

CENTER LINE, MICHIGAN



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

City of Center Line, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2017

Prepared by:
Treasurer's Office
Mark Knapp
Director of Finance/Treasurer

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INTRODUCTORY SECTION



Municipal Offices

Robert Binson,
Mayor

Dennis E. Champine,
City Manager/City Clerk

December 21, 2017

The Honorable Mayor and
Members of the City Council
City of Center Line
Center Line, Michigan

The Treasurer's and City Manager's Offices are pleased to submit the Comprehensive Annual Financial Report for the City of Center Line, Michigan for the fiscal year ended June 30, 2017.

This report is published to provide the city council, city staff, our residents, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the city government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the city. To assure interested parties have reliable information, a system of internal controls is implemented. These internal controls are designed to detect irregularities in the accounting system. The controls are designed to assure a reasonable level of oversight. While no system of controls can test and examine every financial event, the controls implemented give a high level of confidence that no material misrepresentations are given.

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

7070 E. TEN MILE ROAD, CENTER LINE, MICHIGAN 48015-1100 (586) 757-6800
FAX (586) 755-0790 www.centerline.gov

THE REPORTING ENTITY AND ITS SERVICES

Location

The City of Center Line is a second ring suburb of the metropolitan Detroit region, located in Macomb County, Michigan, and has a population of approximately 8,400. The city is located ten miles north of downtown Detroit and is centrally located along U.S. Interstate 696 and just one mile from U.S. Interstate 75, making the city an ideal location for industry and commerce. Among the city's most famous manufacturing businesses is Mopar world headquarters, a subsidiary of Fiat-Chrysler Automobiles (FCA), as well as Whitlam Group. Mopar makes performance automotive parts for the full line of FCA vehicles. Whitlam Group is a major worldwide supplier of all vehicle information stickers found on nearly every major vehicle line in the United States and internationally.

Center Line is a home rule city with a city manager/council form of government. The city has five city council members who are selected at large for overlapping four (4) year terms. The council enacts local ordinances, determines policies, and adopts the annual budget. The council appoints the city manager/clerk, public safety director, and city finance director/treasurer. The Basic Financial Statements of the city include all government activities, organizations and functions for which the city is financially accountable as defined by the Governmental Accounting Standards Board.

Services Provided

The city provides a full range of municipal services including public safety protection, refuse and recycling collection, water, sanitary sewer, storm sewer, streets, infrastructure development and maintenance, park and recreational facilities, library services and general administrative services.

The component unit included in the city's financial report is the Downtown Development Authority (the authority). The authority is legally defined and included in sections of the financial reports as appropriate. The authority was formed to allow greater opportunities to improve the central business district through tax capture and grant funding. The authority's goal is to encourage progressive development of the central business district; drawing in viable commercial businesses and attracting residents from a broad cross section of cultural, social and economic interests. DDA development regulations require that tax revenues captured by the authority be aggressively reinvested in the DDA district to spur growth.

An updated zoning code includes four primary development districts within the DDA: B-1A, Van Dyke Downtown District; B-1B, Van Dyke Corridor District; B-2, Ten Mile Corridor District and CC, Community Center District.

- The Van Dyke Downtown District is designed to strengthen the public right-of-way space; create and orderly and cohesive visual image; foster a business-friendly redevelopment climate; encourage pedestrian use; and connect to adjacent neighborhoods. Broader limits on land usage allow flexibility in determining the proper mix of residence and business types.
- The Van Dyke Corridor District is designed to cater to the needs of a larger consumer population with a reliance on passerby traffic. This district also considers mixed use, mass transit, pedestrian accessibility, and connections to the adjacent neighborhoods important to long-term viability.
- The Ten Mile Corridor District was established to provide sites for diversified business types incompatible with pedestrian traffic and is structured to attract passerby traffic. This district is intended to provide opportunities for automobile-related businesses, uses that generate large traffic volumes or require substantial off-street parking facilities, and other non-pedestrian oriented uses.
- The Community Center District is designed to provide sites for a variety of high-intensity office, residential, retail and service establishments occupying prime frontages at the intersection of major thoroughfares. It is also intended to provide for combining high-rise office, high-rise multiple-dwelling and retail uses in a planned development, and to encourage innovations and variety in type, design and arrangement of such uses.

Subsequent to fiscal year end, the DDA authorized gateway signage for the major entrances to the city. The four new welcome signs contain the tagline for the City of Center Line chosen by the DDA board from submissions by local high school students, “The Heart of Metro-Detroit.” Additionally, the DDA board has authorized the Director to pursue “Redevelopment Ready Communities” certification, which has begun in earnest with the development of Economic Strategies and Form-based Codes. This certification, when completed, will result in more financing opportunities from the State of Michigan and other resources.

Many of the vacated commercial uses within the DDA District have now been occupied by diverse uses. DDA design standards encourage new developments to include “Green Infrastructure” which will reduce the storm water impact on the city’s infrastructure.

The annual budget serves as the foundation for the City of Center Line’s financial planning and control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been formally adopted. For the general fund, this comparison begins on page 5-1 as required supplementary information. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented either as required supplementary information (for major funds), starting on page 5-4, or other supplementary information (for non-major funds), starting on page 6-6.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Center Line operates.

Local Economy

The City of Center Line boasts a strong industrial base, founded on the region’s iconic motor vehicle industry. Also of note is the city’s business district along Van Dyke Avenue, also known as Michigan Highway 53. The avenue boasts many businesses that have called Center Line home for generations. Binson’s Home Health Care Supplies, a well-known business with stores throughout metropolitan Detroit, began with a single store in Center Line. Ed Rinke Chevy, Buick, and GMC has been a staple along Van Dyke Avenue for generations.

Center Line’s business community is steeped in history and deeply intertwined with the automotive industry, but what truly makes Center Line special is its residents, and small-town lifestyle. Despite being part of a large metropolitan region, Center Line is the kind of city where everyone knows their neighbors and where community involvement is typical, not the exception. Whether it be the city’s annual Independence Festival and fireworks show, the high school football games at Memorial Park each fall, the city’s annual open house, or the Beautification Committee out in the community planting flowers, there is usually something going on in Center Line that connects people and provides a sanctuary from the sometimes hectic, fast-paced world outside the city’s limits.

Historically, blue collar factory workers and their families have called Center Line their home. Today, Center Line is economically very diverse, yet is still deeply rooted in the tradition of being a community that provides a safe, friendly place to call home. Whether it be an apartment, multi-family home, assisted-living housing, or a traditional home, Center Line has a wide variety of properties from which potential residents can choose. Since 2015, the City of Center Line housing stock has gained in occupancies, both owner occupied and rental properties, while all of the multi-family residential properties are reporting 100% occupancies.

Long-term Financial Planning

Each February, city management presents a five-year financial forecast, which aids the council in developing long-term budgetary goals. For the five-year financial forecast presented in February 2017, city management continued to recommend that the city make aggressive contributions towards its other post-employment benefits (OPEB) obligation. As the forecast showed, annual employee legacy costs are projected to rise to approximately 32% of total city expenditures by fiscal year 2020.

On June 30, 2013, council established the OPEB Investment Trust Fund and committed that year and each fiscal year since to make voluntary contributions to the fund, which as of the date of this report has increased the funding of the Trust by \$3.8 million in the past three fiscal years. This figure represents approximately 14.3% of the current OPEB liability. The aggressive funding plan is key to the city's long-term fiscal stability as the projected investment income from the principal invested today will be used in future years to supplement the general fund budget when legacy costs become otherwise insurmountable.

