
<b>Plan Fiduciary Net Position - Beginning of year</b>	57,020,274	42,526,174
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 56,709,762</b>	<b>\$ 57,020,274</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 105,666,614</b>	<b>\$ 92,832,828</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	34.92 %	38.05 %
<b>Covered Employee Payroll</b>	\$ 13,518,450	\$ 14,008,732
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	781.65 %	662.68 %

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

**Changes in Assumptions** - For the plan year ended December 31, 2018, the mortality assumptions were updated using the RP 2014 Mortality Table.

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

	<b>Last Two Plan Years</b>	
	<b>Years Ended December 31</b>	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 1,516,273	\$ 1,539,652
Interest	13,045,589	13,250,035
Differences between expected and actual experience	(10,623,910)	(8,704,524)
Benefit payments, including refunds	(8,532,131)	(9,140,410)
<b>Net Change in Total OPEB Liability</b>	(4,594,179)	(3,055,247)
<b>Total OPEB Liability - Beginning of year</b>	179,799,666	182,854,913
<b>Total OPEB Liability - End of year</b>	<b>\$ 175,205,487</b>	<b>\$ 179,799,666</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 11,810,718	\$ 20,903,170
Net investment income	(1,829,637)	5,389,014
Administrative expenses	(26,665)	(8,600)
Benefit payments, including refunds	(8,532,131)	(9,140,410)
<b>Net Change in Plan Fiduciary Net Position</b>	1,422,285	17,143,174
<b>Plan Fiduciary Net Position - Beginning of year</b>	44,968,815	27,825,641
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 46,391,100</b>	<b>\$ 44,968,815</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 128,814,387</b>	<b>\$ 134,830,851</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	26.48 %	25.01 %
<b>Covered Employee Payroll</b>	\$ 15,109,196	\$ 14,805,884
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	852.56 %	910.66 %

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

**City of Warren, Michigan**

Required Supplemental Information  
 Schedule of OPEB Contributions  
 City Employees' Retirement Health, Life and  
 Disability Benefits Plan and Trust

**Last Ten Plan Years  
 Years Ended December 31**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 10,631,555	\$ 11,800,171	\$ 11,800,171	\$ 11,800,171	\$ 13,897,390	\$ 6,623,275	\$ 6,304,134	\$ 7,296,831	\$ 7,941,093	\$ 8,581,965
Contributions in relation to the actuarially determined contribution	10,631,555	14,900,078	8,999,996	12,782,818	9,069,777	6,623,275	6,304,134	7,296,831	7,941,093	8,581,965
<b>Contribution Excess (Deficiency)</b>	<b>\$ -</b>	<b>\$ 3,099,907</b>	<b>\$ (2,800,175)</b>	<b>\$ 982,647</b>	<b>\$ (4,827,613)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 13,518,450</b>	<b>\$ 14,008,732</b>	<b>\$ 15,984,491</b>	<b>\$ 15,984,491</b>	<b>\$ 16,496,331</b>	<b>\$ 16,496,331</b>	<b>\$ 20,751,208</b>	<b>\$ 20,751,208</b>	<b>\$ 25,743,285</b>	<b>\$ 25,743,285</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>78.64 %</b>	<b>106.36 %</b>	<b>56.30 %</b>	<b>79.97 %</b>	<b>54.98 %</b>	<b>40.15 %</b>	<b>30.38 %</b>	<b>35.16 %</b>	<b>30.85 %</b>	<b>33.34 %</b>

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollars, open
Remaining amortization period	30 years
Asset valuation method	Market
Healthcare cost trend rates	6.0 percent the first year, decreasing 0.1 percent per year to 5.0 percent
Salary increase	N/A
Investment rate of return	7.3 percent, net of plan investment expense
Mortality	RP 2000 Combined Healthy

**City of Warren, Michigan**

**Required Supplemental Information  
Schedule of OPEB Contributions  
Police and Fire Retirement Health, Life and  
Disability Benefits Plan and Trust**

**Last Ten Plan Years  
Years Ended December 31**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 11,810,718	\$ 14,080,396	\$ 13,621,425	\$ 13,621,425	\$ 13,184,908	\$ 12,835,782	\$ 6,173,013	\$ 6,661,565	\$ 7,362,420	\$ 8,290,905
Contributions in relation to the actuarially determined contribution	11,810,718	20,903,170	13,184,908	10,500,036	10,410,402	7,921,576	6,173,013	6,661,565	7,362,420	8,290,905
<b>Contribution Excess (Deficiency)</b>	<b>\$ -</b>	<b>\$ 6,822,774</b>	<b>\$ (436,517)</b>	<b>\$ (3,121,389)</b>	<b>\$ (2,774,506)</b>	<b>\$ (4,914,206)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 15,109,196</b>	<b>\$ 14,805,884</b>	<b>\$ 16,711,354</b>	<b>\$ 16,711,354</b>	<b>\$ 19,039,578</b>	<b>\$ 19,039,578</b>	<b>\$ 19,755,129</b>	<b>\$ 24,386,083</b>	<b>\$ 30,524,963</b>	<b>\$ 30,524,963</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>78.17 %</b>	<b>141.18 %</b>	<b>78.90 %</b>	<b>62.83 %</b>	<b>54.68 %</b>	<b>41.61 %</b>	<b>31.25 %</b>	<b>27.32 %</b>	<b>24.12 %</b>	<b>27.16 %</b>

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date    December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollars, open
Remaining amortization period	30 years
Asset valuation method	Market
Healthcare cost trend rates	6.0 percent the first year, decreasing 0.1 percent per year to 5.0 percent
Salary increase	N/A
Investment rate of return	7.4 percent, net of plan investment expense
Mortality	RP 2000 projected to 2014

Required Supplemental Information  
Schedule of OPEB Investment Returns

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**Last Two Fiscal Years  
Years Ended June 30**

	2019*	2018*
General Employees' Other Postemployment Benefits - VEBA		
Annual money-weighted rate of return - Net of investment expense	- %	- %
Police and Fire Other Postemployment Benefits - VEBA		
Annual money-weighted rate of return - Net of investment expense	- %	- %

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



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

**Last Five Plan Years  
 Years Ended December 31**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 1,012,891	\$ 1,128,729	\$ 1,248,269	\$ 1,182,428	\$ 1,227,820
Interest	12,809,972	12,952,830	13,312,456	13,100,633	13,329,959
Differences between expected and actual experience	2,626,423	292,886	(3,319,419)	747,834	(963)
Changes in assumptions	5,403,963	-	-	3,842,234	3,134,370
Benefit payments, including refunds	(16,346,649)	(16,227,323)	(16,056,453)	(15,912,254)	(15,879,218)
<b>Net Change in Total Pension Liability</b>	5,506,600	(1,852,878)	(4,815,147)	2,960,875	1,811,968
<b>Total Pension Liability - Beginning of year</b>	184,356,145	186,209,023	191,024,170	188,063,295	186,251,327
<b>Total Pension Liability - End of year</b>	<b>\$ 189,862,745</b>	<b>\$ 184,356,145</b>	<b>\$ 186,209,023</b>	<b>\$ 191,024,170</b>	<b>\$ 188,063,295</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 8,888,571	\$ 18,721,115	\$ 9,254,969	\$ 9,301,612	\$ 9,587,638
Net investment (loss) income	(7,078,254)	16,452,990	11,663,608	(2,521,195)	7,307,119
Administrative expenses	(251,092)	(255,718)	(259,188)	(295,700)	(307,881)
Benefit payments, including refunds	(16,346,649)	(16,227,323)	(16,056,453)	(15,912,254)	(15,879,218)
<b>Net Change in Plan Fiduciary Net Position</b>	(14,787,424)	18,691,064	4,602,936	(9,427,537)	707,658
<b>Plan Fiduciary Net Position - Beginning of year</b>	136,672,411	117,981,347	113,378,411	122,805,948	122,098,290
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 121,884,987</b>	<b>\$ 136,672,411</b>	<b>\$ 117,981,347</b>	<b>\$ 113,378,411</b>	<b>\$ 122,805,948</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 67,977,758</b>	<b>\$ 47,683,734</b>	<b>\$ 68,227,676</b>	<b>\$ 77,645,759</b>	<b>\$ 65,257,347</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	64.20 %	74.13 %	63.36 %	59.35 %	65.30 %
<b>Covered Payroll</b>	\$ 5,384,080	\$ 6,064,836	\$ 6,773,574	\$ 7,398,730	\$ 7,302,759
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	1,262.57 %	786.23 %	1,007.26 %	1,049.45 %	893.60 %

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

**Benefit Changes - None**

**Changes in Assumptions** - For the plan year ended December 31, 2018, the mortality assumptions were updated using the RP 2014 Mortality Table. Furthermore, the assumed rate of investment return was decreased to 7.25 percent from 7.30 percent. The assumed rate of investment return has been reduced 0.05 percent per year over a five-year period until the assumed rate of return reached 7.25 percent pursuant to board action.

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

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

**Last Five Plan Years  
 Years Ended December 31**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 4,815,882	\$ 7,276,212	\$ 8,417,461	\$ 7,077,600	\$ 7,157,955
Interest	28,627,916	26,517,999	25,346,092	25,830,279	25,735,103
Differences between expected and actual experience	2,098,602	2,223,032	1,435,610	(2,546,396)	(1,257,514)
Changes in assumptions	-	(61,092,666)	(27,905,225)	42,956,365	-
Benefit payments, including refunds	(32,350,541)	(31,176,529)	(31,148,538)	(30,567,324)	(29,482,283)
<b>Net Change in Total Pension Liability</b>	3,191,859	(56,251,952)	(23,854,600)	42,750,524	2,153,261
<b>Total Pension Liability - Beginning of year</b>	400,631,065	456,883,017	480,737,617	437,987,093	435,833,832
<b>Total Pension Liability - End of year</b>	<b>\$ 403,822,924</b>	<b>\$ 400,631,065</b>	<b>\$ 456,883,017</b>	<b>\$ 480,737,617</b>	<b>\$ 437,987,093</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 10,917,187	\$ 10,477,176	\$ 10,481,016	\$ 10,604,562	\$ 10,830,419
Contributions - Member	1,238,075	1,192,568	1,138,678	1,033,752	1,089,202
Net investment (loss) income	(13,770,465)	40,082,680	20,689,791	2,222,576	18,413,945
Administrative expenses	(514,140)	(456,239)	(426,933)	(454,638)	(397,298)
Benefit payments, including refunds	(32,350,541)	(31,176,529)	(31,148,538)	(30,567,324)	(29,482,283)
Other	55,410	78,359	113,244	85,387	156,405
<b>Net Change in Plan Fiduciary Net Position</b>	(34,424,474)	20,198,015	847,258	(17,075,685)	610,390
<b>Plan Fiduciary Net Position - Beginning of year</b>	300,598,677	280,400,662	279,553,404	296,629,089	296,018,699
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 266,174,203</b>	<b>\$ 300,598,677</b>	<b>\$ 280,400,662</b>	<b>\$ 279,553,404</b>	<b>\$ 296,629,089</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 137,648,721</b>	<b>\$ 100,032,388</b>	<b>\$ 176,482,355</b>	<b>\$ 201,184,213</b>	<b>\$ 141,358,004</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	65.91 %	75.03 %	61.37 %	58.15 %	67.73 %
<b>Covered Payroll</b>	\$ 27,750,304	\$ 26,762,823	\$ 24,703,698	\$ 24,413,784	\$ 25,839,293
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	496.03 %	373.77 %	714.40 %	824.06 %	547.07 %

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

**Benefit Changes - None**

**Changes in Assumptions**

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

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

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





**Required Supplemental Information  
Schedule of Pension Investment Returns**

**Last Five Fiscal Years  
Years Ended June 30**

	<u>2018*</u>	<u>2017*</u>	<u>2016</u>	<u>2015*</u>	<u>2014*</u>
Employees' Retirement System Defined Benefit Pension Plan - Annual money-weighted rate of return - Net of investment expense	(5.99)%	14.20 %	13.40 %	10.60 %	6.30 %
Police and Fire Retirement System Defined Benefit Pension Plan - Annual money-weighted rate of return - Net of investment expense	- %	- %	8.18 %	- %	- %

\*For the fiscal years ended December 31, 2018, 2017, 2015, and 2014, management of the City omitted the disclosure of the money-weighted rate of return of the Police and Fire Retirement System Defined Benefit Pension Plan.

**Budgetary Information**

Annual balanced budgets are adopted for the General, special revenue, and debt service funds, as required by Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Budgets were not formally adopted for the Tax Increment Finance Authority, the 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:

- No later than the second Monday in April of each year, the mayor shall submit to the City Council a recommended budget for the next fiscal year.
- The recommended budget of the mayor, together with his supporting schedules, information, and messages, shall be reviewed by the City Council.
- A public hearing on the budget shall be held not less than one week before its final adoption.
- Not later than the third Monday in May of each year, the City Council shall, by resolution, adopt a budget at the department level for the ensuing fiscal year in accordance with the Michigan Uniform Budgeting and Accounting Act.