MAJOR INITIATIVES

Triennial Budget

The city developed a triennial budget covering fiscal years 2018 through 2020. The budget was passed at the department level in the General Fund and at the fund level for all other funds. While council only has legal authority to adopt one fiscal year of the budget, the purpose of the triennial budget is truly to allow council, city management, and the public to better understand the long-term financial implications of immediate-term financial decisions. City departments were asked to review all operations and to prioritize potential future capital projects during the budget process.

The budget also includes a three-year capital improvement plan, which will fund almost \$800,000 in capital improvements like a new fire engine, public safety vehicles and a new dump truck. The current plan calls for budgeted transfers of \$140,000 from the general fund and projects the need to raise over \$600,000 in bond proceeds by fiscal year 2020.

Elimination of Post-Employment Healthcare for Most Current and All Future Employees

Like many communities, the City of Center Line has learned the true cost of legacy benefits like retiree health care insurance. While the decisions of the past cannot and should not be un-done, the city has worked with all the unions of the city as well as all non-union personnel to ensure that no new employees hired at the City of Center Line will receive post-employment healthcare benefits. This factor combined with the city's contributions to the OPEB Investment Trust will help to reduce the OPEB liability in subsequent years.

Capital Projects and Equipment Purchases

The city continued to replace equipment and upgrade information systems in all departments.

As part of the fiscal year 2013 budget, the city established a five-year capital improvement plan in order to address aging equipment, vehicles, buildings, and other infrastructure. The capital improvement plan has been updated annually as part of the triennial budget each subsequent year since. The development of the five-year capital improvement plan focused on both the essential needs of the city in order to provide core services to its residents and businesses as well as the funding sources to achieve the financing requirements of the projects. In 2016, the city established a three-year plan to upgrade all computer software and hardware systems, while consolidating computer systems for the entire city in one climate controlled environment. Much of the funding for this program is coming from an established Building Fund. The Building Fund is meant to address Municipal Complex, Recreation Building, DPW Building, and Library Building needs, both structural and technology improvements.

Grant Opportunities & Economic Development

The City of Center Line continues to aggressively pursue all grant and economic development opportunities in an effort to supplement tax revenues for the improvement of facilities, equipment and services.

In September 2015, the city was awarded a Stormwater, Asset Management, and Wastewater (SAW) Grant in the amount of \$868,680, which will require a \$96,520 match, to develop stormwater asset management plan and a stormwater management plan, which began in the Spring of 2016 and run through the Fall of 2018.

OTHER INFORMATION

SEC Disclosure under Rule 15c2-12

Securities and Exchange Commission (SEC) Rule 15c2-12 requires that issuers of municipal securities undertake to provide certain annual financial information to various information repositories. In recognition that a CAFR is an appropriate disclosure document for providing information useful to existing and potential investors in the secondary market, and in order to meet our obligation to provide periodic disclosure for the secondary market as required by Rule 15c2-12, the City of Center Line has elected to include in this CAFR tables providing quantitative data on those activities which require such disclosure. Those tables can be found in the statistical section of the CAFR.

Independent Audit

The city charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the city by independent certified public accountants selected by the city council. This requirement has been complied with, and the independent auditor's report has been included in this report.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments that publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Center Line for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fifth consecutive year the city has achieved this prestigious award.

A Certificate of Achievement is valid for a period of one year only. We believe that 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 the certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire city hall staff. We also wish to express our sincere appreciation to city department heads throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the members of the city council for their interest and support in planning and conducting the financial operation of the city in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Champine".

Dennis E. Champine
City Manager and Clerk

A handwritten signature in black ink, appearing to read "Mark Knapp".

Mark Knapp
Director of Finance and Treasurer

**City of Center Line, Michigan
GFOA Certificate of Achievement
June 30, 2017**



Government Finance Officers Association

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

Presented to

**City of Center Line
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Center Line, Michigan
List of Elected and Appointed Officials
June 30, 2017

City Council

Robert Binson, Mayor

Ron Lapham, Mayor Pro-Tem

Nick Chakur, Council Member

Mary Hafner, Council Member

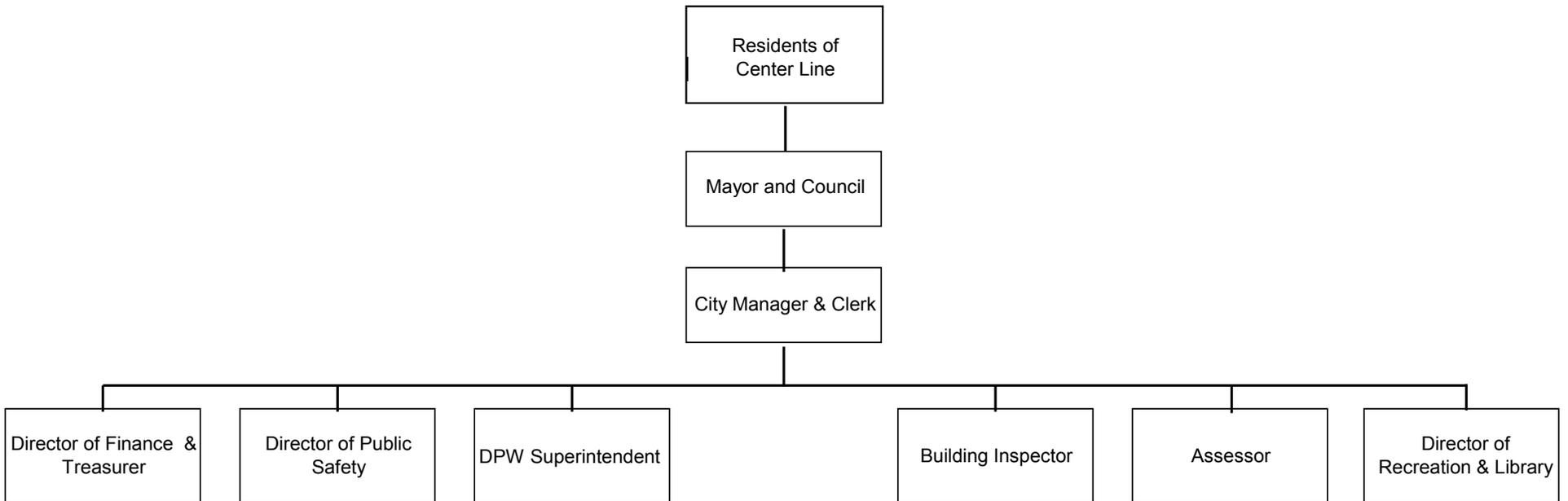
James Reid, Council Member

Other Officers and Officials

Dennis Champine, City Manager and Clerk

Mark Knapp, Director of Finance and Treasurer

City of Center Line, Michigan
Organizational Chart
June 30, 2017



FINANCIAL SECTION



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Independent Auditors' Report

City Council and Management
City of Center Line

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 unit, each major fund, and the aggregate remaining fund information of the City of Center Line, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 unit, each major fund, and the aggregate remaining fund information of the City of Center Line, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Other Post-Employment Benefit schedules, Police and Fire Pension Plan schedules, and the Municipal Employees Retirement System schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary 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 Supplementary Information

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

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the City of Center Line's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Center Line's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Center Line's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI

December 21, 2017

City of Center Line, Michigan
Management's Discussion and Analysis
June 30, 2017

The following is a discussion and analysis of the City of Center Line's financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2017. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page 2-1 of this report, our letter of transmittal on pages 1-1 through 1-6, and with the City of Center Line's financial statements, which follow this section. This discussion provides comparisons with the previous fiscal year as required by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position or the amount assets and deferred outflows exceeded liabilities and deferred inflows, were \$3,321,779 at the close of 2017 (excluding component units). This is an increase of \$1,185,256 or 55.48% compared to 2016.
- Governmental activities net position was \$(11,926,150) for 2017. This is an increase of \$616,851 or 6.17% compared to 2016.
- Business-type activities net position was \$15,247,929. This is an increase of \$568,405 or 5.56% compared to 2016.
- Component unit net position was \$616,719. This is a decrease of \$47,211 or 7.11% compared to 2016.

Fund Level

- At the close of the fiscal year, the City of Center Line's governmental funds reported a combined ending fund balance of \$2,867,130, an increase of \$382,499 or 15.39% compared to 2016. Of this amount, \$188,015 was classified as nonspendable, \$1,382,986 was classified as restricted, and \$1,296,129 was classified as unassigned.
- The General Fund's overall fund balance increased \$372,370 from 2016. A significant factor in the fund balance increase was higher than expected distributions from the State for personal property tax millage reimbursements.

Capital and Long-term Debt Activities

- The primary government (governmental activities) issued no new debt for the fiscal year.
- The total long-term debt for the primary government (governmental activities) was \$419,823 with a net decrease of \$96,827 from the prior year.
- The total long-term debt for the primary government (business-type activities) was \$5,959,517 with a decrease of \$1,110,358 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City of Center Line consists of the following components: 1) Independent Auditors Report; 2) Management' Discussion and Analysis and 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and Other Supplementary Information including combining financial statements for all nonmajor governmental funds, budget to actual comparisons for all nonmajor governmental funds, and combining financial statements for all fiduciary funds. Budget to actual comparisons for all nonmajor governmental funds, and combining financial statements for all fiduciary funds.

City of Center Line, Michigan
Management's Discussion and Analysis
June 30, 2017

Government-wide Financial Statements (Reporting the City of Center Line as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the City of Center Line as a whole, and about its activities. Their purpose is to assist in answering the question, is the City of Center Line, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 4-1) presents all of the City of Center Line's assets and deferred outflows, less liabilities and deferred inflows, the difference of which is known as "net position". Over time, increases or decreases in net position measure whether the City of Center Line's financial position is improving or deteriorating.

The Statement of Activities (page 4-3) presents information showing how the City of Center Line's net position changed during the current fiscal year. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** – Most of the City of Center Line's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City of Center Line's general government departments such as public safety, the city council, public works, recreation and library programs are reported under these activities. This also includes the activities such as the Major and Local street maintenance, Drug Enforcement, and Tax Reversion Rehabilitation programs.
- **Business-type Activities** – These activities operate like private businesses. The City of Center Line charges fees to recover the cost of the services provided. The City of Center Line's Water & Sewer Fund and the Solid Waste Disposal Fund are examples of such activities.
- **Discretely Presented Component Unit** – The Downtown Development Authority is a Discretely Presented Component Unit and is a legally separate organization for which the City of Center Line's City Council appoints the authority's board and there is a degree of financial accountability to the City of Center Line.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 4-6 and 4-9 present reconciliations between the two statement types. The following summarizes the most common impacts of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however, depreciation expense is reported on the government-wide statements.

City of Center Line, Michigan
Management's Discussion and Analysis
June 30, 2017

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City of Center Line's general capital assets such as buildings, land, equipment, improvements, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the City of Center Line's Major Funds)

The fund financial statements, which begin on page 4-4, provide information on the City of Center Line's significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City of Center Line uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by grant agreements. Funds are also utilized to track specific operations; these include the enterprise funds, which include the Water & Sewer Fund as well as the Solid Waste Disposal Fund.

The *basic financial statements* report major funds as defined by the Governmental Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for City of Center Line include the General Fund, Public Safety Fund, Debt Service Fund, and the Water & Sewer Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The City of Center Line includes detailed information on its nonmajor funds in other supplementary sections of this report.

The City of Center Line funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches:

- **Governmental Funds** – Most of the City of Center Line's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City of Center Line's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Debt Service Funds* (used to report debt tax millage collections and payment of long term debt), and *Capital Projects Funds* (used to report major capital acquisitions and construction).

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- **Proprietary Funds** – Services for which the City of Center Line charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. The City has one type of proprietary fund. *Enterprise funds* report activities that provide supplies and/or services to the general public, such as the Water & Sewer Fund and the Solid Waste Disposal Fund.
- **Fiduciary Funds** – The City of Center Line acts as a trustee or fiduciary in certain instances. The City of Center Line fiduciary activities are reported in separate statements of Fiduciary Net Position on page 4-16, Statement of Changes in Fiduciary Net Position on page 4-17, and Schedule of Changes in Assets and Liabilities beginning on page 6-14. These funds are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the City of Center Line to fund its operations.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 4-18 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds. It also includes required schedules for both of the city's pension systems as well as the city's other postemployment benefits (OPEB) plan.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

Chapter 1 FINANCIAL ANALYSIS OF THE CITY OF CENTER LINE AS A WHOLE

As previously stated, the City of Center Line's combined net position was \$3,321,779 at the end of this fiscal year's operations. The net position of the governmental activities was \$(11,926,150); the net position of business-type activities was \$15,247,929.

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Net Position as of June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 4,397,281	\$ 3,141,641	\$ 2,390,278	\$ 3,364,158	\$ 6,787,559	\$ 6,505,799
Capital assets	<u>3,741,803</u>	<u>3,857,071</u>	<u>19,338,968</u>	<u>19,038,554</u>	<u>23,080,771</u>	<u>22,895,625</u>
Total assets	8,139,084	6,998,712	21,729,246	22,402,712	29,868,330	29,401,424
Deferred Outflows of Resources						
Deferred Charges	<u>1,044,746</u>	<u>2,271,115</u>	<u>111,002</u>	<u>175,953</u>	<u>1,155,748</u>	<u>2,447,068</u>
Total assets and deferred outflows	<u>9,183,830</u>	<u>9,269,827</u>	<u>21,840,248</u>	<u>22,578,665</u>	<u>31,024,078</u>	<u>31,848,492</u>
Liabilities						
Current	1,814,819	1,209,646	1,337,327	1,561,824	3,152,146	2,771,470
Noncurrent	<u>17,352,305</u>	<u>20,403,519</u>	<u>5,254,992</u>	<u>6,337,317</u>	<u>22,607,297</u>	<u>26,740,836</u>
Total liabilities	19,167,124	21,613,165	6,592,319	7,899,141	25,759,443	29,512,306
Deferred Inflows of Resources						
Deferred inflows	<u>1,942,856</u>	<u>199,663</u>	<u>-</u>	<u>-</u>	<u>1,942,856</u>	<u>199,663</u>
Total liabilities and deferred inflows	<u>21,109,980</u>	<u>21,812,828</u>	<u>6,592,319</u>	<u>7,899,141</u>	<u>27,702,299</u>	<u>29,711,969</u>
Net Position						
Net investment						
in capital assets	3,449,516	3,455,142	13,463,850	12,093,992	16,913,366	15,549,134
Restricted	954,718	1,128,801	-	-	954,718	1,128,801
Unrestricted	<u>(16,330,384)</u>	<u>(17,126,944)</u>	<u>1,784,079</u>	<u>2,585,532</u>	<u>(14,546,305)</u>	<u>(14,541,412)</u>
Total net position	<u>\$ (11,926,150)</u>	<u>\$ (12,543,001)</u>	<u>\$ 15,247,929</u>	<u>\$ 14,679,524</u>	<u>\$ 3,321,779</u>	<u>\$ 2,136,523</u>