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

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

**Encumbrances**

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

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Amounts per operating statement	\$ 113,762,623	\$ 103,866,212
Nonreciprocal interfund activity budgeted as revenue	<u>4,832,835</u>	<u>4,832,835</u>
Amounts per budget statement	<u>\$ 118,595,458</u>	<u>\$ 108,699,047</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Grant Fund - Community and economic development	\$ 1,153,230	\$ 2,513,739	\$ (1,360,509)
Capital Projects Fund - Capital expenditures	5,500,000	7,893,418	(2,393,418)

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## Other Supplemental Information

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# City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Recreation	Library	Communications	Rental Ordinance
<b>Assets</b>						
Cash and cash equivalents	\$ 9,591,431	\$ 1,563,256	\$ 1,330,422	\$ 3,559,446	\$ 3,004,762	\$ 1,326,314
Receivables:						
Property taxes receivable	-	-	21,123	29,057	-	-
Accrued interest receivable	19,469	3,410	-	-	-	-
Other receivables	-	-	16,782	139,249	515,560	-
Due from other governments	1,785,129	587,157	-	54,244	-	-
Due from other funds	-	116,213	-	-	-	-
Inventory	-	-	8,865	-	-	-
Prepaid items and other assets	-	-	8,149	-	-	-
Deposits	2,667,073	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,063,102</b>	<b>\$ 2,270,036</b>	<b>\$ 1,385,341</b>	<b>\$ 3,781,996</b>	<b>\$ 3,520,322</b>	<b>\$ 1,326,314</b>
<b>Liabilities</b>						
Accounts payable	\$ 87,241	\$ 14,107	\$ 473,683	\$ 190,425	\$ 331,164	\$ 290
Due to other governmental units	-	-	-	102	-	-
Due to other funds	289,066	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	4,921	107,016	-	-
Accrued liabilities and other	20,957	38,950	94,769	42,676	19,088	17,481
Unearned revenue	-	-	-	-	-	-
Provision for property tax refunds	-	-	2,335	3,204	-	-
<b>Total liabilities</b>	<b>397,264</b>	<b>53,057</b>	<b>575,708</b>	<b>343,423</b>	<b>350,252</b>	<b>17,771</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>19,263</b>	<b>26,504</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>397,264</b>	<b>53,057</b>	<b>594,971</b>	<b>369,927</b>	<b>350,252</b>	<b>17,771</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	-	-	8,865	-	-	-
Prepays	-	-	8,149	-	-	-
Restricted:						
Roads	13,665,838	2,216,979	-	-	-	-
Recreation	-	-	773,356	-	-	-
Library	-	-	-	3,412,069	-	-
Cable franchise fees	-	-	-	-	3,170,070	-
Police enforcement	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
District court	-	-	-	-	-	-
Committed - Rental ordinance	-	-	-	-	-	1,308,543
Assigned - Debt service	-	-	-	-	-	-
<b>Total fund balances</b>	<b>13,665,838</b>	<b>2,216,979</b>	<b>790,370</b>	<b>3,412,069</b>	<b>3,170,070</b>	<b>1,308,543</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,063,102</b>	<b>\$ 2,270,036</b>	<b>\$ 1,385,341</b>	<b>\$ 3,781,996</b>	<b>\$ 3,520,322</b>	<b>\$ 1,326,314</b>



Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2019

Special Revenue Funds							
Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Millage	Indigent Defense	Debt Service Funds	Total	
\$ 310,059	\$ 2,772,887	\$ 15,544	\$ 11,883,548	\$ 544,937	\$ 49,484	\$ 35,952,090	
-	-	-	50,858	-	-	101,038	
-	-	-	-	-	-	22,879	
-	-	-	-	-	-	671,591	
-	-	-	-	-	-	2,426,530	
-	-	-	-	-	-	116,213	
-	-	-	-	-	-	8,865	
-	-	-	-	-	-	8,149	
-	-	-	-	-	-	2,667,073	
<b>\$ 310,059</b>	<b>\$ 2,772,887</b>	<b>\$ 15,544</b>	<b>\$ 11,934,406</b>	<b>\$ 544,937</b>	<b>\$ 49,484</b>	<b>\$ 41,974,428</b>	
\$ 11,070	\$ 3,038	\$ 518	\$ 2,434,305	\$ 37,390	\$ -	\$ 3,583,231	
-	-	-	-	-	-	102	
-	-	-	-	-	-	289,066	
-	-	-	153,171	-	-	265,108	
-	-	-	-	-	-	233,921	
-	-	-	-	486,847	-	486,847	
-	-	-	5,057	-	-	10,596	
11,070	3,038	518	2,592,533	524,237	-	4,868,871	
-	-	-	46,829	-	-	92,596	
11,070	3,038	518	2,639,362	524,237	-	4,961,467	
-	-	-	-	-	-	8,865	
-	-	-	-	-	-	8,149	
-	-	-	9,295,044	-	-	25,177,861	
-	-	-	-	-	-	773,356	
-	-	-	-	-	-	3,412,069	
-	-	-	-	-	-	3,170,070	
-	2,769,849	15,026	-	-	-	2,784,875	
298,989	-	-	-	-	-	298,989	
-	-	-	-	20,700	-	20,700	
-	-	-	-	-	-	1,308,543	
-	-	-	-	-	49,484	49,484	
298,989	2,769,849	15,026	9,295,044	20,700	49,484	37,012,961	
<b>\$ 310,059</b>	<b>\$ 2,772,887</b>	<b>\$ 15,544</b>	<b>\$ 11,934,406</b>	<b>\$ 544,937</b>	<b>\$ 49,484</b>	<b>\$ 41,974,428</b>	

# City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Recreation	Library	Communications	Rental Ordinance
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 3,090,912	\$ 4,235,416	\$ -	\$ -
Intergovernmental:						
Federal grants	-	-	-	-	-	-
State sources:						
Local Community Stabilization Authority	-	-	291,099	399,404	-	-
Act 51 gas and weight tax	10,119,920	3,374,609	-	-	-	-
Other	1,584,962	451,139	289,456	259,247	-	-
Charges for services	-	-	1,940,181	-	-	-
Fines and forfeitures	-	-	-	76,168	-	948,220
Licenses and permits	-	-	-	-	2,095,219	-
Interest and rentals	205,413	50,777	120,284	105,279	60,842	27,398
Other revenue	23,802	-	4,750	18,048	41	-
<b>Total revenue</b>	<b>11,934,097</b>	<b>3,876,525</b>	<b>5,736,682</b>	<b>5,093,562</b>	<b>2,156,102</b>	<b>975,618</b>
<b>Expenditures</b>						
Current services:						
District court	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	5,323,852	3,853,830	-	-	-	-
Community and economic development	-	-	-	-	-	834,207
Recreation and culture	-	-	5,412,780	4,334,600	2,086,464	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,323,852</b>	<b>3,853,830</b>	<b>5,412,780</b>	<b>4,334,600</b>	<b>2,086,464</b>	<b>834,207</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>6,610,245</b>	<b>22,695</b>	<b>323,902</b>	<b>758,962</b>	<b>69,638</b>	<b>141,411</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	31,897	31,881	-	-	-	-
Transfers out	(1,854,279)	-	(289,496)	(2,624,070)	(413,566)	-
<b>Total other financing (uses) sources</b>	<b>(1,822,382)</b>	<b>31,881</b>	<b>(289,496)</b>	<b>(2,624,070)</b>	<b>(413,566)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>4,787,863</b>	<b>54,576</b>	<b>34,406</b>	<b>(1,865,108)</b>	<b>(343,928)</b>	<b>141,411</b>
<b>Fund Balances - Beginning of year</b>	<b>8,877,975</b>	<b>2,162,403</b>	<b>755,964</b>	<b>5,277,177</b>	<b>3,513,998</b>	<b>1,167,132</b>
<b>Fund Balances - End of year</b>	<b>\$ 13,665,838</b>	<b>\$ 2,216,979</b>	<b>\$ 790,370</b>	<b>\$ 3,412,069</b>	<b>\$ 3,170,070</b>	<b>\$ 1,308,543</b>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

**Year Ended June 30, 2019**

Special Revenue Funds							
Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Millage	Indigent Defense	Debt Service Funds	Total	
\$ -	\$ -	\$ -	\$ 6,680,557	\$ -	\$ -	\$ 14,006,885	
-	192,974	-	-	-	-	192,974	
-	-	-	630,424	-	-	1,320,927	
-	-	-	-	-	-	13,494,529	
-	213,286	33,795	-	196,715	-	3,028,600	
-	-	-	-	-	-	1,940,181	
16,285	-	-	-	24,606	-	1,065,279	
-	-	-	-	-	-	2,095,219	
6,860	67,925	331	230,113	1,015	1,082	877,319	
-	-	-	-	-	-	46,641	
23,145	474,185	34,126	7,541,094	222,336	1,082	38,068,554	
-	-	-	-	321,801	-	321,801	
59,797	994,839	32,284	-	-	-	1,086,920	
-	-	-	8,350,462	-	-	17,528,144	
-	-	-	-	-	-	834,207	
-	-	-	-	-	-	11,833,844	
-	-	-	-	-	2,025,831	2,025,831	
-	-	-	-	-	670,161	670,161	
59,797	994,839	32,284	8,350,462	321,801	2,695,992	34,300,908	
(36,652)	(520,654)	1,842	(809,368)	(99,465)	(2,694,910)	3,767,646	
-	-	-	-	120,165	2,681,411	2,865,354	
-	-	-	-	-	-	(5,181,411)	
-	-	-	-	120,165	2,681,411	(2,316,057)	
(36,652)	(520,654)	1,842	(809,368)	20,700	(13,499)	1,451,589	
335,641	3,290,503	13,184	10,104,412	-	62,983	35,561,372	
<b>\$ 298,989</b>	<b>\$ 2,769,849</b>	<b>\$ 15,026</b>	<b>\$ 9,295,044</b>	<b>\$ 20,700</b>	<b>\$ 49,484</b>	<b>\$ 37,012,961</b>	

Other Supplemental Information  
Combining Statement of Net Position  
Nonmajor Enterprise Funds

June 30, 2019

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 657,573	\$ 2,297,034	\$ 2,954,607
Receivables	1,629	2,451	4,080
Due from other funds	368,976	-	368,976
Prepaid items and other assets	-	21	21
Total current assets	1,028,178	2,299,506	3,327,684
Noncurrent assets -			
Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation - Net	1,142,284	6,046,379	7,188,663
Total assets	2,392,106	8,345,885	10,737,991
<b>Deferred Outflows of Resources</b> - Deferred outflows related to OPEB	41,338	-	41,338
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	23,012	26,066	49,078
Due to other funds	138,999	429,512	568,511
Refundable deposits, bonds, etc.	62,566	175,864	238,430
Accrued liabilities and other	9,030	6,542	15,572
Unearned revenue	3,342	8,460	11,802
Current portion of long-term debt	-	386,056	386,056
Total current liabilities	236,949	1,032,500	1,269,449
Noncurrent liabilities:			
Compensated absences	43,675	-	43,675
Net OPEB liability	434,842	-	434,842
Long-term debt	-	943,076	943,076
Total noncurrent liabilities	478,517	943,076	1,421,593
Total liabilities	715,466	1,975,576	2,691,042
<b>Net Position</b>			
Net investment in capital assets	1,363,928	4,717,247	6,081,175
Unrestricted	354,050	1,653,062	2,007,112
Total net position	\$ 1,717,978	\$ 6,370,309	\$ 8,088,287

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

**Year Ended June 30, 2019**

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total Nonmajor Enterprise Funds
<b>Operating Revenue</b>			
Rental revenue	\$ 532,389	\$ 1,008,960	\$ 1,541,349
Other operating revenue	389,378	551,949	941,327
Total operating revenue	921,767	1,560,909	2,482,676
<b>Operating Expenses</b>			
Billing and administrative costs	74,800	462,146	536,946
Wages and fringes	643,925	45,951	689,876
Materials and supplies	16,826	57,814	74,640
Other operating expenses	316,235	246,525	562,760
Depreciation	29,487	209,409	238,896
Total operating expenses	1,081,273	1,021,845	2,103,118
<b>Operating (Loss) Income</b>	(159,506)	539,064	379,558
<b>Nonoperating Revenue (Expense)</b>			
Investment income	2,041	5,861	7,902
Interest expense	-	(23,613)	(23,613)
Total nonoperating revenue (expense)	2,041	(17,752)	(15,711)
<b>Change in Net Position</b>	(157,465)	521,312	363,847
<b>Net Position - Beginning of year</b>	1,875,443	5,848,997	7,724,440
<b>Net Position - End of year</b>	<b>\$ 1,717,978</b>	<b>\$ 6,370,309</b>	<b>\$ 8,088,287</b>

Other Supplemental Information  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds

Year Ended June 30, 2019

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 921,767	\$ 1,560,909	\$ 2,482,676
(Payments for) receipts from interfund services and reimbursements	(383,752)	371,954	(11,798)
Payments to suppliers	(467,975)	(872,324)	(1,340,299)
Payments to employees and fringes	(509,621)	(48,091)	(557,712)
Net cash and cash equivalents (used in) provided by operating activities	(439,581)	1,012,448	572,867
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(26,026)	(48,655)	(74,681)
Principal and interest paid on capital debt	-	(404,669)	(404,669)
Net cash and cash equivalents used in capital and related financing activities	(26,026)	(453,324)	(479,350)
<b>Cash Flows Provided by Investing Activities - Interest income</b>	2,041	5,861	7,902
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(463,566)	564,985	101,419
<b>Cash and Cash Equivalents - Beginning of year</b>	1,121,139	1,732,049	2,853,188
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 657,573</b>	<b>\$ 2,297,034</b>	<b>\$ 2,954,607</b>
<b>Classification of Cash and Cash Equivalents - Cash and investments</b>	<b>\$ 657,573</b>	<b>\$ 2,297,034</b>	<b>\$ 2,954,607</b>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>			
Operating (loss) income	\$ (159,506)	\$ 539,064	\$ 379,558
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	29,487	209,409	238,896
Changes in assets and liabilities:			
Receivables	(1,090)	(7,954)	(9,044)
Due to and from other funds	(383,752)	371,954	(11,798)
Net pension or OPEB liability	135,692	(798)	134,894
Accounts payable	(60,412)	(99,227)	(159,639)
Total adjustments	(280,075)	473,384	193,309
Net cash and cash equivalents (used in) provided by operating activities	<b>\$ (439,581)</b>	<b>\$ 1,012,448</b>	<b>\$ 572,867</b>

# City of Warren, Michigan

## Pension and Other Employee Benefits Trust Funds - December 31, 2018

	Police and Fire Retirement System	City Employees' Retirement System	Police and Fire VEBA Trust	City Employees' VEBA Trust	City Employees' QEBA Trust	Total Pension Trust Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 2,848,541	\$ 24,593	\$ 24,393	\$ -	\$ 1,433	\$ 2,898,960
Investments:						
U.S. government securities	18,634,634	19,968,420	509,577	6,476,644	-	45,589,275
Stocks	153,387,925	59,192,581	34,062,744	24,000,744	-	270,643,994
Bonds	30,924,289	18,691,038	1,566,271	7,279,001	-	58,460,599
Real estate	18,812,393	938,691	-	-	-	19,751,084
Other	43,124,872	23,675,958	15,011,654	22,712,407	-	104,524,891
Securities lending	3,290,083	2,002,508	-	-	-	5,292,591
Receivables:						
Accrued interest receivable	528,585	203,074	102,325	169,550	-	1,003,534
Other receivables	-	97,249	-	-	-	97,249
Prepaid items and other assets	-	2,536	-	250,152	-	252,688
<b>Total assets</b>	<b>271,551,322</b>	<b>124,796,648</b>	<b>51,276,964</b>	<b>60,888,498</b>	<b>1,433</b>	<b>508,514,865</b>
<b>Liabilities</b>						
Accounts payable	1,501,486	823,954	41,781	25,734	-	2,392,955
Due to other governmental units	-	-	-	-	-	-
Due to primary government	186,473	85,199	4,569,060	3,973,089	-	8,813,821
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Accrued liabilities and other	-	-	275,023	179,913	-	454,936
Obligations under securities lending agreements	3,689,160	2,002,508	-	-	-	5,691,668
<b>Total liabilities</b>	<b>5,377,119</b>	<b>2,911,661</b>	<b>4,885,864</b>	<b>4,178,736</b>	<b>-</b>	<b>17,353,380</b>
<b>Net Position</b>	<b>\$ 266,174,203</b>	<b>\$ 121,884,987</b>	<b>\$ 46,391,100</b>	<b>\$ 56,709,762</b>	<b>\$ 1,433</b>	<b>\$ 491,161,485</b>