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Changes in Net Position for the Fiscal Year Ended June 30, 2017 and 2016

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the City of Center Line's net position changed between fiscal years 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue:						
Charges for services	\$ 1,583,375	\$ 1,028,910	\$ 2,779,694	\$ 2,838,539	\$ 4,363,069	\$ 3,867,449
Operating grants and contributions	1,401,069	631,460	-	-	1,401,069	631,460
Capital grants and contributions	488,753	588,132	-	-	488,753	588,132
General revenues:						
Property taxes	5,907,603	6,243,618	-	-	5,907,603	6,243,618
Payment in lieu of taxes	139,270	107,089	-	-	139,270	107,089
State-shared revenue	913,076	964,936	-	-	913,076	964,936
Cable franchise fees	-	153,219	-	-	-	153,219
Investment and rent earnings	15,176	20,673	65	1,430	15,241	22,103
Miscellaneous	80,733	56,043	-	-	80,733	56,043
Total revenues	<u>10,529,055</u>	<u>9,794,080</u>	<u>2,779,759</u>	<u>2,839,969</u>	<u>13,308,814</u>	<u>12,634,049</u>
Expenses						
General government	3,173,289	2,475,375	-	-	3,173,289	2,475,375
Public safety	3,577,847	5,362,279	-	-	3,577,847	5,362,279
Public works	1,394,708	1,662,827	-	-	1,394,708	1,662,827
Community and economic development	27,345	4,484	-	-	27,345	4,484
Recreation and cultural	706,305	618,943	-	-	706,305	618,943
Water and sewer	-	-	2,942,063	2,792,209	2,942,063	2,792,209
Solid waste disposal	-	-	289,005	-	289,005	-
Interest on long-term debt	12,996	16,001	-	-	12,996	16,001
Total expenses	<u>8,892,490</u>	<u>10,139,909</u>	<u>3,231,068</u>	<u>2,792,209</u>	<u>12,123,558</u>	<u>12,932,118</u>
Excess revenues over (under) expenses before transfers	1,636,565	(345,829)	(451,309)	47,760	1,185,256	(298,069)
Transfers	<u>(1,019,714)</u>	<u>(1,095,156)</u>	<u>1,019,714</u>	<u>1,095,156</u>	<u>-</u>	<u>-</u>
Change in net position	616,851	(1,440,985)	568,405	1,142,916	1,185,256	(298,069)
Net position (deficit), beginning of year	<u>(12,543,001)</u>	<u>(11,102,016)</u>	<u>14,679,524</u>	<u>13,536,608</u>	<u>2,136,523</u>	<u>2,434,592</u>
Net position (deficit),end of year	<u>\$ (11,926,150)</u>	<u>\$ (12,543,001)</u>	<u>\$ 15,247,929</u>	<u>\$ 14,679,524</u>	<u>\$ 3,321,779</u>	<u>\$ 2,136,523</u>

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Governmental Activities

Fiscal year 2017 results showed an increase in net position of \$616,851. The ending net deficit for governmental activities was \$11,926,150. Of the total governmental activities' net deficit, \$3,449,516 represents the net investment in capital assets, \$954,718 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the City of Center Line's government. The remaining net deficit position of \$(16,330,384) is listed as unrestricted, having no legal commitment.

Revenues:

The three largest revenue categories were property taxes at 56.1 %, other state grants of 15.1%, charges for services at 13.3% and state shared revenue at 8.7%. These figures are consistent with prior fiscal periods with the addition of other state grants, primarily distributions replacing tax revenue lost from the removal of personal property from the city tax roll.

Expenses

Public safety was the largest governmental activity with \$3.6 million spent of the \$8.9 million total expenditures. Public safety costs include expenses associated with current public safety operations, capital costs, and retiree medical benefits. Also included is the city's annual obligation to the Police and Fire Retirement System, which is determined by an outside actuarial valuation each year.

General government is the second largest governmental activity, expending just over \$3.0 million. This includes administration, elections and other legislative expenses, district court costs, as well as utility costs associated with municipal buildings.

Public works is the third largest governmental activity, expending \$1.4 million. Public works expenses include routine maintenance of city structures and parking lots, major and local street repair and replacement projects, as well as state trunk line maintenance expenses.

Business-type Activities

Fiscal year 2017 results showed an increase in net position of \$568,405. The ending net position for business-type activities was \$15,247,929. The increase, though less than the previous fiscal year's increase of \$1.1 million, was mainly due to the transfer into the Water and Sewer Fund for debt service obligations.

Of the total \$15.2 million of net position in the business-type activities, \$1.8 million is reported as unrestricted, and \$13.5 million is the net investment in capital assets. City management has designated \$1,000,000 of the unrestricted net position to be used for future water and sewer system capital projects.

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FINANCIAL ANALYSIS OF THE CITY OF CENTER LINE'S MAJOR AND NONMAJOR FUNDS

As the City of Center Line completed fiscal year 2017, its governmental funds reported *combined* fund balances of \$2,867,130. The net changes are summarized in the following chart:

	General Fund	Public Safety Fund	Debt Service Fund	Special Assess- ment Fund	Nonmajor Governmental Funds
Fund Balance 6/30/17	\$ 1,944,243	\$ 336,512	\$ 249,614	\$ (525,410)	\$ 862,171
Fund Balane 6/30/16	\$ 1,571,873	\$ 290,417	\$ 12,080	\$ (112,715)	\$ 722,976
Net Change	\$ 372,370	\$ 46,095	\$ 237,534	\$ (412,695)	\$ 139,195

The General Fund balance increased by \$372,370. This is primarily due to higher than expected distributions from the State for personal property tax millage reimbursements.

In accordance with state statutes, the city established the Public Safety Fund in 2012 in order to properly account for the Public Safety Millage. While the millage did raise approximately \$1.1 million in 2017, the Public Safety Fund still had a funding shortfall of \$987,189, which was covered by the city's operating millage via a transfer of the shortfall between the two funds. The fund ended the year with a fund balance of \$336,512, of which \$271,714 was restricted for retiree healthcare benefits, and \$64,798 of which were nonspendable.

In order to create more transparent financial reporting, the city established the Debt Service Fund in 2013 to account for debt service millage revenues and associated debt service principal and interest apart from the General Fund. The fund is self-sustaining as the debt service millage is levied each year in order to collect an amount equal to debt service payments due for that fiscal year. The fund ended the year with a fund balance of \$249,614. The entire balance was restricted for future debt service payments.

Nonmajor governmental funds saw an increase in fund balance of \$251,910. The most significant fund impacting this increase were the Major and Local Roads funds with an increases of \$16,580 and \$106,777, respectively.