Other Supplemental Information  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds

**June 30, 2019**

Agency Funds				
Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 4,127	\$ 1,969,587	\$ 363	\$ 386,384	\$ 2,360,461
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,127	1,969,587	363	386,384	2,360,461
-	-	44	-	44
-	-	-	41	41
-	-	-	-	-
4,127	1,969,587	-	386,343	2,355,930
-	-	319	-	4,446
-	-	-	-	-
4,127	1,969,587	363	386,384	2,360,461
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

Year Ended June 30, 2019

	Pension and Other Employee Benefits Trust Funds - Year Ended December 31, 2018					Total December 31, 2018
	Police and Fire Retirement System	City Employees' Retirement System	Police and Fire VEBA Trust	City Employees' VEBA Trust	City Employees' QEBA Trust	
<b>Additions</b>						
Investment income (loss):						
Interest and dividends	\$ 13,018,691	\$ 2,722,148	\$ 3,523,361	\$ 3,480,031	\$ 26	\$ 22,744,257
Net decrease in fair value of investments	(25,649,829)	(9,250,962)	(5,300,529)	(6,854,584)	-	(47,055,904)
Investment-related expenses	(1,163,315)	(587,541)	(52,470)	(99,665)	(503)	(1,903,494)
Net investment loss	(13,794,453)	(7,116,355)	(1,829,638)	(3,474,218)	(477)	(26,215,141)
Securities lending income:						
Interest and dividends	73,751	128,419	-	-	-	202,170
Borrower rebates and bank fees	(18,340)	(90,318)	-	-	-	(108,658)
Contributions:						
Employer contributions	10,918,885	8,888,571	11,810,718	10,631,555	1,500	42,251,229
Employee contributions	1,238,376	-	-	-	-	1,238,376
Total contributions	12,157,261	8,888,571	11,810,718	10,631,555	1,500	43,489,605
Total additions	(1,581,781)	1,810,317	9,981,080	7,157,337	1,023	17,367,976
<b>Deductions</b>						
Benefit payments	30,439,201	16,332,303	8,532,131	7,327,343	1,257	62,632,235
Refunds of contributions	1,911,339	14,346	-	-	-	1,925,685
Administrative expenses	492,153	251,092	26,664	140,506	-	910,415
Total deductions	32,842,693	16,597,741	8,558,795	7,467,849	1,257	65,468,335
<b>Net (Decrease) Increase in Net Position Held in Trust</b>	(34,424,474)	(14,787,424)	1,422,285	(310,512)	(234)	(48,100,359)
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	300,598,677	136,672,411	44,968,815	57,020,274	1,667	539,261,844
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 266,174,203</u>	<u>\$ 121,884,987</u>	<u>\$ 46,391,100</u>	<u>\$ 56,709,762</u>	<u>\$ 1,433</u>	<u>\$ 491,161,485</u>

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

**Year Ended June 30, 2019**

	Payroll Revolving Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets - Cash and investments</b>	\$ -	\$ 24,111,199	\$ (24,107,072)	\$ 4,127
<b>Liabilities - Accrued liabilities and other</b>	\$ -	\$ 27,027,229	\$ (27,023,102)	\$ 4,127

	Cash Bond Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets - Cash and investments</b>	\$ 1,776,212	\$ 365,485	\$ (172,110)	\$ 1,969,587
<b>Liabilities - Refundable deposits, bonds, etc.</b>	\$ 1,776,212	\$ 539,795	\$ (346,420)	\$ 1,969,587

	Tax Collection Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets</b>				
Cash and cash equivalents	\$ 128	\$ 209,692,845	\$ (209,692,610)	\$ 363
Due from other funds	-	45,377	(45,377)	-
Total assets	<b>\$ 128</b>	<b>\$ 209,738,222</b>	<b>\$ (209,737,987)</b>	<b>\$ 363</b>
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 7,194,049	\$ (7,194,049)	\$ -
Accrued liabilities and other	128	211,293,521	(211,293,286)	363
Total liabilities	<b>\$ 128</b>	<b>\$ 218,487,570</b>	<b>\$ (218,487,335)</b>	<b>\$ 363</b>

	Fire Insurance Withholding Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets - Cash and investments</b>	\$ 320,962	\$ 173,475	\$ (108,053)	\$ 386,384
<b>Liabilities</b>				
Due to other governmental units	\$ 41	\$ 495	\$ (495)	\$ 41
Refundable deposits, bonds, etc.	320,921	172,980	(107,558)	386,343
Total liabilities	<b>\$ 320,962</b>	<b>\$ 173,475</b>	<b>\$ (108,053)</b>	<b>\$ 386,384</b>

Other Supplemental Information  
Budgetary Comparison Schedules  
Major Streets

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental - State sources	\$ 9,400,000	\$ 9,400,000	\$ 11,704,882	\$ 2,304,882
Interest and rentals	30,000	30,000	205,413	175,413
Other revenue	38,800	38,800	23,802	(14,998)
Total revenue	9,468,800	9,468,800	11,934,097	2,465,297
<b>Expenditures</b>				
Current services:				
Public works:				
Streets	10,164,766	12,655,595	5,291,277	7,364,318
Stormwater drainage	32,575	32,575	32,575	-
Total expenditures	10,197,341	12,688,170	5,323,852	7,364,318
<b>Excess of Revenue (Under) Over Expenditures</b>	(728,541)	(3,219,370)	6,610,245	9,829,615
<b>Other Financing Sources (Uses)</b>				
Transfers in	63,762	63,762	31,897	(31,865)
Transfers out	(1,851,945)	(1,851,945)	(1,854,279)	(2,334)
Total other financing uses	(1,788,183)	(1,788,183)	(1,822,382)	(34,199)
<b>Net Change in Fund Balance</b>	(2,516,724)	(5,007,553)	4,787,863	9,795,416
<b>Fund Balance - Beginning of year</b>	8,877,975	8,877,975	8,877,975	-
<b>Fund Balance - End of year</b>	<u>\$ 6,361,251</u>	<u>\$ 3,870,422</u>	<u>\$ 13,665,838</u>	<u>\$ 9,795,416</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Local Streets

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental - State sources	\$ 3,550,000	\$ 3,550,000	\$ 3,825,748	\$ 275,748
Interest and rentals	1,500	1,500	50,777	49,277
Total revenue	3,551,500	3,551,500	3,876,525	325,025
<b>Expenditures -</b>				
Current services -				
Public works:				
Streets	4,493,390	4,493,390	3,821,255	672,135
Stormwater drainage	32,575	32,575	32,575	-
Total expenditures	4,525,965	4,525,965	3,853,830	672,135
<b>Excess of Revenue (Under) Over Expenditures</b>	(974,465)	(974,465)	22,695	997,160
<b>Other Financing Sources - Transfers in</b>	93,763	93,763	31,881	(61,882)
<b>Net Change in Fund Balance</b>	(880,702)	(880,702)	54,576	935,278
<b>Fund Balance - Beginning of year</b>	2,162,403	2,162,403	2,162,403	-
<b>Fund Balance - End of year</b>	<u>\$ 1,281,701</u>	<u>\$ 1,281,701</u>	<u>\$ 2,216,979</u>	<u>\$ 935,278</u>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Recreation

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 3,117,269	\$ 3,117,269	\$ 3,090,912	\$ (26,357)
Intergovernmental	394,300	394,300	580,555	186,255
Charges for services	2,002,950	2,002,950	1,940,181	(62,769)
Interest and rentals	108,403	108,403	120,284	11,881
Other revenue	-	-	4,750	4,750
Total revenue	5,622,922	5,622,922	5,736,682	113,760
<b>Expenditures - Current - Recreation and culture</b>				
- Parks and recreation	5,305,513	5,539,116	5,412,780	126,336
<b>Excess of Revenue Over Expenditures</b>	317,409	83,806	323,902	240,096
<b>Other Financing Uses - Transfers out</b>	(289,496)	(289,496)	(289,496)	-
<b>Net Change in Fund Balance</b>	27,913	(205,690)	34,406	240,096
<b>Fund Balance - Beginning of year</b>	755,964	755,964	755,964	-
<b>Fund Balance - End of year</b>	<u>\$ 783,877</u>	<u>\$ 550,274</u>	<u>\$ 790,370</u>	<u>\$ 240,096</u>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Library

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 4,277,062	\$ 4,277,062	\$ 4,235,416	\$ (41,646)
Intergovernmental	418,267	418,267	658,651	240,384
Fines and forfeitures	88,325	88,325	76,168	(12,157)
Interest and rentals	10,000	10,000	105,279	95,279
Other revenue	10,500	10,500	18,048	7,548
Total revenue	4,804,154	4,804,154	5,093,562	289,408
<b>Expenditures</b> - Current - Recreation and culture - Library	5,076,611	7,236,052	4,334,600	2,901,452
<b>Excess of Revenue (Under) Over Expenditures</b>	(272,457)	(2,431,898)	758,962	3,190,860
<b>Other Financing Uses</b> - Transfers out	(124,070)	(124,070)	(2,624,070)	(2,500,000)
<b>Net Change in Fund Balance</b>	(396,527)	(2,555,968)	(1,865,108)	690,860
<b>Fund Balance</b> - Beginning of year	5,277,177	5,277,177	5,277,177	-
<b>Fund Balance</b> - End of year	<u>\$ 4,880,650</u>	<u>\$ 2,721,209</u>	<u>\$ 3,412,069</u>	<u>\$ 690,860</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Communications

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Licenses and permits	\$ 2,300,000	\$ 2,300,000	\$ 2,095,219	\$ (204,781)
Interest and rentals	3,000	3,000	60,842	57,842
Other revenue	300	300	41	(259)
Total revenue	2,303,300	2,303,300	2,156,102	(147,198)
<b>Expenditures - Current - Recreation and culture</b>	2,310,748	2,426,863	2,086,464	340,399
<b>Excess of Revenue (Under) Over Expenditures</b>	(7,448)	(123,563)	69,638	193,201
<b>Other Financing Uses - Transfers out</b>	(413,566)	(413,566)	(413,566)	-
<b>Net Change in Fund Balance</b>	(421,014)	(537,129)	(343,928)	193,201
<b>Fund Balance - Beginning of year</b>	3,513,998	3,513,998	3,513,998	-
<b>Fund Balance - End of year</b>	<u>\$ 3,092,984</u>	<u>\$ 2,976,869</u>	<u>\$ 3,170,070</u>	<u>\$ 193,201</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Rental Ordinance

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Fines and forfeitures	\$ 607,500	\$ 607,500	\$ 948,220	\$ 340,720
Interest and rentals	3,500	3,500	27,398	23,898
Total revenue	611,000	611,000	975,618	364,618
<b>Expenditures</b> - Current - Community and economic development	916,612	931,080	834,207	96,873
<b>Net Change in Fund Balance</b>	(305,612)	(320,080)	141,411	461,491
<b>Fund Balance</b> - Beginning of year	1,167,132	1,167,132	1,167,132	-
<b>Fund Balance</b> - End of year	<u>\$ 861,520</u>	<u>\$ 847,052</u>	<u>\$ 1,308,543</u>	<u>\$ 461,491</u>



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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 16,285	\$ (3,715)
Interest and rentals	1,000	1,000	6,860	5,860
Total revenue	21,000	21,000	23,145	2,145
<b>Expenditures - Current - Public safety - Crime Commission</b>	60,000	60,000	59,797	203
<b>Net Change in Fund Balance</b>	(39,000)	(39,000)	(36,652)	2,348
<b>Fund Balance - Beginning of year</b>	335,641	335,641	335,641	-
<b>Fund Balance - End of year</b>	<u>\$ 296,641</u>	<u>\$ 296,641</u>	<u>\$ 298,989</u>	<u>\$ 2,348</u>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Drug Forfeiture

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 406,260	\$ (193,740)
Interest and rentals	5,000	5,000	67,925	62,925
Total revenue	605,000	605,000	474,185	(130,815)
<b>Expenditures</b> - Current - Public safety - Crime commission	608,000	2,347,922	994,839	1,353,083
<b>Net Change in Fund Balance</b>	(3,000)	(1,742,922)	(520,654)	1,222,268
<b>Fund Balance</b> - Beginning of year	3,290,503	3,290,503	3,290,503	-
<b>Fund Balance</b> - End of year	<u>\$ 3,287,503</u>	<u>\$ 1,547,581</u>	<u>\$ 2,769,849</u>	<u>\$ 1,222,268</u>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Police Training

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 33,795	\$ (6,205)
Interest and rentals	50	50	331	281
Total revenue	40,050	40,050	34,126	(5,924)
<b>Expenditures</b> - Current - Public safety - Crime commission	41,587	41,587	32,284	9,303
<b>Net Change in Fund Balance</b>	(1,537)	(1,537)	1,842	3,379
<b>Fund Balance</b> - Beginning of year	13,184	13,184	13,184	-
<b>Fund Balance</b> - End of year	<u>\$ 11,647</u>	<u>\$ 11,647</u>	<u>\$ 15,026</u>	<u>\$ 3,379</u>

**Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Local Road Millage**

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 6,750,968	\$ 6,750,968	\$ 6,680,557	\$ (70,411)
Intergovernmental	200,000	200,000	630,424	430,424
Interest and rentals	2,000	2,000	230,113	228,113
Total revenue	6,952,968	6,952,968	7,541,094	588,126
<b>Expenditures - Current - Public works - Streets</b>	9,274,458	19,024,491	8,350,462	10,674,029
<b>Net Change in Fund Balance</b>	(2,321,490)	(12,071,523)	(809,368)	11,262,155
<b>Fund Balance - Beginning of year</b>	10,104,412	10,104,412	10,104,412	-
<b>Fund Balance - End of year</b>	<b><u>\$ 7,782,922</u></b>	<b><u>\$ (1,967,111)</u></b>	<b><u>\$ 9,295,044</u></b>	<b><u>\$ 11,262,155</u></b>