General Fund

The General Fund is the chief operating fund of the City of Center Line. Unless otherwise required by statue, contractual agreement, or Council policy, all City of Center Line revenues and expenditures are recorded in the General Fund. As of June 30, 2017, the General Fund reported a fund balance of \$1,944,243. This amount is a decrease of \$372,370 from the fund balance of \$1,571,873 reported as of June 30, 2016. Of the total fund balance, \$122,704 is nonspendable and \$1,821,539 is unassigned.

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General Fund Budgetary Highlights

The City of Center Line's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

General Fund revenues and other financing sources totaled \$4,919,525; \$103,774 over the final amended budget. The overage was the result of higher than expected service fee revenues and fines and forfeiture revenues, principally collections from the 37th District Court.

The City of Center Line's expenditures and other financing uses totaled \$4,547,155; \$270,965 less than the final amended budget. Several departments at the city completed the fiscal year with expenditures significantly under approved budget levels.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2017, the City of Center Line had invested \$3,741,803 and \$19,338,968 (net of accumulated depreciation) for governmental and business-type capital assets, respectively. Accumulated depreciation was \$5,409,124 for the governmental activities and \$7,972,706 for the business-type activities. Depreciation charges for the fiscal year totaled \$256,961 for the governmental activities and \$404,754 for the business-type activities.

For more detailed information related to capital assets, refer to Note 6 of the notes to the financial statements.

The summary of capital assets below shows the net capital assets for both governmental and business-type activities as of June 30, 2017.

	Governmental Activities	Business Type Activities	Total
Land	\$ 1,471,164	\$ -	\$ 1,471,164
Construction in progress	-	967,446	967,446
Buildings and Improvements, net	1,128,518	589,104	1,717,622
Machinery and Equipment, net	676,281	495,639	1,171,920
Land Improvements, net	465,840	-	465,840
Sewer System, net	-	17,286,779	17,286,779
Capital assets, net	\$ 3,741,803	\$ 19,338,968	\$ 23,080,771

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Long-term Debt – As of June 30, 2017, the City of Center Line had \$6,379,340 in bonds and compensated absences outstanding. Of this amount, \$6,251,804 is bonds and \$127,536 is compensated absences. This level of net obligation is \$1,207,185 less than the obligation recorded as of June 30, 2016. For more detailed information related to long-term debt, refer to Note 8 to the financial statements.

Outstanding Debt as of June 30, 2017

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>
Governmental Activities				
Bonds	\$ 401,929	\$ -	\$ 109,642	\$ 292,287
Compensated absences	<u>114,721</u>	<u>187,519</u>	<u>174,704</u>	<u>127,536</u>
Total Governmental Activities	516,650	187,519	284,346	419,823
Total Business-Type Activities - Bonds	<u>7,069,875</u>	<u>-</u>	<u>1,110,358</u>	<u>5,959,517</u>
Total Primary Government	<u>\$ 7,586,525</u>	<u>\$ 187,519</u>	<u>\$ 1,394,704</u>	<u>\$ 6,379,340</u>
Debt Limit (10% of SEV)				17,877,241
Available Statutory Debt Limit				15,516,903

Limitations on Debt

State statute limits the City of Center Line's debt obligations to 10 percent of the current state equalized value (SEV), net of certain adjustments. The City of Center Line's SEV as of June 30, 2017, net of adjustments, was \$179 million; therefore, the City of Center Line's debt limitation was \$17.9 million. The City of Center Line remains below its legal debt limit by approximately \$15.5 million. The city's computation of the legal debt limit is shown in the statistical section of this report.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

State-wide Tax and Revenue Sharing Policies

The State of Michigan's economic conditions, while improving at the state level and in the private sector, are still challenging at the local government level. This is mainly due to taxable value declines in previous years that will effectively never be recovered because of state statutes, such as Proposal A and the Headlee Amendment. While the city benefited from increases in State shared revenues and Act 51 transportation funding in the current fiscal period, both taxable values and state-sourced revenues have decreased significantly over the last ten years.

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While taxable values at the city have begun to increase, the long-term impact of Proposal A and the Headlee Amendment are clear. The city is critically under-staffed, has substantial capital improvement needs, and is mired in millions of dollars of unfunded pension and retiree healthcare benefit obligations. Years of underfunding as a result of permanently lost tax revenues and state shared revenues are a key driver of these deficiencies.

Accelerated Funding of Pension and Healthcare Liabilities

To address the aforementioned unfunded pension and retiree healthcare liabilities, beginning in fiscal year 2013, the city began making accelerated contributions to the city's newly-established investment trust fund for other post-employment benefits (OPEB). In fiscal years 2013, 2014, and 2015, the city contributed amounts in excess of the annual required contribution in an attempt to increase the funded level of the plan.

On July 1, 2014, the city began to make accelerated contributions to its non-public safety defined benefit pension plans. Working with personnel from the Municipal Employees' Retirement System (MERS), city management recommended and city council approved a plan that is projected to fully fund the city's non-public safety defined benefit pension plans over the next 20 years.

To date, the city is on pace to achieve the fully funded goal in a shorter period of time than 20 years. This is because of council actions taken in August 2015, which authorized a one-time payment of \$500,000 from the general fund to the Municipal Employees' Retirement System (MERS) to 'catch-up' the city's funding ratio from 49 percent funded to approximately 55 percent funded.

For future fiscal periods, the impact of the city's current accelerated contributions to both the OPEB and pension plans will be a key part to the city's chances of maintaining a stable financial position in the face of ever-increasing medical and pension costs.

CONTACTING THE CITY OF CENTER LINE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Center Line's finances and to demonstrate the City of Center Line's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of Center Line Treasurer's Office at (586) 757-6800.

City of Center Line, Michigan
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,662,806	\$ 438,380	\$ 2,101,186	\$ 161,752
Investments	2,223,634	1,287,559	3,511,193	394,071
Receivables				
Taxes	7,765	-	7,765	-
Customers	176,130	658,566	834,696	-
Special assessments	526,636	-	526,636	-
Accrued interest and other	4,406	-	4,406	-
Due from other units of government	304,787	-	304,787	-
Prepaid items	188,015	5,773	193,788	-
Investment in joint venture	(696,898)	-	(696,898)	-
Total current assets	<u>4,397,281</u>	<u>2,390,278</u>	<u>6,787,559</u>	<u>555,823</u>
Noncurrent assets				
Capital assets not being depreciated	1,471,164	967,446	2,438,610	4,500
Capital assets, net of accumulated depreciation	<u>2,270,639</u>	<u>18,371,522</u>	<u>20,642,161</u>	<u>56,999</u>
Total noncurrent assets	<u>3,741,803</u>	<u>19,338,968</u>	<u>23,080,771</u>	<u>61,499</u>
Total assets	<u>8,139,084</u>	<u>21,729,246</u>	<u>29,868,330</u>	<u>617,322</u>
Deferred Outflows of Resources				
Deferred charges, net of amortization	-	84,399	84,399	-
Deferred amount relating to net pension liability – MERS	276,583	26,603	303,186	-
Deferred amount relating to net pension liability – Police and Fire Pension	<u>768,163</u>	-	<u>768,163</u>	-
Total deferred outflows of resources	<u>1,044,746</u>	<u>111,002</u>	<u>1,155,748</u>	-
Total assets and deferred outflows of resources	<u>9,183,830</u>	<u>21,840,248</u>	<u>31,024,078</u>	<u>617,322</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 662,364	\$ 132,029	\$ 794,393	\$ -
Checks written against future deposits	820,517	-	820,517	-
Accrued and other liabilities	168,954	48,534	217,488	603
Due to fiduciary fund	8,857	-	8,857	-
Unearned revenue	14,007	-	14,007	-
Debt due within one year	140,120	1,156,764	1,296,884	-
Total current liabilities	<u>1,814,819</u>	<u>1,337,327</u>	<u>3,152,146</u>	<u>603</u>
Noncurrent liabilities				
Debt due in more than one year	279,703	4,802,753	5,082,456	-
Other postemployment benefit obligations	6,532,832	73,412	6,606,244	-
Net pension liability – MERS	3,957,755	378,827	4,336,582	-
Net pension liability – Police and Fire Pension	6,582,015	-	6,582,015	-
Total noncurrent liabilities	<u>17,352,305</u>	<u>5,254,992</u>	<u>22,607,297</u>	<u>-</u>
Total liabilities	<u>19,167,124</u>	<u>6,592,319</u>	<u>25,759,443</u>	<u>603</u>
Deferred Inflows of Resources				
Deferred amount on net pension liability – Police and Fire Pension	1,942,856	-	1,942,856	-
Total liabilities and deferred inflows of resources	<u>21,109,980</u>	<u>6,592,319</u>	<u>27,702,299</u>	<u>603</u>
Net Position				
Net investment in capital assets	3,449,516	13,463,850	16,913,366	61,499
Restricted for				
Capital projects	25,214	-	25,214	-
Drug law enforcement	13,743	-	13,743	-
Debt service	249,315	-	249,315	-
Other post employment benefits	353,672	-	353,672	-
Streets	312,774	-	312,774	-
Unrestricted (deficit)	<u>(16,330,384)</u>	<u>1,784,079</u>	<u>(14,546,305)</u>	<u>555,220</u>
Total net position	<u>\$ (11,926,150)</u>	<u>\$ 15,247,929</u>	<u>\$ 3,321,779</u>	<u>\$ 616,719</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 3,173,289	\$ 964,298	\$ 568,742	\$ -	\$ (1,640,249)	\$ -	\$ (1,640,249)	\$ -
Public safety	3,577,847	101,551	209,165	419,243	(2,847,888)	-	(2,847,888)	-
Public works	1,394,708	413,398	608,909	44,796	(327,605)	-	(327,605)	-
Community and economic development	27,345	-	-	24,714	(2,631)	-	(2,631)	-
Recreation and culture	706,305	104,128	14,253	-	(587,924)	-	(587,924)	-
Interest and fiscal charges on long-term debt	12,996	-	-	-	(12,996)	-	(12,996)	-
Total governmental activities	<u>8,892,490</u>	<u>1,583,375</u>	<u>1,401,069</u>	<u>488,753</u>	<u>(5,419,293)</u>	<u>-</u>	<u>(5,419,293)</u>	<u>-</u>
Business-type activities								
Water and sewer	2,942,063	2,503,446	-	-	-	(438,617)	(438,617)	-
Solid waste disposal	289,005	276,248	-	-	-	(12,757)	(12,757)	-
Total business-type activities	<u>3,231,068</u>	<u>2,779,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(451,374)</u>	<u>(451,374)</u>	<u>-</u>
Total primary government	<u>\$ 12,123,558</u>	<u>\$ 4,363,069</u>	<u>\$ 1,401,069</u>	<u>\$ 488,753</u>	<u>(5,419,293)</u>	<u>(451,374)</u>	<u>(5,870,667)</u>	<u>-</u>
Component unit								
Downtown Development Authority	<u>\$ 64,748</u>	<u>\$ 7,500</u>	<u>\$ 5,000</u>	<u>\$ -</u>				<u>(52,248)</u>
General revenues								
Property taxes					5,907,603	-	5,907,603	5,017
Payment in lieu of taxes					139,270	-	139,270	-
State-shared revenue					913,076	-	913,076	-
Investment and rent earnings					15,176	65	15,241	20
Miscellaneous					80,733	-	80,733	-
Transfers					(1,019,714)	1,019,714	-	-
Total general revenues and transfers					<u>6,036,144</u>	<u>1,019,779</u>	<u>7,055,923</u>	<u>5,037</u>
Change in net position					616,851	568,405	1,185,256	(47,211)
Net position – beginning of year					(12,543,001)	14,679,524	2,136,523	663,930
Net position – end of year					<u>\$ (11,926,150)</u>	<u>\$ 15,247,929</u>	<u>\$ 3,321,779</u>	<u>\$ 616,719</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Balance Sheet
June 30, 2017

	General	Special Revenue Fund Public Safety	Debt Service	Capital Projects Fund Special Assessment	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 979,384	\$ -	\$ 257,098	\$ -	\$ 426,324	\$ 1,662,806
Investments	1,261,086	496,296	-	-	466,252	2,223,634
Receivables						
Taxes	796	4,215	2,754	-	-	7,765
Customers	52,394	16,542	-	-	107,194	176,130
Special assessments	-	-	-	526,636	-	526,636
Due from other units of government	189,778	-	-	-	115,009	304,787
Due from other funds	4,406	-	-	-	-	4,406
Prepaid items	122,704	64,798	-	-	513	188,015
Total assets	<u>\$ 2,610,548</u>	<u>\$ 581,851</u>	<u>\$ 259,852</u>	<u>\$ 526,636</u>	<u>\$ 1,115,292</u>	<u>\$ 5,094,179</u>
Liabilities						
Accounts payable	\$ 564,860	\$ 34,108	\$ 7,908	\$ 46,661	\$ 8,827	\$ 662,364
Checks written against future deposits	-	97,975	-	478,749	243,793	820,517
Accrued and other liabilities	69,728	96,096	-	-	501	166,325
Due to other funds	8,857	-	-	-	-	8,857
Unearned revenue	14,007	-	-	-	-	14,007
Total liabilities	<u>657,452</u>	<u>228,179</u>	<u>7,908</u>	<u>525,410</u>	<u>253,121</u>	<u>1,672,070</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Balance Sheet
June 30, 2017

	<u>General</u>	<u>Special Revenue Fund Public Safety</u>	<u>Debt Service</u>	<u>Capital Projects Fund Special Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources						
Unavailable revenue						
Grant receipts	-	13,524	-	-	-	13,524
Delinquent tax receivables	4,514	3,636	2,330	-	-	10,480
Delinquent special assessments receivable	-	-	-	526,636	-	526,636
Delinquent blight receivables	4,339	-	-	-	-	4,339
Total deferred inflows of resources	<u>8,853</u>	<u>17,160</u>	<u>2,330</u>	<u>526,636</u>	<u>-</u>	<u>554,979</u>
Fund Balances						
Non-spendable						
Prepaid items	122,704	64,798	-	-	513	188,015
Restricted for						
Other post employment benefits	-	271,714	-	-	-	271,714
Debt service	-	-	249,614	-	-	249,614
Streets	-	-	-	-	823,927	823,927
Capital projects	-	-	-	-	23,988	23,988
Drug law enforcement	-	-	-	-	13,743	13,743
Unassigned (deficit)	1,821,539	-	-	(525,410)	-	1,296,129
Total fund balances	<u>1,944,243</u>	<u>336,512</u>	<u>249,614</u>	<u>(525,410)</u>	<u>862,171</u>	<u>2,867,130</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,610,548</u>	<u>\$ 581,851</u>	<u>\$ 259,852</u>	<u>\$ 526,636</u>	<u>\$ 1,115,292</u>	<u>\$ 5,094,179</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2017