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

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Investment income	\$ 50	\$ 50	\$ 1,082	\$ 1,032
<b>Expenditures</b> -				
Debt service:				
Principal	1,340,830	1,340,830	2,025,831	(685,001)
Interest and fiscal charges	511,115	511,115	670,161	(159,046)
Total expenditures	<u>1,851,945</u>	<u>1,851,945</u>	<u>2,695,992</u>	<u>(844,047)</u>
<b>Excess of Expenditures Over Revenue</b>	(1,851,895)	(1,851,895)	(2,694,910)	(843,015)
<b>Other Financing Sources</b> - Transfers in	<u>1,851,945</u>	<u>1,851,945</u>	<u>2,681,411</u>	<u>829,466</u>
<b>Net Change in Fund Balance</b>	50	50	(13,499)	(13,549)
<b>Fund Balance</b> - Beginning of year	<u>62,983</u>	<u>62,983</u>	<u>62,983</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 63,033</u></u>	<u><u>\$ 63,033</u></u>	<u><u>\$ 49,484</u></u>	<u><u>\$ (13,549)</u></u>

**Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Indigent Defense**

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ -	\$ 911,415	\$ 196,715	\$ (714,700)
Fines and forfeitures	-	-	24,606	24,606
Interest and rentals	-	-	1,015	1,015
Total revenue	-	911,415	222,336	(689,079)
<b>Expenditures - Current services - District court</b>	-	495,165	321,801	173,364
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	-	416,250	(99,465)	(515,715)
<b>Other Financing Sources - Transfers in</b>	-	120,165	120,165	-
<b>Net Change in Fund Balance</b>	-	536,415	20,700	(515,715)
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ 536,415</u>	<u>\$ 20,700</u>	<u>\$ (515,715)</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Capital Projects Fund

Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Special assessments	\$ -	\$ -	\$ 216,085	\$ 216,085
Fines and forfeitures	700,000	700,000	910,933	210,933
Interest and rentals	20,000	20,000	426,262	406,262
Other revenue	-	2,500,000	2,500,000	-
Total revenue	720,000	3,220,000	4,053,280	833,280
<b>Expenditures</b>				
Current services:				
General government	500,000	500,000	285,361	214,639
Public works	-	-	4,242,842	(4,242,842)
Community and economic development	-	5,000,000	3,325,794	1,674,206
Debt service	-	-	39,421	(39,421)
Total expenditures	500,000	5,500,000	7,893,418	(2,393,418)
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	220,000	(2,280,000)	(3,840,138)	(1,560,138)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	2,500,000	2,500,000	-
Transfers out	-	-	(16)	(16)
Total other financing sources	-	2,500,000	2,499,984	(16)
<b>Net Change in Fund Balance</b>	220,000	220,000	(1,340,154)	(1,560,154)
<b>Fund Balance - Beginning of year</b>	23,292,341	23,292,341	23,292,341	-
<b>Fund Balance - End of year</b>	<u>\$ 23,512,341</u>	<u>\$ 23,512,341</u>	<u>\$ 21,952,187</u>	<u>\$ (1,560,154)</u>

# Statistical Section

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

The statistical section is organized into the following main categories:

## Financial trends

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

## Revenue capacity

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

## Debt capacity

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

## Demographic and economic information

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

## Operating information

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



	Fiscal Year			
	2010	2011 (1)	2012	2013 (2)
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 44,342,389	\$ 110,629,268	\$ 110,327,564	\$ 110,679,720
Restricted	45,175,268	33,189,358	28,243,279	41,217,523
Unrestricted	<u>21,613,238</u>	<u>15,236,928</u>	<u>24,905,176</u>	<u>31,944,097</u>
Total net position	<b><u>\$ 111,130,895</u></b>	<b><u>\$ 159,055,554</u></b>	<b><u>\$ 163,476,019</u></b>	<b><u>\$ 183,841,340</u></b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 58,586,273	\$ 60,527,790	\$ 59,757,545	\$ 60,666,179
Restricted	8,267,105	7,656,513	9,800,089	10,511,646
Unrestricted	<u>9,044,146</u>	<u>15,309,884</u>	<u>19,578,952</u>	<u>25,185,018</u>
Total net position	<b><u>\$ 75,897,524</u></b>	<b><u>\$ 83,494,187</u></b>	<b><u>\$ 89,136,586</u></b>	<b><u>\$ 96,362,843</u></b>
<b>Primary government in total:</b>				
Net investment in capital assets	\$ 102,928,662	\$ 171,157,058	\$ 170,085,109	\$ 171,345,899
Restricted	53,442,373	40,845,871	38,043,377	51,729,169
Unrestricted	<u>30,657,384</u>	<u>30,546,812</u>	<u>44,484,128</u>	<u>57,129,115</u>
Total net position	<b><u>\$ 187,028,419</u></b>	<b><u>\$ 242,549,741</u></b>	<b><u>\$ 252,612,614</u></b>	<b><u>\$ 280,204,183</u></b>

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

## Net Position by Component

Last Ten Fiscal Years

June 30, 2019

Fiscal Year						
2014	2015 (3)	2016	2017	2018	2019	
\$ 109,841,350	\$ 115,090,168	\$ 117,332,131	\$ 123,302,796	\$ 113,821,101	\$ 137,591,150	
44,730,230	41,673,841	44,077,625	45,423,260	62,562,871	51,381,660	
42,214,308	(132,087,443)	(148,581,462)	(152,409,503)	(353,060,453)	(331,784,055)	
<b>\$ 196,785,888</b>	<b>\$ 24,676,566</b>	<b>\$ 12,828,294</b>	<b>\$ 16,316,553</b>	<b>\$ (176,676,481)</b>	<b>\$ (142,811,245)</b>	
\$ 61,917,558	\$ 66,690,180	\$ 73,329,416	\$ 74,111,047	\$ 78,416,923	\$ 88,586,233	
11,418,448	11,195,095	12,215,367	9,907,889	10,604,481	11,758,477	
26,783,108	1,609,583	(5,756,509)	831,598	(4,522,150)	(13,653,738)	
<b>\$ 100,119,114</b>	<b>\$ 79,494,858</b>	<b>\$ 79,788,274</b>	<b>\$ 84,850,534</b>	<b>\$ 84,499,254</b>	<b>\$ 86,690,972</b>	
\$ 171,758,908	\$ 181,780,348	\$ 190,661,547	\$ 197,413,843	\$ 192,238,024	\$ 226,177,383	
56,148,678	52,868,936	56,292,992	55,331,149	73,167,352	63,140,137	
68,997,416	(130,477,860)	(154,337,971)	(151,577,905)	(357,582,603)	(345,437,793)	
<b>\$ 296,905,002</b>	<b>\$ 104,171,424</b>	<b>\$ 92,616,568</b>	<b>\$ 101,167,087</b>	<b>\$ (92,177,227)</b>	<b>\$ (56,120,273)</b>	

# City of Warren, Michigan

	Fiscal Year		
	2010	2011 (1)	2012
<b>Expenses:</b>			
Governmental activities:			
General government	\$ 20,605,904	\$ 13,406,935	\$ 10,187,753
District Court	-	6,614,802	6,308,210
Public safety	62,875,335	62,662,439	56,710,270
Public works	25,695,939	25,375,511	24,550,108
Recreation and culture	13,255,263	12,855,869	12,502,460
Community and economic development	7,245,368	6,270,509	4,851,249
Interest on long-term debt	4,814,715	1,268,105	1,172,012
Total governmental activities expenses	<u>134,492,524</u>	<u>128,454,170</u>	<u>116,282,062</u>
Business-type activities:			
Water and Sewer System	33,717,269	32,775,108	33,119,786
Senior citizen housing	1,881,330	1,969,244	2,130,362
Total business-type activities expenses	<u>35,598,599</u>	<u>34,744,352</u>	<u>35,250,148</u>
Total primary government expenses	<u>\$ 170,091,123</u>	<u>\$ 163,198,522</u>	<u>\$ 151,532,210</u>
<b>Program revenues:</b>			
Governmental activities:			
Charges for services	\$ 15,507,458	\$ 14,493,843	\$ 14,646,243
Operating grants and contributions	13,291,132	16,639,068	15,689,801
Capital grants and contributions	845,016	953,777	837,793
Total governmental activities program revenue	<u>29,643,606</u>	<u>32,086,688</u>	<u>31,173,837</u>
Business-type activities:			
Water and Sewer System	32,068,323	37,288,058	38,427,954
Senior citizen housing	2,141,694	2,174,696	2,168,354
Total business-type activities program revenue	<u>34,210,017</u>	<u>39,462,754</u>	<u>40,596,308</u>
Total primary government program revenue	<u>\$ 63,853,623</u>	<u>\$ 71,549,442</u>	<u>\$ 71,770,145</u>
Net (expense) revenue:			
Governmental activities	\$ (104,848,918)	\$ (96,367,482)	\$ (85,108,225)
Business-type activities	(1,388,582)	4,718,402	5,346,160
Total primary government net expense	<u>\$ (106,237,500)</u>	<u>\$ (91,649,080)</u>	<u>\$ (79,762,065)</u>
<b>General Revenue and Other Changes in Net Position</b>			
Governmental activities:			
Property taxes	\$ 85,171,772	\$ 71,451,397	\$ 72,437,479
State-shared revenue	12,051,133	12,125,928	11,895,230
Franchise fees	1,630,260	1,778,029	1,841,166
Investment earnings	35,936	153,793	177,108
Gain (loss) on sale of capital assets	(263,175)	208,536	30,051
Other revenue	-	3,162,742	3,147,656
Reduction in long-term debt obligation	-	-	-
Settlement agreements	(5,975,000)	-	-
Transfers	(160,868)	-	-
Total governmental activities	<u>92,490,058</u>	<u>88,880,425</u>	<u>89,528,690</u>
Business-type activities:			
Investment earnings	28,561	35,221	26,887
Gain (loss) on sale of capital assets	-	-	90,904
Other general revenue	-	-	178,457
Total business-type activities	<u>28,561</u>	<u>35,221</u>	<u>296,248</u>
Total primary government	<u>\$ 92,518,619</u>	<u>\$ 88,915,646</u>	<u>\$ 89,824,938</u>
<b>Changes in Net Position</b>			
Governmental activities	\$ (12,358,860)	\$ (7,487,057)	\$ 4,420,465
Business-type activities	(1,360,021)	4,753,623	5,642,408
Total primary government	<u>\$ (13,718,881)</u>	<u>\$ (2,733,434)</u>	<u>\$ 10,062,873</u>

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

(2) Reflects Water and Sewer Fund revenue and expenses for the 18-month period ended June 30, 2015 due to a change in the Fund's fiscal year end.

# Changes in Net Position

Last Ten Fiscal Years

June 30, 2019

		Fiscal Year											
		2013	2014	2015 (2)	2016	2017	2018	2019					
\$	11,005,229	\$	12,963,834	\$	25,310,012	\$	24,104,939	\$	11,213,283	\$	16,097,711	\$	13,009,185
	5,939,804		6,501,550		7,138,274		7,289,471		7,044,306		6,464,165		7,840,727
	59,683,364		63,792,208		66,512,308		82,746,267		82,752,844		62,391,916		60,857,353
	24,338,956		27,934,896		31,261,848		29,080,210		36,116,970		26,695,024		34,995,669
	12,111,420		11,815,426		11,749,078		11,812,918		13,945,510		11,398,091		9,492,031
	4,254,706		4,331,962		3,750,923		4,292,710		3,588,945		3,966,082		7,438,567
	1,085,956		937,659		645,177		472,567		386,248		359,449		541,808
	<u>118,419,435</u>		<u>128,277,535</u>		<u>146,367,620</u>		<u>159,799,082</u>		<u>155,048,106</u>		<u>127,372,438</u>		<u>134,175,340</u>
	34,191,241		34,986,469		58,331,386		40,773,173		39,590,168		31,872,979		52,185,596
	2,025,103		2,121,185		2,083,881		2,094,997		2,069,939		1,797,443		2,126,731
	<u>36,216,344</u>		<u>37,107,654</u>		<u>60,415,267</u>		<u>42,868,170</u>		<u>41,660,107</u>		<u>33,670,422</u>		<u>54,312,327</u>
<b>\$</b>	<b><u>154,635,779</u></b>	<b>\$</b>	<b><u>165,385,189</u></b>	<b>\$</b>	<b><u>206,782,887</u></b>	<b>\$</b>	<b><u>202,667,252</u></b>	<b>\$</b>	<b><u>196,708,213</u></b>	<b>\$</b>	<b><u>161,042,860</u></b>	<b>\$</b>	<b><u>188,487,667</u></b>
\$	14,573,858	\$	16,511,721	\$	16,317,219	\$	23,645,696	\$	22,409,974	\$	21,808,137	\$	23,004,408
	15,882,698		16,769,695		17,431,409		17,390,917		15,536,736		19,154,256		20,534,246
	700,760		821,463		504,251		844,295		2,190,092		326,759		193,543
	<u>31,157,316</u>		<u>34,102,879</u>		<u>34,252,879</u>		<u>41,880,908</u>		<u>40,136,802</u>		<u>41,289,152</u>		<u>43,732,197</u>
	40,839,611		38,541,038		55,669,322		40,682,519		44,240,520		47,890,812		52,340,914
	2,157,649		2,219,578		2,359,466		2,371,020		2,380,731		2,379,554		2,482,676
	<u>42,997,260</u>		<u>40,760,616</u>		<u>58,028,788</u>		<u>43,053,539</u>		<u>46,621,251</u>		<u>50,270,366</u>		<u>54,823,590</u>
<b>\$</b>	<b><u>74,154,576</u></b>	<b>\$</b>	<b><u>74,863,495</u></b>	<b>\$</b>	<b><u>92,281,667</u></b>	<b>\$</b>	<b><u>84,934,447</u></b>	<b>\$</b>	<b><u>86,758,053</u></b>	<b>\$</b>	<b><u>91,559,518</u></b>	<b>\$</b>	<b><u>98,555,787</u></b>
\$	(87,262,119)	\$	(94,174,656)	\$	(112,114,741)	\$	(117,918,174)	\$	(114,911,304)	\$	(86,083,286)	\$	(90,443,143)
	6,780,916		3,652,962		(2,386,479)		185,369		4,961,144		16,599,944		511,263
<b>\$</b>	<b><u>(80,481,203)</u></b>	<b>\$</b>	<b><u>(90,521,694)</u></b>	<b>\$</b>	<b><u>(114,501,220)</u></b>	<b>\$</b>	<b><u>(117,732,805)</u></b>	<b>\$</b>	<b><u>(109,950,160)</u></b>	<b>\$</b>	<b><u>(69,483,342)</u></b>	<b>\$</b>	<b><u>(89,931,880)</u></b>
\$	90,992,186	\$	89,157,917	\$	89,085,885	\$	90,658,051	\$	87,521,449	\$	88,206,104	\$	90,212,955
	12,256,586		12,604,122		15,470,027		12,830,042		28,184,436		18,394,692		26,158,925
	1,935,470		2,009,117		2,209,191		2,263,382		2,266,273		2,175,819		2,095,219
	169,068		151,370		214,871		318,427		427,405		870,709		2,371,630
	26,204		19,489		-		-		-		-		-
	2,656,638		3,177,189		8,240,399		-		-		37,982		3,469,650
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	(90,000)		-		-		-		-		-		-
	<u>107,946,152</u>		<u>107,119,204</u>		<u>115,220,373</u>		<u>106,069,902</u>		<u>118,399,563</u>		<u>109,685,306</u>		<u>124,308,379</u>
	48,181		65,970		187,828		108,047		101,116		636,200		1,760,106
	140,108		37,339		14,466		-		-		-		(79,651)
	289,164		-		-		-		-		-		-
	<u>477,453</u>		<u>103,309</u>		<u>202,294</u>		<u>108,047</u>		<u>101,116</u>		<u>636,200</u>		<u>1,680,455</u>
<b>\$</b>	<b><u>108,423,605</u></b>	<b>\$</b>	<b><u>107,222,513</u></b>	<b>\$</b>	<b><u>115,422,667</u></b>	<b>\$</b>	<b><u>106,177,949</u></b>	<b>\$</b>	<b><u>118,500,679</u></b>	<b>\$</b>	<b><u>110,321,506</u></b>	<b>\$</b>	<b><u>125,988,834</u></b>
\$	20,684,033	\$	12,944,548	\$	3,105,632	\$	(11,848,272)	\$	3,488,259	\$	23,602,020	\$	33,865,236
	7,258,369		3,756,271		(2,184,185)		293,416		5,062,260		17,236,144		2,191,718
<b>\$</b>	<b><u>27,942,402</u></b>	<b>\$</b>	<b><u>16,700,819</u></b>	<b>\$</b>	<b><u>921,447</u></b>	<b>\$</b>	<b><u>(11,554,856)</u></b>	<b>\$</b>	<b><u>8,550,519</u></b>	<b>\$</b>	<b><u>40,838,164</u></b>	<b>\$</b>	<b><u>36,056,954</u></b>