Total fund balances for governmental funds	\$ 2,867,130
Total net position for governmental activities in the statement of net position is different because:	
Investment in joint ventures are not included as an asset in the governmental funds.	(696,898)
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	2,270,639
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	1,471,164
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	554,979
Deferred outflows (inflows) or resources.	
Deferred inflows of resources resulting from net pension liability - Police and Fire Pension	(1,942,856)
Deferred outflows of resources resulting from net pension liability - Police and Fire Pension	768,163
Deferred outflows of resources resulting from net pension liability - MERS	276,583
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds and loans payable	(292,287)
Accrued interest	(2,629)
Compensated absences	(127,536)
Net other post employment obligation	(6,532,832)
Net pension liability – MERS	(3,957,755)
Net pension liability – Police and Fire Pension	<u>(6,582,015)</u>
Net position of governmental activities	<u>\$ (11,926,150)</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	General	Special Revenue Fund Public Safety	Debt Service	Capital Projects Fund Special Assessment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 2,316,868	\$ 2,410,483	\$ 1,180,252	\$ -	\$ -	\$ 5,907,603
Licenses and permits	209,567	-	-	-	-	209,567
Intergovernmental						
Federal grants	5,209	649	-	-	439,881	445,739
State-shared revenue	913,076	-	-	-	-	913,076
Other state grants	517,648	203,165	199,408	-	608,909	1,529,130
Local contributions	-	6,000	-	-	3,427	9,427
Charges for services	454,821	22,601	-	-	-	477,422
Fines and forfeitures	473,333	7,713	-	-	4,317	485,363
Interest income	11,333	24	-	3,796	23	15,176
Special assessments	-	-	-	44,796	-	44,796
Other revenue	17,670	7,269	-	-	7,560	32,499
Total revenues	<u>4,919,525</u>	<u>2,657,904</u>	<u>1,379,660</u>	<u>48,592</u>	<u>1,064,117</u>	<u>10,069,798</u>
Expenditures						
Current						
General government	\$ 1,695,459	\$ -	\$ -	\$ -	\$ -	\$ 1,695,459
Public safety	190,228	3,641,243	-	-	925	3,832,396
Public works	853,947	-	-	-	233,112	1,087,059
Community and economic development	25,276	-	-	-	-	25,276
Recreation and culture	482,468	-	-	-	-	482,468
Other functions	-	-	-	430,870	-	430,870
Capital outlay	40,659	3,850	-	340,567	603,903	988,979
Debt service						
OPEB employer contributions	35,000	-	-	-	-	35,000
Principal retirement	-	-	109,642	-	-	109,642
Interest and fiscal charges	-	-	12,770	-	-	12,770
Total expenditures	<u>3,323,037</u>	<u>3,645,093</u>	<u>122,412</u>	<u>771,437</u>	<u>837,940</u>	<u>8,699,919</u>
Excess (deficiency) of revenues over expenditures	<u>1,596,488</u>	<u>(987,189)</u>	<u>1,257,248</u>	<u>(722,845)</u>	<u>226,177</u>	<u>1,369,879</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>General</u>	<u>Special Revenue Fund Public Safety</u>	<u>Debt Service</u>	<u>Capital Projects Fund Special Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)						
Transfers in	\$ -	\$ 1,033,284	\$ -	\$ 310,150	\$ 351,268	\$ 1,694,702
Transfers out	(1,244,552)	-	(1,019,714)	-	(450,150)	(2,714,416)
Insurance recoveries	-	-	-	-	11,900	11,900
Sale of capital assets	<u>20,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,434</u>
Total other financing sources and uses	<u>(1,224,118)</u>	<u>1,033,284</u>	<u>(1,019,714)</u>	<u>310,150</u>	<u>(86,982)</u>	<u>(987,380)</u>
Net change in fund balance	372,370	46,095	237,534	(412,695)	139,195	382,499
Fund balance – beginning of year	<u>1,571,873</u>	<u>290,417</u>	<u>12,080</u>	<u>(112,715)</u>	<u>722,976</u>	<u>2,484,631</u>
Fund balance – end of year	<u>\$ 1,944,243</u>	<u>\$ 336,512</u>	<u>\$ 249,614</u>	<u>\$ (525,410)</u>	<u>\$ 862,171</u>	<u>\$ 2,867,130</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 382,499
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(256,961)
Capital outlay	141,693

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Intergovernmental revenue	13,525
Special assessments	413,398

Expenses are recorded when incurred in the statement of activities.