## City of Warren, Michigan

	Fiscal Year			
	2010	2011 (a)(1)	2012	2013
General Fund:				
Reserved	\$ 1,296,151	\$ -	\$ -	\$ -
Nonspendable	-	192,969	308,659	368,087
Restricted	-	78,199	78,199	78,199
Assigned	-	22,283,612	18,810,884	20,165,441
Unassigned	-	14,850,205	13,103,677	24,348,477
Unreserved	42,206,177	-	-	-
<b>Total General Fund</b>	<b>\$ 43,502,328</b>	<b>\$ 37,404,985</b>	<b>\$ 32,301,419</b>	<b>\$ 44,960,204</b>
All other governmental funds:				
Reserved	\$ 4,514,260	\$ -	\$ -	\$ -
Nonspendable	-	28,278	24,182	54,358
Restricted	-	22,241,525	26,570,626	32,306,941
Committed	-	807,521	970,471	1,038,648
Assigned	-	5,518,448	5,971,715	6,157,192
Unassigned	-	-	(38,029)	-
Unreserved, reported in:				
Special revenue funds	25,648,764	-	-	-
Capital projects funds	12,239,796	-	-	-
Debt service funds	1,230,346	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 43,633,166</b>	<b>\$ 28,595,772</b>	<b>\$ 33,498,965</b>	<b>\$ 39,557,139</b>
<b>Total of all governmental funds</b>				

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

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

## Fund Balances, Governmental Funds

**Last Ten Fiscal Years**

**June 30, 2019**

		Fiscal Year					
		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	184,408	363,734	579,045	488,137	1,018,208	\$ 978,208	
	78,199	-	-	-	-	\$ -	
	24,044,726	44,489,417	45,342,612	54,304,851	30,694,045	\$ 40,972,321	
	32,659,940	19,010,250	17,896,751	16,620,736	17,504,161	\$ 17,408,258	
	-	-	-	-	-	\$ -	
	<b>\$ 56,967,273</b>	<b>\$ 63,863,401</b>	<b>\$ 63,818,408</b>	<b>\$ 71,413,724</b>	<b>\$ 49,216,414</b>	<b>\$ 59,358,787</b>	
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	53,178	36,258	38,165	29,679	51,057	55,249	
	35,495,128	32,997,440	35,138,179	35,541,188	53,037,480	51,084,443	
	1,053,463	1,285,591	1,243,997	1,272,625	1,326,799	1,444,972	
	6,223,114	6,453,982	7,072,981	7,458,170	8,054,317	8,849,088	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	<b>\$ 42,824,883</b>	<b>\$ 40,773,271</b>	<b>\$ 43,493,322</b>	<b>\$ 44,301,662</b>	<b>\$ 62,469,653</b>	<b>\$ 61,433,752</b>	

## City of Warren, Michigan

	Fiscal Year			
	2010	2011 (1)	2012	2013
<b>Revenue</b>				
Property taxes	\$ 84,841,410	\$ 71,241,497	\$ 71,507,381	\$ 90,938,534
Special assessments	1,061,672	953,569	844,775	706,457
Licenses and permits	1,567,892	1,765,856	2,368,083	2,691,555
Intergovernmental:				
Federal revenue	4,022,414	6,629,367	5,761,605	5,372,783
State-shared revenue and grants	22,503,036	22,627,501	22,507,426	23,016,885
Charges for services	3,546,149	6,571,928	6,127,204	5,474,068
Fines and fees	7,982,727	6,014,963	5,715,141	6,066,412
Interest	125,984	154,001	170,130	163,641
Other	7,752,382	4,269,622	4,214,605	3,983,816
Total revenue	<u>133,403,666</u>	<u>120,228,304</u>	<u>119,216,350</u>	<u>138,414,151</u>
<b>Expenditures</b>				
General government	25,094,958	12,354,513	11,855,175	10,300,278
District court	-	6,614,802	6,308,210	6,104,152
Public safety	63,543,704	62,123,437	57,004,462	59,701,143
Public works	25,989,907	23,242,704	23,689,400	26,170,932
Recreation and culture	11,240,440	11,122,496	11,227,817	10,539,284
Community and economic development	5,318,074	6,195,074	4,709,232	4,191,743
Debt service:				
Principal	5,472,959	3,165,918	3,302,755	3,217,783
Interest	4,814,715	1,309,041	1,201,091	1,106,733
Total expenditures	<u>141,474,757</u>	<u>126,127,985</u>	<u>119,298,142</u>	<u>121,332,048</u>
<b>Excess of Revenue Over Expenditures</b>	(8,071,091)	(5,899,681)	(81,792)	17,082,103
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	4,095,093	3,992,886	3,839,724
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	(160,868)	(3,935,417)	(3,992,886)	(3,929,724)
Proceeds from sale of property	49,283	247,852	2,859	-
Proceeds from issuance of debt	3,040,000	-	-	1,724,856
Payment to refunded bond escrow agent	(3,000,000)	-	-	-
Bond premium (discounts)	18,984	-	-	-
Settlement agreement	(5,975,000)	-	-	-
Total other financing sources (uses)	<u>(6,027,601)</u>	<u>407,528</u>	<u>2,859</u>	<u>1,634,856</u>
<b>Net change in fund balances</b>	(14,098,692)	(5,492,153)	(78,933)	18,716,959
<b>Debt service as a percentage of noncapital expenditures (1)</b>	7.27%	3.55%	3.78%	3.56%

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

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2019

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 89,360,407	\$ 89,168,842	\$ 90,615,975	\$ 87,521,449	\$ 88,206,104	\$ 90,212,955
642,545	542,016	268,564	320,742	\$ 337,461	\$ 216,085
2,700,351	3,253,426	4,265,251	4,018,513	\$ 3,841,077	\$ 7,054,475
5,986,783	5,611,462	3,681,679	3,913,933	\$ 3,577,958	\$ 3,210,255
24,793,129	26,163,042	27,103,065	41,747,464	\$ 34,921,047	\$ 45,333,707
6,046,079	5,652,636	6,213,357	6,503,468	\$ 6,807,317	\$ 6,794,015
7,229,026	6,909,278	7,326,390	6,392,742	\$ 6,706,617	\$ 7,016,632
131,813	177,106	269,262	402,702	\$ 860,007	\$ 2,452,406
4,461,539	9,750,547	6,927,801	6,392,356	\$ 5,564,304	\$ 6,008,780
<u>141,351,672</u>	<u>147,228,355</u>	<u>146,671,344</u>	<u>157,213,369</u>	<u>150,821,892</u>	<u>168,299,310</u>
11,858,091	16,275,040	16,524,940	16,785,509	24,627,533	\$ 14,048,925
6,756,822	7,128,439	7,423,740	7,514,872	7,802,982	\$ 7,522,817
59,763,179	64,014,960	68,062,083	69,691,662	84,110,962	\$ 71,718,485
28,397,991	36,843,249	33,294,649	35,771,364	33,345,393	\$ 51,698,511
10,757,141	11,439,118	11,136,185	12,841,100	11,500,198	\$ 11,877,714
4,334,700	3,711,712	4,342,649	3,522,057	4,019,759	\$ 7,458,288
3,346,848	3,523,678	2,683,113	2,287,475	2,345,582	\$ 2,061,021
975,952	663,414	528,927	395,674	335,522	\$ 677,966
<u>126,190,724</u>	<u>143,599,610</u>	<u>143,996,286</u>	<u>148,809,713</u>	<u>168,087,931</u>	<u>167,063,727</u>
15,160,948	3,628,745	2,675,058	8,403,656	(17,266,039)	1,235,583
3,833,755	4,116,088	3,067,228	4,387,854	-	-
-	-	-	-	-	-
(3,833,755)	(4,116,088)	(3,067,228)	(4,387,854)	-	-
763	-	-	-	-	-
13,790,528	3,589,572	-	-	13,236,720	7,870,889
(13,677,426)	(2,385,000)	-	-	-	-
-	11,199	-	-	-	-
-	-	-	-	-	-
<u>113,865</u>	<u>1,215,771</u>	<u>-</u>	<u>-</u>	<u>13,236,720</u>	<u>7,870,889</u>
15,274,813	4,844,516	2,675,058	8,403,656	(4,029,319)	9,106,472
3.63%	3.02%	2.55%	1.97%	1.71%	2.03%



## City of Warren, Michigan

		Real Property					
		Commercial		Industrial		Residential	
Valuation Date	Fiscal Year	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value
Dec. 31	Ended	Value	Value	Value	Value	Value	Value
2008	2010	665,388,680	579,884,140	717,066,830	672,174,510	2,724,960,979	2,622,291,859
2009	2011	629,218,480	564,081,510	677,613,220	644,345,220	2,253,489,647	2,241,692,067
2010	2012	591,055,730	553,254,790	523,359,600	509,330,590	2,006,909,739	2,004,558,959
2011	2013	510,962,520	486,206,920	479,895,320	467,227,030	1,761,111,820	1,759,274,870
2012	2014	482,333,454	458,808,554	453,959,170	448,374,390	1,686,089,234	1,683,397,269
2013	2015	516,746,530	462,659,000	448,512,670	441,815,910	1,765,565,520	1,685,392,040
2014	2016	552,421,890	477,195,010	557,876,810	536,764,340	2,000,550,680	1,731,216,405
2015	2017	574,574,110	479,762,650	578,180,810	541,688,250	2,222,026,347	1,764,665,377
2016	2018	605,853,780	499,783,830	602,680,980	550,371,070	2,377,073,450	1,818,118,720
2017	2019	655,833,380	533,981,570	659,267,310	593,505,320	2,713,853,089	1,987,886,187

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

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

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

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

# State Equalized and Taxable Value of Taxable Property

**Last Ten Fiscal Years**

**June 30, 2019**

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (1)		Totals		
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	Total Direct Tax Rate
709,116,520	708,996,934	526,356,096	526,053,306	5,342,889,105	5,109,400,749	16.9424
621,120,055	621,000,359	380,244,220	380,029,570	4,561,685,622	4,451,148,726	17.7924
633,336,034	633,247,484	326,385,394	326,385,394	4,081,046,497	4,026,777,217	19.8924
609,201,237	609,080,048	269,676,383	269,429,613	3,630,847,280	3,591,218,481	27.8656
634,554,529	634,434,070	280,996,661	280,996,661	3,537,933,048	3,506,010,944	27.8656
678,749,788	678,172,094	279,897,629	278,817,689	3,689,472,137	3,546,856,733	27.8656
709,290,551	709,171,093	186,835,509	185,265,499	4,006,975,440	3,639,612,347	27.7637
405,829,168	405,147,626	146,087,053	144,171,073	3,926,697,488	3,335,434,976	27.7703
362,220,969	362,101,897	117,775,742	117,178,112	4,065,604,921	3,347,553,629	27.7659
355,975,607	357,313,393	115,062,059	114,339,559	4,499,991,445	3,587,026,029	27.5658

# City of Warren, Michigan

## City-wide Direct Tax Rate

Fiscal Year Ended	General (1)	Emergency Medical	Parks & Recreation	Police & Fire Pensions	Police Sanitation	Police Protection	Fire Protection	Local Road	Police & Fire Operating	
<u>June 30</u>	<u>Operating</u>	<u>Library</u>	<u>Service</u>	<u>Recreation</u>	<u>Pensions</u>	<u>Sanitation</u>	<u>Protection</u>	<u>Protection</u>	<u>Road</u>	<u>Operating</u>
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	2.1000	-
2013	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2014	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2015	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2016	8.7302	1.3308	0.2908	0.9699	4.9848	2.5550	0.9699	0.9699	2.0899	4.8764
2017	8.7285	1.3305	0.2908	0.9697	4.9848	2.5550	0.9697	0.9697	2.0961	4.8755
2018	8.7101	1.3276	0.2901	0.9676	4.9848	2.5550	0.9676	0.9676	2.0955	4.9000
2019	8.6709	1.3216	0.2887	0.9632	4.9848	2.5550	0.9632	0.9632	2.0860	4.8573

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

## School District Overlapping Tax Rate

	Fitzgerald		Van Dyke		East Detroit	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	14.1000	32.1000	14.8406	32.8406	11.5000	29.5000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>40.9247</b>	<b>58.9247</b>	<b>41.6653</b>	<b>59.6653</b>	<b>38.3247</b>	<b>56.3247</b>
School District Rate	14.1000	32.1000	14.9906	32.9906	12.0000	30.0000
Combined City & County Rate	25.7704	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>39.8704</b>	<b>59.7747</b>	<b>42.6653</b>	<b>60.6653</b>	<b>39.6747</b>	<b>57.6747</b>
School District Rate	14.1000	32.1000	16.6080	34.6080	16.6080	34.6080
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>40.4167</b>	<b>58.4167</b>	<b>42.9247</b>	<b>60.9247</b>	<b>42.9247</b>	<b>60.9247</b>
School District Rate	15.6000	33.6000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>53.6979</b>	<b>71.6979</b>	<b>51.0979</b>	<b>69.0979</b>	<b>51.0979</b>	<b>69.0979</b>
School District Rate	16.4600	34.4600	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>54.5179</b>	<b>72.5179</b>	<b>51.0579</b>	<b>69.0579</b>	<b>51.0579</b>	<b>69.0579</b>
School District Rate	16.5700	34.5700	15.2300	33.2300	13.0000	31.0000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
<b>2015 Total Direct &amp; Overlapping Rate</b>	<b>55.0329</b>	<b>73.0329</b>	<b>53.6929</b>	<b>71.6929</b>	<b>51.4629</b>	<b>69.4629</b>
School District Rate	16.4553	34.4525	17.8000	35.8000	13.0000	31.0000
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
<b>2016 Total Direct &amp; Overlapping Rate</b>	<b>54.8242</b>	<b>72.8214</b>	<b>56.1689</b>	<b>74.1689</b>	<b>51.3689</b>	<b>69.3689</b>
School District Rate	14.2604	32.2010	16.7500	34.7500	13.0000	30.8992
Combined City & County Rate	38.2395	38.2395	38.2395	38.2395	38.2395	38.2395
<b>2017 Total Direct &amp; Overlapping Rate</b>	<b>52.4999</b>	<b>70.4405</b>	<b>54.9895</b>	<b>72.9895</b>	<b>51.2395</b>	<b>69.1387</b>
School District Rate	15.0604	33.0010	16.7500	34.7500	13.0000	30.6946
Combined City & County Rate	38.1824	38.1824	38.1824	38.1824	38.1824	38.1824
<b>2018 Total Direct &amp; Overlapping Rate</b>	<b>53.2428</b>	<b>71.1834</b>	<b>54.9324</b>	<b>72.9324</b>	<b>51.1824</b>	<b>68.8770</b>
School District Rate	14.5204	32.3352	16.7500	34.5359	13.0000	30.7648
Combined City & County Rate	38.0854	38.0854	38.0854	38.0854	38.0854	38.0854
<b>2019 Total Direct &amp; Overlapping Rate</b>	<b>52.6058</b>	<b>70.4206</b>	<b>54.8354</b>	<b>72.6213</b>	<b>51.0854</b>	<b>68.8502</b>

# Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

June 30, 2019

Total City-wide Direct Tax Rate	County-wide Overlapping Tax Rate							Total County-wide Overlapping Tax Rate
	Art Ins Institute	Macomb I.S.D.	Macomb Community College	H.C.M.A. Authority, & Veterans	S.M.A.R.T.	Macomb County		
						Operating	Debt	
16.9424	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
17.7924	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
19.8924	-	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.0323
27.8656	0.2000	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.2323
27.8656	0.2000	2.9430	1.5312	0.3546	0.5900	4.5685	0.0050	10.1923
27.8656	0.2000	2.9430	1.5262	0.3546	1.0000	4.5685	0.0050	10.5973
27.7676	0.2000	2.9430	1.5302	0.3546	1.0000	4.5685	0.0050	10.6013
27.7703	0.1994	2.9355	1.4212	0.3541	0.9974	4.5566	0.0050	10.4692
27.7659	0.1979	2.9146	1.4034	0.3811	0.9903	4.5242	0.0050	10.4165
27.6539	0.1965	2.8945	1.4640	0.3790	1.0000	4.4925	0.0050	10.4315

	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	17.9406	25.6000	11.5000	29.5000	14.9278	27.1464
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>44.7653</b>	<b>52.4247</b>	<b>38.3247</b>	<b>56.3247</b>	<b>41.7525</b>	<b>53.9711</b>
School District Rate	20.4645	25.8000	12.4600	30.4600	16.2590	27.4364
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>48.1392</b>	<b>53.4747</b>	<b>40.1347</b>	<b>58.1347</b>	<b>43.9337</b>	<b>55.1111</b>
School District Rate	24.3838	29.5080	16.5080	34.5080	20.4501	31.0444
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>50.7005</b>	<b>55.8247</b>	<b>42.8247</b>	<b>60.8247</b>	<b>46.7668</b>	<b>57.3611</b>
School District Rate	25.3354	26.8000	13.6000	31.6000	17.3624	27.8600
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>63.4333</b>	<b>64.8979</b>	<b>51.6979</b>	<b>69.6979</b>	<b>55.4603</b>	<b>65.9579</b>
School District Rate	25.5854	27.0500	13.9600	31.9600	17.3829	27.9200
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>63.6433</b>	<b>65.1079</b>	<b>52.0179</b>	<b>70.0179</b>	<b>55.4408</b>	<b>65.9779</b>
School District Rate	25.5854	27.0500	13.3200	31.3200	16.7603	27.6000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
<b>2015 Total Direct &amp; Overlapping Rate</b>	<b>64.0483</b>	<b>65.5129</b>	<b>51.7829</b>	<b>69.7829</b>	<b>55.2232</b>	<b>66.0629</b>
School District Rate	24.8500	26.7500	13.0200	31.0200	16.6966	27.9200
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
<b>2016 Total Direct &amp; Overlapping Rate</b>	<b>63.2189</b>	<b>65.1189</b>	<b>51.3889</b>	<b>69.3889</b>	<b>55.0655</b>	<b>66.2889</b>
School District Rate	25.0354	26.4856	12.6400	30.5104	17.6614	28.6882
Combined City & County Rate	38.2395	38.2395	38.2395	38.2395	38.2395	38.2395
<b>2017 Total Direct &amp; Overlapping Rate</b>	<b>63.2749</b>	<b>64.7251</b>	<b>50.8795</b>	<b>68.7499</b>	<b>55.9009</b>	<b>66.9277</b>
School District Rate	25.0354	26.2894	12.6400	30.4246	17.2891	28.5287
Combined City & County Rate	38.1824	38.1824	38.1824	38.1824	38.1824	38.1824
<b>2018 Total Direct &amp; Overlapping Rate</b>	<b>63.2178</b>	<b>64.4718</b>	<b>50.8224</b>	<b>68.6070</b>	<b>55.4715</b>	<b>66.7111</b>
School District Rate	29.6114	30.9652	14.5400	32.1627	16.9478	28.7800
Combined City & County Rate	38.0854	38.0854	38.0854	38.0854	38.0854	38.0854
<b>2019 Total Direct &amp; Overlapping Rate</b>	<b>67.6968</b>	<b>69.0506</b>	<b>52.6254</b>	<b>70.2481</b>	<b>55.0332</b>	<b>66.8654</b>

Principal Property Taxpayers

Current and Ten Years Ago  
June 30, 2019

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2009		
	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	\$ 328,210,691	1	9.15%	\$ 642,812,937	1	12.27%
DTE Electric Co	51,238,352	2	1.43%	32,060,579	3	0.61%
Chrysler - FCA US LLC	39,810,449	3	1.11%	315,491,369	2	6.02%
International Transmission Co	31,848,232	4	0.89%	26,718,833	5	0.51%
Consumers Energy	28,993,002	5	0.81%	10,089,585	10	0.19%
LCN AVF Warren LLC	18,169,050	6	0.51%			
Lex Warren LP	18,788,030	8	0.52%			
Noble 12B LLC	13,179,470	7	0.37%			
Hoover Eleven Holding LLC	8,561,880	9	0.24%			
VJL Real Estate LLC / Lipari Foods	7,414,150	10	0.21%	11,009,480	8	0.21%
Art Van Furniture				27,410,986	4	0.52%
Iroquois Industries				16,191,291	6	0.31%
Wico Metal Products				14,651,080	7	0.28%
Meijer, Inc				10,518,066	9	0.20%
Ten largest taxpayers	546,213,306		15.23%	1,106,954,206		21.13%
Other taxpayers	3,040,812,723		84.77%	4,131,775,759		78.87%
Total taxable value	<b>\$ 3,587,026,029</b>		<b>100.00%</b>	<b>\$ 5,238,729,965</b>		<b>100.00%</b>

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

## City of Warren, Michigan

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Tax Year	Fiscal Year	Total Tax Levy	Returned Delinquent		Collected by March 1	Percent Collected by March 1	Delq. Real Property Taxes Reimbursed by Macomb County
			Real Property	Personal Property			
2009	2010	80,341,909	(4,344,441)	(632,798)	75,364,670	93.80%	4,344,441
2010	2011	74,503,574	(4,172,945)	(436,652)	69,893,977	93.81%	4,172,945
2011	2012	75,164,889	(4,112,215)	(456,910)	70,595,764	93.92%	4,112,215
2012	2013	95,336,444	(4,949,315)	(669,839)	89,717,290	94.11%	4,949,315
2013	2014	92,809,755	(4,168,155)	(517,993)	88,123,607	94.95%	4,168,155
2014	2015	94,956,495	(3,949,595)	(409,461)	90,597,439	95.41%	3,949,595
2015	2016	97,106,184	(3,605,871)	(430,759)	93,069,554	95.84%	3,605,871
2016	2017	90,105,364	(3,524,101)	(430,770)	86,150,493	95.61%	3,524,101
2017	2018	91,129,798	(3,313,648)	(407,947)	87,408,203	95.92%	3,313,648
2018	2019	93,847,013	(3,605,101)	(436,058)	89,805,854	95.69%	3,605,101

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

## Property Tax Levies and Collections

**Last Ten Fiscal Years**

**June 30, 2019**

Personal Property Taxes Collected March 1 - June 30	Collected Within Fiscal Year of Levy	Percent Collected in Fiscal Year	Subsequent to Tax Year			Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off	Receivable as of June 30, 2019		
25,928	79,735,039	99.24%	50,127	-	72,967	80,319,069	99.91%
37,409	74,104,331	99.46%	(5,566)	(29)	63,153	74,434,826	99.92%
14,508	74,722,486	99.41%	(21,964)	-	90,623	75,052,302	99.88%
20,823	74,728,803	78.38%	(27,263)	-	106,525	95,202,656	99.89%
24,508	94,691,113	102.03%	(1,514)	-	157,998	92,650,243	99.83%
-	94,547,034	99.57%	28,590	-	127,680	94,857,405	99.87%
-	96,675,425	99.56%	81,987	-	142,915	97,045,256	99.85%
-	89,674,594	99.52%	380,237	-	159,610	90,325,991	99.82%
-	90,721,851	99.55%	11,467	-	209,282	90,931,983	99.77%
-	93,410,955	99.54%	-	-	440,932	93,406,081	99.53%

Governmental Activities - General Bonded Debt

	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	Capital Improvement Bonds	Building Authority Bonds	Bonds	Bonds
2010	-	253,067	-	-	13,685,000	-	-
2011	-	156,304	-	-	12,695,000	-	-
2012	1,576,024	53,649	-	-	11,655,000	-	-
2013	1,325,870	-	-	-	10,565,000	-	-
2014	2,242,808	-	-	8,920,000	605,000	-	-
2015	1,743,291	-	-	8,321,373	-	-	-
2016	1,250,280	-	-	7,696,693	-	-	-
2017	748,683	-	-	7,057,013	-	-	-
2018	238,345	-	-	6,377,333	-	-	-
2019	7,870,889	-	-	5,692,653	-	-	-

	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
2010	16,241,714	2,729,834	(1,128,750)	31,780,865	-	5,930,000	-
2011	14,609,763	2,185,867	(890,625)	28,756,309	-	5,310,000	-
2012	12,890,975	1,641,900	(659,500)	27,158,048	-	4,700,000	-
2013	11,607,186	1,097,933	(435,375)	24,160,614	8,021,303	3,975,000	-
2014	10,261,561	553,966	(218,713)	22,364,622	7,449,787	3,550,000	-
2015	8,761,647	315,193	(13)	19,141,492	7,219,997	3,095,000	-
2016	7,232,687	280,864	-	16,460,524	6,760,330	2,587,300	-
2017	6,126,553	245,834	-	14,178,083	6,371,223	2,081,244	-
2018	18,247,334	210,166	-	25,073,178	5,918,686	1,710,188	-
2019	16,898,205	175,082	-	30,636,829	5,431,011	1,329,131	-

Comments:

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

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

Sources:

- (1) Southeast Michigan Council of Governments - Estimated Population - FY 2009 - 2018
- (2) 2000 and 2010 U.S. Census Bureau



# Ratios of General Bonded Debt Outstanding

**Last Ten Fiscal Years**

**June 30, 2019**

## 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
-	-	13,938,067	5,109,400,749	0.27%	132,079	105.53
-	-	12,851,304	4,451,148,726	0.29%	134,056	95.87
-	-	13,284,673	4,026,777,217	0.33%	133,764	99.31
-	-	11,890,870	3,591,218,481	0.33%	133,466	89.09
-	-	11,767,808	3,506,010,944	0.34%	134,424	87.54
-	-	10,064,665	3,546,856,733	0.28%	134,805	74.66
-	-	8,946,973	3,639,612,347	0.25%	134,850	66.35
-	-	7,805,696	3,335,434,976	0.23%	135,121	57.77
-	-	6,615,678	3,347,553,629	0.20%	135,031	48.99
-	-	13,563,542	3,587,026,029	0.38%	136,168	99.61

### Business-type Activities

### Total Primary Government

Water and Sewer Revenue Bonds	Total Business-type Activities Debt	Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
50,172,529	56,102,529	87,883,394	21,407	3.11%	665.39
58,000,605	63,310,605	92,066,914	19,376	3.54%	686.78
63,634,006	68,334,006	95,492,054	19,376	3.68%	713.88
66,721,971	78,718,274	102,878,888	19,376	3.98%	770.82
81,786,384	92,786,171	115,150,793	19,376	4.42%	856.62
75,740,167	86,055,164	105,196,656	19,376	4.03%	780.36
71,083,334	80,430,964	96,891,488	19,376	3.71%	718.51
120,031,529	128,483,996	142,662,079	19,376	5.45%	1,055.81
113,098,488	120,727,362	145,800,540	19,376	5.57%	1,079.76
106,257,967	113,018,110	143,654,939	19,376	5.44%	1,054.98

## City of Warren, Michigan

# Direct and Overlapping Governmental Activities Debt

June 30, 2019

### Net Direct Debt

Capital Improvement Bonds				
Refunding Series 2014	Warren Community Center	\$ 5,695,000	\$	5,695,000
Downtown Development Authority:				
Series 2013	City Center development	10,010,000		
Series 2014	City Center development	23,760,000		
Series 2015	City Center development	<u>11,300,000</u>		45,070,000
Road Construction Bonds:				
Series 2003 Michigan Transportation Bonds	Road improvements	-		
Series 2013A Capital Improvement Bonds	Road improvements	2,833,958		
Series 2015 Capital Improvement Bonds	Road improvements	1,564,050		
Series 2018 Michigan Transportation Bonds	Road improvements	<u>12,380,000</u>		16,778,008
Special Assessment Bonds:				
Series 2015	Sidewalk replacement program	175,950		
Less amounts available in debt service funds		<u>-</u>		175,950
Less:				
Road Construction Bonds		(16,778,008)		
Special Assessment Bonds		(175,949.91)		<u>(16,953,958)</u>
<b>Net direct debt to be repaid with property taxes</b>				<b>50,765,000</b>
<b>Overlapping Debt</b>				
Macomb County:				
County at large	12.22%	286,030,322		34,952,905
Intermediate School District	11.95%	2,250,000		268,875
Macomb Community College		-		-
Local School Districts:				
Center Line	66.92%	27,830,000		18,623,836
East Detroit	20.68%	16,262,833		3,363,154
Fitzgerald	100.00%	29,365,000		29,365,000
Van Dyke	97.78%	50,799,121		49,671,381
Warren Consolidated	47.46%	211,895,000		100,565,367
Warren Woods	100.00%	39,830,000		<u>39,830,000</u>
<b>Total Overlapping Debt</b>				<b><u>276,640,518</u></b>

**Net direct debt outstanding and overlapping debt** **\$327,405,518**

Source: Municipal Advisory Council of Michigan

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed value	<b>\$ 5,342,889,105</b>	<b>\$ 4,561,685,622</b>	<b>\$ 4,081,046,497</b>	<b>\$ 3,630,847,280</b>	<b>\$ 3,537,933,048</b>
Debt limit (10% of ass	\$ 534,288,911	\$ 456,168,562	\$ 408,104,650	\$ 363,084,728	\$ 353,793,305
Total debt applicable	-	-	-	-	-
Legal debt margin	<b>\$ 534,288,911</b>	<b>\$ 456,168,562</b>	<b>\$ 408,104,650</b>	<b>\$ 363,084,728</b>	<b>\$ 353,793,305</b>
Total debt applicable to the debt limit as a percentag	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2015	2016	2017	2018	2019
Assessed value	<b>\$ 3,689,472,137</b>	<b>\$ 4,006,975,440</b>	<b>\$ 3,926,697,488</b>	<b>\$ 4,065,604,921</b>	<b>\$ 4,499,991,445</b>
Debt limit (10% of ass	\$ 368,947,214	\$ 400,697,544	\$ 392,669,749	\$ 406,560,492	\$ 449,999,145
Total debt applicable	-	-	-	-	-
Legal debt margin	<b>\$ 368,947,214</b>	<b>\$ 400,697,544</b>	<b>\$ 392,669,749</b>	<b>\$ 406,560,492</b>	<b>\$ 449,999,145</b>
Total debt applicable to the debt limit as a percentag	0.00%	0.00%	0.00%	0.00%	0.00%

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

Building Authority - Senior Housing Bonds (1)

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 1,352,660	\$ 543,019	\$ 809,641	\$ 625,000	\$ 267,616	\$ 892,616	0.91
2011	1,367,727	607,955	759,772	620,000	246,219	866,219	0.88
2012	1,375,872	748,772	627,100	610,000	223,931	833,931	0.75
2013	1,363,193	855,473	507,720	705,000	146,298	851,298	0.60
2014	1,398,586	921,577	477,009	425,000	76,119	501,119	0.95
2015	1,457,703	890,651	567,052	455,000	67,319	522,319	1.09
2016	1,498,223	777,352	720,871	540,000	46,907	586,907	1.23
2017	1,498,162	719,815	778,347	500,000	45,302	545,302	1.43
2018	1,497,378	769,423	727,955	365,000	37,102	402,102	1.81
2019	1,560,909	812,436	748,473	375,000	29,669	404,669	1.85

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

Road Construction Bonds

Fiscal Year	Prior Fiscal Year Gas and Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
2010	\$ 7,937,777	\$ 4,120,155	\$ 1,345,000	\$ 392,925	\$ 1,737,925	2.37	\$ 580,632
2011	7,798,658	3,899,329	1,435,000	263,232	1,698,232	2.30	571,233
2012	7,913,099	3,956,550	1,450,000	216,383	1,666,383	2.37	632,325
2013	8,197,069	4,098,535	1,015,000	167,363	1,182,363	3.47	620,232
2014	8,281,690	4,140,845	1,000,000	138,275	1,138,275	3.64	709,369
2015	8,537,451	4,268,726	985,000	107,525	1,092,525	3.91	809,695
2016	8,715,645	4,357,823	975,000	75,438	1,050,438	4.15	776,962
2017	9,182,610	4,591,305	500,000	40,500	540,500	8.49	764,614
2018	10,557,447	5,278,724	500,000	20,500	520,500	10.14	758,782
2019	12,650,449	6,325,225	720,000	403,768	1,123,768	5.63	744,170

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of State gas and weight taxes received in the previous year. Debt service on the road improvement portion of the Capital Improvement Bonds, Series 2013A and Series 2015 is likewise paid from gas and weight taxes but is secured by the levy of sufficient City taxes rather than the pledge of gas and weight taxes. A total of \$7447,170 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2019 and is reflected in the schedule above.

## Pledged-Revenue Coverage

June 30, 2019

Fiscal Year	Special Assessment Bonds (3)							Coverage
	S/A	Interest	Transferred to	Debt Service				
	Collections (4)		Debt Funds	Principal	Interest	Total		
2010	\$ 435,535	-	\$ 435,535	\$ 518,967	\$ 140,456	\$ 659,423	0.66	
2011	423,297	-	423,297	543,967	117,133	661,100	0.64	
2012	406,098	-	406,098	543,967	92,934	636,901	0.64	
2013	388,900	-	388,900	543,967	68,736	612,703	0.63	
2014	371,702	-	371,702	543,967	44,038	588,005	0.63	
2015	52,673	-	52,673	244,397	26,579	270,976	0.19	
2016	47,490	-	47,490	34,397	13,093	47,490	1.00	
2017	40,750	-	40,750	35,190	5,560	40,750	1.00	
2018	40,046	-	40,046	35,190	4,856	40,046	1.00	
2019	39,342	-	39,342	35,190	4,152	39,342	1.00	

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

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

Fiscal Year	Water and Sewer System (6)							Coverage
	Operating Revenue	Direct	Net Revenue	Debt Service				
		Operating Expense	Available for Debt Service	Principal	Interest	Total		
2010	\$ 37,288,056	\$ 26,323,229	\$ 10,964,827	\$ 2,739,082	\$ 1,702,109	\$ 4,441,191	2.47	
2011	38,427,954	26,764,665	11,663,289	3,221,792	1,988,269	5,210,061	2.24	
2012	40,839,605	27,563,827	13,275,778	3,912,454	2,389,481	6,301,935	2.11	
2013	38,541,046	27,981,654	10,559,392	4,522,090	2,569,620	7,091,710	1.49	
2014-2015	55,669,321	44,286,286	11,383,035	7,926,367	4,476,405	12,402,772	0.92	
2016	40,682,518	32,628,030	8,054,488	4,954,565	2,699,346	7,653,911	1.05	
2017	44,240,519	29,905,967	14,334,552	5,058,230	2,668,644	7,726,874	1.86	
2018	47,890,814	38,735,073	9,155,741	7,202,293	3,821,133	11,023,426	0.83	
2019	52,340,913	40,211,269	12,129,644	7,586,655	3,631,033	11,217,688	1.08	

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

## Demographic and Economic Statistics

**Last Ten Fiscal Years  
June 30, 2019**

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
2010	132,079	52,460	21,407	2,827,415,153	16.60%	14.40%	13.10%
2011	134,056	53,442	19,376	2,597,469,056	13.60%	11.70%	11.30%
2012	133,764	53,228	19,376	2,591,811,264	10.20%	10.10%	9.20%
2013	133,466	53,066	19,376	2,586,037,216	11.60%	9.90%	9.40%
2014	134,424	53,408	19,376	2,604,599,424	9.60%	9.10%	7.90%
2015	134,805	53,539	19,376	2,611,981,680	7.50%	6.30%	5.80%
2016	134,850	53,492	19,376	2,612,853,600	6.80%	5.60%	4.90%
2017	135,121	52,164	19,376	2,618,104,496	4.30%	3.60%	4.00%
2018	135,031	53,543	19,376	2,616,360,656	4.90%	4.10%	4.30%
2019	136,168	53,747	19,376	2,638,391,168	5.30%	4.40%	4.40%

**Sources:**

- (1) Southeast Michigan Council of Governments - est population through July 2018
- (2) 2000 and 2010 U.S. Census Bureau
- (3) Michigan Department of Technology, Management & Budget  
- *Not Seasonally Adjusted.*

Principal Employers

Current Fiscal and Six Years Ago  
June 30, 2019

		Year Ended June 30, 2019			Year Ended June 30, 2013		
		Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
General Motors Corporation	Automotive	23,000	(1)	1	21,000	(1)	1
Government of The United States	Government	8,600	(1)	2	7,975	(1)	2
FIAT - Chrysler Corp.	Automotive	4,800	(1)	3	5,390	(1)	3
Ascension Health	Health care	3,350	(1)	4	3,234	(1)	4
Dana Corp	Automotive	880		5	-		
Asset Acceptance Financial	Financial services	-			1,125		5
Total		<b>40,630</b>			<b>38,724</b>		

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
<b>General government:</b>										
<u>37th District Court</u>										
Small claims	587	635	566	657	597	574	487	609	633	700
Landlord & tenant	4,554	4,921	4,910	5,333	4,136	4,804	4,610	4,617	4,333	5,000
Parking tickets	1,019	1,116	1,272	1,496	1,868	1,538	1,670	1,518	2,159	1,575
Traffic misdemeanor & civil	36,879	35,250	37,454	49,446	46,529	46,337	45,944	39,965	50,971	50,000
Non-traffic felony	2,284	1,869	2,069	2,358	2,252	2,251	1,944	2,018	1,918	2,400
Non-traffic misdemeanor	2,126	1,653	1,779	1,886	1,772	1,686	1,846	1,563	1,583	1,900
Traffic OUIL/OWI	367	202	284	354	298	644	236	198	212	400
General civil	5,345	5,151	5,633	4,812	4,164	4,581	4,795	5,792	6,496	6,500
Probation - Active cases	1,078	876	752	892	892	1,121	853	821	716	900
Pre-sentence investigations	803	460	460	429	429	406	319	334	325	400
<u>City Clerk</u>										
Business licenses	837	837	765	771	660	616	570	720	568	1,100
Public hearings	47	70	53	75	49	47	39	19	38	60
Changes in voter registrations	60,433	44,367	56,137	41,389	40,559	41,182	65,295	39,333	45,136	75,000
Dog licenses issued	5,409	4,983	4,662	4,945	4,831	4,597	4,569	6,489	5,621	7,500
Garage sale permits	4,756	1,499	1,466	1,429	1,285	996	1,124	940	749	2,500
Death certificates	1,864	1,935	1,856	1,806	1,523	1,571	1,721	1,575	1,497	3,000
Birth certificates	1,254	1,201	1,188	1,183	902	754	797	633	694	1,500
Lawsuits issued	33	38	30	35	27	35	27	16	11	50
Contracts signed, catalogued	54	51	68	83	100	87	121	88	85	200
Internet requests processed	5,200	4,600	4,972	4,232	6,750	6,100	6,050	4,020	5,122	6,200
<u>Treasurer</u>										
Tax bills processed:										
Manually	120,351	88,321	85,454	94,499	96,021	82,777	84,829	78,402	74,663	75,000
CD-ROM	55,934	56,141	54,865	45,056	48,550	51,380	51,904	51,853	53,584	53,600
Checks processed	52,009	51,761	46,736	40,082	42,457	43,397	41,903	38,881	41,586	41,700
Water bills processed	501,584	424,085	372,981	351,898	427,242	340,536	342,794	323,072	311,233	315,500
Status changes	720	600	481	720	708	696	732	751	762	750
Personal property	3,929	4,586	4,183	4,242	3,950	2,664	2,849	2,615	2,539	2,800
Delinquent tax accounts	1,318	2,057	2,561	40	40	40	-	-	-	-
<u>Assessing</u>										
Personal property audits	70	70	86	45	55	75	93	106	106	100
Small claim MTT appeals	150	756	789	59	54	32	34	29	35	30
Full tax tribunal appeals	120	528	596	227	155	120	37	38	40	40
Board of Review appeals	2,000	1,500	1,200	735	920	819	753	721	689	750
Principal residence exemption	5,500	1,802	3,923	5,774	6,950	3,750	4,091	4,231	2,175	3,000
Deeds and transfer affidavits	6,700	9,038	11,255	9,817	11,066	8,091	7,368	7,381	3,675	4,000
Special assessment rolls	30	30	30	30	30	30	30	30	30	30
Review / appraise										
taxable properties	59,500	60,768	60,300	63,104	63,559	63,625	59,279	59,820	62,823	63,000
Verify sales & transfers										
of sold properties	5,800	3,500	3,500	1,403	1,633	2,470	7,368	7,358	6,326	7,500
building permit activity	11,400	11,243	11,000	13,210	13,198	13,274	11,310	9,350	18,604	25,000

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

(1) Fiscal year 2018 estimates

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

Source: Fiscal year adopted budget



	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
<b>Recreation and Culture:</b>										
<u>Library</u>										
Annual attendance	337,207	326,386	342,297	366,929	347,214	339,789	409,595	274,235	288,043	412,000
Circulation:										
Annual total	567,845	1,102,600	855,235	577,403	568,805	482,397	412,723	404,300	853,047	939,410
Children's material	248,118	257,402	279,921	253,018	239,449	256,746	176,454	142,222	150,905	160,984
Reference requests	70,664	47,290	47,285	49,875	53,776	43,304	36,989	34,943	41,987	39,456
Registered borrowers	51,507	57,145	53,754	59,909	62,475	53,988	56,501	54,616	72,578	55,000
Materials:										
Loaned to other libraries	76,629	64,433	74,359	74,391	70,602	63,062	57,354	52,237	26,749	55,840
Received from other libraries	86,258	40,381	52,593	52,630	49,408	38,869	36,237	35,253	36,033	36,744
Added to collection	24,616	35,868	56,914	37,576	46,225	39,956	22,695	18,496	23,310	22,708
Deleted from collection	14,976	13,324	23,165	10,984	18,741	24,740	30,098	19,615	18,163	5,756
Home Page hits	301,945	260,661	331,023	361,112	357,531	333,915	291,638	231,977	224,885	340,572
<u>Recreation</u>										
Pavilion rentals	482	460	460	484	424	424	467	518	518	520
Bus transportation	27,750	23,613	18,510	14,227	15,309	15,309	14,565	14,376	14,376	14,690
Adult & youth sports:										
Registrants	7,200	7,000	7,000	7,000	4,436	4,436	4,401	4,470	4,470	4,470
Participants	106,500	106,500	106,500	106,500	107,000	107,000	107,250	107,500	107,500	107,500
Senior programs	90,000	85,000	85,000	85,000	86,000	86,000	86,125	86,200	86,200	86,200
Senior sports programs	22,400	23,000	23,000	23,000	23,000	23,000	23,000	22,750	22,750	23,000
Trees removed	325	345	345	250	-	-	-	-	-	-
Trees trimmed	800	1,000	1,000	2,000	-	-	-	-	-	-
Pool attendance	350,000	380,000	380,000	380,000	350,000	350,000	386,500	360,000	360,000	400,000
Yearly pass registrations	4,500	4,100	3,975	3,463	4,142	4,142	4,280	4,129	4,129	4,500
<b>Sanitation:</b>										
Collections points (per week)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons):										
Refuse land filled	43,541	44,104	45,391	47,315	45,207	63,236	59,773	52,888	50,931	52,000
Curbside recycling	4,562	5,716	5,169	5,847	4,816	4,661	4,635	4,555	4,447	5,000
Curbside compost	15,252	13,123	13,245	9,029	12,684	3,048	965	9,100	12,490	15,000
Drop-off center:										
Car batteries (each)	585	142	256	162	138	255	221	343	2,566	500
Non-ferrous metal (tons)	7	9	3	3	1	2	2	17	3	20
Concrete (tons)	377	247	283	195	208	261	299	299	222	185
Motor oil (gallons)	10,800	9,300	8,950	8,460	6,145	7,120	5,650	8,790	4,935	5,000
Collected / dropped off (tons):										
Cardboard	85	68	80	67	58	67	68	73	83	75
White goods / scrap metal	167	140	101	80	82	134	165	181	133	185

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

(1) Fiscal year 2019 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

## Operating Indicators

Last Ten Fiscal Years

June 30, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
<b>Public Safety:</b>										
<u>Fire Department</u>										
Incident responses	13,440	14,717	14,974	15,500	16,547	16,718	17,818	18,343	18,503	19,500
Equipment responses	29,545	34,041	29,674	29,276	30,530	31,520	33,524	32,827	34,104	37,000
Fire training (hours)	16,426	4,400	3,139	6,480	3,062	2,000	2,340	2,880	3,409	3,625
Medical training (hours)	3,100	1,983	808	6,480	4,401	3,474	3,120	5,760	3,567	3,700
<u>Police Department</u>										
Calls for police service	75,781	90,125	88,184	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Part A crimes	4,245	4,322	4,065	3,764	3,550	3,470	3,800	9,257	8,325	7,950
Burglary incidents	985	1,096	1,015	887	750	715	910	823	567	525
Auto theft incidents	726	805	728	582	590	530	632	560	543	450
Narcotic and drug incidents	1,660	955	1,093	1,455	1,575	1,165	1,450	1,725	1,086	1,050
Liquor license investigations	6,601	5,435	6,386	6,455	6,200	5,980	6,326	191	158	165
Traffic citations	18,283	17,872	18,419	20,678	20,500	24,155	40,000	17,279	27,580	29,850
OUIL charges	400	305	294	300	355	330	325	200	284	305
Traffic accidents	3,551	3,647	3,295	3,820	4,320	3,980	4,300	4,155	4,827	4,925
Juveniles charged	161	221	346	244	205	200	180	200	157	150
Total arrests	6,081	5,055	5,708	6,556	6,200	5,440	5,500	4,973	4,596	5,425
Abandoned autos processed	967	1,020	1,061	1,100	1,100	240	500	500	1,055	1,200
Guns registered	2,296	2,705	7,329	6,922	6,300	3,370	7,800	4,661	4,504	5,000
<u>Animal Control</u>										
Calls for service	3,000	3,000	3,000	2,850	3,500	8,860	9,951	9,951	1,873	2,150
Stray animals picked up	1,270	1,340	1,600	1,450	-	890	1,621	1,621	738	1,400
Wild animals secured	400	435	60	75	-	-	-	-	-	-
Dead animals handled	900	900	1,000	1,000	-	350	60	60	458	650
Animals given up by owners	325	325	325	377	-	60	88	88	285	360
<u>Civil Defense</u>										
Disaster/emergency incidents	6	9	7	5	6	12	10	10	14	16
Functional / full-scale exercise	1	1	2	3	3	3	4	4	4	4
<b>City Development:</b>										
<u>Engineering</u>										
Service requests processed	538	811	695	838	877	1,355	836	894	816	800
Planning reviews	77	79	79	79	66	100	125	129	154	170
Site plan reviews	83	119	129	258	426	386	386	367	364	375
Projects inspected	81	72	61	225	258	121	131	117	134	140
Sidewalk inspections / repairs	1,517	1,553	933	806	501	254	193	687	687	550
<u>Property Maintenance Inspection</u>										
Weed enforcement	4,436	4,568	3,810	4,012	4,045	5,508	2,752	5,071	2,977	4,500
Complaints investigated	5,928	6,068	4,285	4,387	4,022	4,373	5,071	2,446	5,205	7,075
Complaints in tracking system	21,200	23,526	21,500	18,300	21,016	30,637	17,946	26,153	28,371	29,500
Vacant/foreclosed clean-ups	598	619	632	676	524	1,332	1,408	1,234	1,323	1,500
<u>Building Inspections</u>										
Certificates of Occupancy	288	266	470	767	420	327	500	252	298	350
Building permits	2,412	1,880	1,804	1,918	2,053	2,160	2,100	2,820	2,388	2,700
Plumbing permits	1,248	1,348	1,351	1,351	1,152	1,054	1,200	4,133	1,117	2,000
Electrical permits	3,179	3,133	3,626	3,798	3,402	3,161	3,400	6,807	2,157	2,500
Mechanical permits	1,828	1,797	2,240	3,127	2,095	2,107	2,200	3,331	1,860	2,300
Miscellaneous permits	701	840	786	830	944	634	800	761	882	900
Building inspections	13,119	15,004	13,666	14,427	15,296	11,134	14,000	8,518	8,058	9,000
Plumbing inspections	8,104	7,777	9,136	10,421	10,529	9,814	9,000	7,135	5,814	6,000
Electrical inspections	12,269	11,869	12,676	14,206	14,276	13,727	12,500	9,128	8,303	9,000
Mechanical inspections	8,126	8,391	9,861	10,879	10,004	10,041	9,800	6,265	4,898	6,000
Zoning inspections	8,453	6,236	5,575	6,511	6,320	926	900	8,293	9,475	10,000
Plan reviews	2,467	2,319	2,304	2,048	2,165	716	800	881	560	800

## Operating Indicators

Last Ten Fiscal Years

June 30, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 (2)	2016	2017	2018	2019 (1)
<b>Senior Citizens Housing:</b>										
<u>Stilwell Manor</u>										
Carpet replacements	12	23	15	15	22	12	23	25	24	28
Linoleum replacements	9	14	7	7	10	7	14	12	23	10
Stove replacements	8	12	15	15	6	4	6	5	4	4
Apartments painted	18	26	20	20	23	21	18	25	26	25
Air conditioner replacements	8	12	10	10	10	8	7	12	7	10
Maintenance work orders	545	642	575	575	450	375	275	325	337	350
<u>Jos. Coach Manor</u>										
Carpet replacements	25	40	27	27	35	26	50	40	27	45
Linoleum replacements	25	20	14	14	17	12	16	20	13	20
Hot water tank replacements	6	10	53	53	70	-	-	-	-	-
Apartments painted	31	65	34	34	63	28	850	45	40	36
Countertop replacements	17	20	18	18	16	18	18	14	16	12
Maintenance work orders	1,295	1,188	955	955	760	936	850	755	825	800
<b>Water and Sewer System (2)</b>										
<u>Water Department:</u>										
Water utility accounts	50,226	50,137	50,025	49,171	49,137	49,639	49,076	49,685	49,529	49,656
Sewer utility accounts	49,089	49,068	49,269	48,650	48,588	49,089	48,618	48,899	48,711	48,820
Second meter accounts	555	585	628	680	684	712	744	799	775	765
Water sold (thousand cu. ft.)	713,369	734,852	692,951	699,581	656,511	914,804	648,699	622,872	645,348	645,348
Water purchased	794,608	805,598	769,815	784,929	744,182	1,081,125	670,703	669,744	713,248	713,248
Broken water main repairs	214	202	212	184	271	393	101	177	175	170
Sewer jetting (in footage)	232,072	117,473	249,000	273,816	343,647	454,716	753,000	674,656	678,716	690,000
<u>Waste Water Treatment Plant:</u>										
Sewage treated	8.3	6.8	10.8	7.4	8.2	11.7	7.6	7.8	8.2	8.0
Sludge solids removed	29.7	26.7	28.4	31.1	29.9	42.3	27.5	30.0	32.0	30.0
Power consumption	14.9	13.4	15.8	14.1	12.7	19.1	12.2	12.0	12.0	12.0
Natural gas for incinerator	88	81	90	102	94	130	61	85	75	77
Laboratory samples taken	6,499	5,609	5,694	6,694	5,963	8,886	8,031	6,800	7,900	8,000
Analytical lab tests run	38,140	35,977	33,718	38,044	35,577	54,944	36,975	36,750	35,000	34,500
Dye tests performed to locate	20	20	25	13	12	8	4	10	10	11
Storm water samples collected	315	350	240	396	296	245	119	245	220	200
Illicit discharges identified	3	4	5	4	6	3	2	3	3	2
Illicit discharges removed	4	5	9	2	6	3	2	3	3	2

Value of New Construction

Last Ten Fiscal Years

June 30, 2019

Fiscal Year	Residential One Family	Residential Multiple Family	Commercial Development	Industrial Development	Total (1)
2010	1,245,000	-	4,015,000	-	5,260,000
2011	1,135,000	-	1,223,000	-	2,358,000
2012	10,933,601	1,728,930	76,617,376	1,197,300	90,477,207
2013	2,425,000	2,412,000	580,000	-	5,417,000
2014	12,213,524	2,354,600	40,713,090	1,267,277	56,548,491
2015	3,640,000	975,000	5,194,000	-	9,809,000
2016	4,681,895	3,340,000	4,068,500	-	12,090,395
2017	1,055,800	4,621,500	56,015,270	-	61,692,570
2018	900,000	3,742,000	7,822,000	-	12,464,000
2019	9,303,950	965,600	176,514,000	-	186,783,550

(1) Estimated Cost of Construction

Source:

City of Warren Building Department

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>General Government:</u>										
Council	13	12	10	10	10	11	11	11	11	11
37th District Court	49	49	46	46	46	46	49	49	49	50
Mayor	7	6	6	6	6	6	6	6	6	6
Clerk	9	9	8	7	7	8	7	7	7	7
Treasurer	11	10	10	9	9	9	9	9	9	9
Controller	18	14	13	10	10	10	10	11	12	12
Information Systems	3	3	3	4	4	4	4	4	4	4
Legal	11	11	10	10	10	10	10	10	10	10
Assessing	12	11	11	11	11	11	12	12	12	13
Labor Relations	2	-	-	-	-	-	-	-	-	-
Personnel	6	-	-	-	-	-	-	-	-	-
Human Resources	-	9	9	9	9	9	9	9	9	9
D.P.W. Garage	7	7	7	7	8	8	14	14	14	14
Building Maintenance	9	9	8	8	8	8	17	17	17	17
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	2	2	2	2	2	2
	<u>159</u>	<u>152</u>	<u>143</u>	<u>139</u>	<u>142</u>	<u>144</u>	<u>162</u>	<u>163</u>	<u>164</u>	<u>166</u>
<u>Public Safety:</u>										
Fire Department	121	126	120	114	132	132	132	132	132	133
Police Department	270	256	239	233	233	235	235	239	239	243
Animal Control	2	2	2	2	2	2	2	2	2	3
Civil Defense	1	1	1	1	1	1	1	1	1	1
	<u>394</u>	<u>385</u>	<u>362</u>	<u>350</u>	<u>368</u>	<u>370</u>	<u>370</u>	<u>374</u>	<u>374</u>	<u>380</u>
<u>City Development:</u>										
Public Service Director	3	3	3	3	3	3	3	2	3	4
Engineering	7	7	5	5	5	5	5	5	5	5
Property Maintenance	1	1	-	-	-	-	1	1	2	4
Building Inspections	18	16	15	15	14	16	21	22	22	22
Planning	5	3	3	3	4	4	4	4	4	4
Rental Ordinance	3	3	3	3	4	4	5	5	5	5
	<u>37</u>	<u>33</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>32</u>	<u>39</u>	<u>39</u>	<u>41</u>	<u>44</u>
<u>Highways and Streets</u>	<u>30</u>	<u>28</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>26</u>	<u>26</u>	<u>26</u>
<u>Recreation and Culture:</u>										
Library	16	12	22	22	22	22	24	24	24	24
Recreation	20	18	16	13	12	12	9	9	9	9
Communications	5	5	5	5	5	5	5	5	5	6
	<u>41</u>	<u>35</u>	<u>43</u>	<u>40</u>	<u>39</u>	<u>39</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>39</u>
<u>Sanitation</u>	<u>29</u>	<u>28</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>56</u>	<u>53</u>	<u>53</u>	<u>54</u>	<u>38</u>
<u>Economic Development:</u>										
Community & Economic	-	2	2	2	2	2	2	2	2	2
D.D.A.	1	1	1	1	1	2	2	2	2	2
	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<u>Community Development:</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>Senior Housing</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Water and Sewer System</u>	<u>87</u>	<u>86</u>	<u>84</u>	<u>88</u>	<u>91</u>	<u>93</u>	<u>88</u>	<u>90</u>	<u>89</u>	<u>96</u>
Total full-time city employees	<u><b>786</b></u>	<u><b>758</b></u>	<u><b>722</b></u>	<u><b>707</b></u>	<u><b>731</b></u>	<u><b>770</b></u>	<u><b>785</b></u>	<u><b>795</b></u>	<u><b>798</b></u>	<u><b>801</b></u>

Source: Adopted fiscal year budget