Accrued interest	(226)
Compensated absences	(12,815)
Joint venture	(156,932)
Net other post employment obligation	(462,067)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability – MERS	(10,553)
Net change in the deferred outflows of resources related to the net pension liability – MERS	(246,954)
Net change in net pension liability – Police and Fire Pension	3,425,210
Net change in the deferred outflows of resources related to the net pension liability – Police and Fire Pension	(979,415)
Net change in the deferred inflows of resources related to the net pension liability – Police and Fire Pension	(1,743,193)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments of long-term debt	109,642
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Change in net position of governmental activities	\$ 616,851
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See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 434,925	\$ 3,455	\$ 438,380
Investments	1,215,378	72,181	1,287,559
Receivables			
Customers	573,601	84,965	658,566
Prepaid items	5,773	-	5,773
Total current assets	<u>2,229,677</u>	<u>160,601</u>	<u>2,390,278</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	18,371,522	-	18,371,522
Capital assets not being depreciated	967,446	-	967,446
Total noncurrent assets	<u>19,338,968</u>	<u>-</u>	<u>19,338,968</u>
Total assets	<u>21,568,645</u>	<u>160,601</u>	<u>21,729,246</u>
Deferred Outflows of Resources			
Deferred charges, net of amortization	84,399	-	84,399
Deferred amount relating to net pension liability - MERS	26,603	-	26,603
Total assets and deferred outflows of resources	<u>21,679,647</u>	<u>160,601</u>	<u>21,840,248</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 132,029	\$ -	\$ 132,029
Accrued and other liabilities	48,534	-	48,534
Current portion of long-term debt	<u>1,156,764</u>	-	<u>1,156,764</u>
Total current liabilities	<u>1,337,327</u>	-	<u>1,337,327</u>
Noncurrent liabilities			
Other postemployment benefit obligations	73,412	-	73,412
Net pension liability	378,827	-	378,827
Long-term debt net of current portion	<u>4,802,753</u>	-	<u>4,802,753</u>
Total noncurrent liabilities	<u>5,254,992</u>	-	<u>5,254,992</u>
Total liabilities	<u>6,592,319</u>	-	<u>6,592,319</u>
Net Position			
Net investment in capital assets	13,463,850	-	13,463,850
Unrestricted	<u>1,623,478</u>	<u>160,601</u>	<u>1,784,079</u>
Total net position	<u>\$ 15,087,328</u>	<u>\$ 160,601</u>	<u>\$ 15,247,929</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Operating revenue			
Customer fees	\$ 2,503,446	\$ 276,248	\$ 2,779,694
Operating expenses			
Cost of water and sewage disposal	1,555,053	-	1,555,053
Cost of solid waste disposal	-	289,005	289,005
Personnel services	449,513	-	449,513
Utilities	25,747	-	25,747
Repairs and maintenance	130,081	-	130,081
Professional services	95,896	-	95,896
Operating supplies	39,620	-	39,620
Other expenses	5,248	-	5,248
Depreciation	404,754	-	404,754
 Total operating expenses	 <u>2,705,912</u>	 <u>289,005</u>	 <u>2,994,917</u>
 Operating income (loss)	 <u>(202,466)</u>	 <u>(12,757)</u>	 <u>(215,223)</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Nonoperating revenue (expenses)			
Interest income	\$ 60	\$ 5	\$ 65
Bond discount and deferred charges	(40,914)	-	(40,914)
Paying agent fees	(638)	-	(638)
Interest expense	(194,599)	-	(194,599)
 Total nonoperating revenues (expenses)	<u>(236,091)</u>	<u>5</u>	<u>(236,086)</u>
 Income (loss) before transfers	(438,557)	(12,752)	(451,309)
 Transfers in	<u>1,019,714</u>	<u>-</u>	<u>1,019,714</u>
 Change in net position	581,157	(12,752)	568,405
 Net position – beginning of year	<u>14,506,171</u>	<u>173,353</u>	<u>14,679,524</u>
 Net position – end of year	<u>\$ 15,087,328</u>	<u>\$ 160,601</u>	<u>\$ 15,247,929</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,549,440	\$ 267,982	\$ 2,817,422
Payments to suppliers	(2,076,069)	(312,103)	(2,388,172)
Payments to employees and employee trusts	(285,203)	-	(285,203)
Net cash provided (used) by operating activities	<u>188,168</u>	<u>(44,121)</u>	<u>144,047</u>
Cash flows from capital and related financing activities			
Purchases/construction of capital assets	(705,168)	-	(705,168)
Principal and interest paid on long-term debt	(1,305,595)	-	(1,305,595)
Transfer from other funds	1,019,714	-	1,019,714
Net cash provided (used) by capital and related financing activities	<u>(991,049)</u>	<u>-</u>	<u>(991,049)</u>
Cash flows from investing activities			
Purchase of investments	(93)	(5)	(98)
Interest received	60	5	65
Net cash provided (used) by investing activities	<u>(33)</u>	<u>-</u>	<u>(33)</u>
Net change in cash and cash equivalents	(802,914)	(44,121)	(847,035)
Cash and cash equivalents - beginning of year	<u>1,237,839</u>	<u>47,576</u>	<u>1,285,415</u>
Cash and cash equivalents - end of year	<u>\$ 434,925</u>	<u>\$ 3,455</u>	<u>\$ 438,380</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer	Nonmajor Fund Solid Waste	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (202,466)	\$ (12,757)	\$ (215,223)
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	404,754	-	404,754
Changes in assets and liabilities			
Receivables (net)	45,994	(8,266)	37,728
Prepaid items	(656)	-	(656)
Deferred outflows of resources	24,037	-	24,037
Accounts payable	(254,937)	(23,098)	(278,035)
Accrued and other liabilities	7,132	-	7,132
Net pension liability	1,027	-	1,027
Other postemployment benefit obligations	163,283	-	163,283
Net cash provided (used) by operating activities	<u>\$ 188,168</u>	<u>\$ (44,121)</u>	<u>\$ 144,047</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

	Police and Fire Retirement System	OPEB Investment Trust	Total Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ 359,877	\$ 138,559	\$ 498,436	\$ 38,331
Investments				
U.S. Treasury securities	293,049	129,414	422,463	-
Federal agency securities	700,744	307,528	1,008,272	-
Sovereign securities	29,176	14,588	43,764	-
Common and preferred stocks	9,574,487	3,532,291	13,106,778	-
Corporate bonds and notes	1,014,897	401,210	1,416,107	-
Alternative investments	-	114,016	114,016	-
Receivables				
Contributions from employees	4,066	-	4,066	-
Accrued interest	16,926	6,734	23,660	-
Due from other funds	8,857	-	8,857	-
Total assets	<u>12,002,079</u>	<u>4,644,340</u>	<u>16,646,419</u>	<u>\$ 38,331</u>
Liabilities				
Accounts payable	47,046	25,089	72,135	9,448
Due to other funds	4,406	-	4,406	-
Due to others	-	-	-	28,883
Total liabilities	<u>51,452</u>	<u>25,089</u>	<u>76,541</u>	<u>\$ 38,331</u>
Net Position				
Restricted for pension benefits and other employee benefits	<u>\$ 11,950,627</u>	<u>\$ 4,619,251</u>	<u>\$ 16,569,878</u>	

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	Police and Fire Retirement System	OPEB Investment Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer	\$ 759,728	\$ 1,045,006	\$ 1,804,734
Plan members	<u>107,916</u>	<u>-</u>	<u>107,916</u>
Total contributions	<u>867,644</u>	<u>1,045,006</u>	<u>1,912,650</u>
Investment earnings			
Interest and dividends	259,085	112,196	371,281
Change in market value	<u>1,027,548</u>	<u>370,423</u>	<u>1,397,971</u>
Total investment earnings	1,286,633	482,619	1,769,252
Less investment expense	<u>95,468</u>	<u>36,176</u>	<u>131,644</u>
Net investment earnings	<u>1,191,165</u>	<u>446,443</u>	<u>1,637,608</u>
Total additions	<u>2,058,809</u>	<u>1,491,449</u>	<u>3,550,258</u>
Deductions			
Benefits	1,204,186	918,006	2,122,192
Administrative expenses	<u>65,032</u>	<u>15,500</u>	<u>80,532</u>
Total deductions	<u>1,269,218</u>	<u>933,506</u>	<u>2,202,724</u>
Change in net position	789,591	557,943	1,347,534
Net position – beginning of year	<u>11,161,036</u>	<u>4,061,308</u>	<u>15,222,344</u>
Net position – end of year	<u>\$ 11,950,627</u>	<u>\$ 4,619,251</u>	<u>\$ 16,569,878</u>

See Accompanying Notes to the Financial Statements

City of Center Line, Michigan
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The City of Center Line is a second ring suburb of the metropolitan Detroit region, located in Macomb County, Michigan, and has a population of approximately 8,300. Center Line is a home rule city with a city manager/council form of government. The city is located ten (10) miles north of downtown Detroit and is centrally located along U.S. Interstate 696 and just one (1) mile from U.S. Interstate 75, making the city an ideal location for industry and commerce.

The city has five city council members who are selected at large for overlapping four (4) year terms. The council appoints the city manager/clerk, public safety director, and city finance director/treasurer.

The financial statements of the city have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The city's more significant accounting policies are described below.

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the government'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 government (see discussion below for description).

Discretely Presented Component Units – The component unit column in the government-wide financial statements include the financial data of the City's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the

City. The nine (9) members of the Governing Board of the Downtown Development Authority are appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. The Downtown Development Authority does not issue any other form of financial statements except as contained in the June 30, 2017 annual financial statements.

The city has an Economic Development Corporation and a Building Authority; however, these entities had no financial activity during the year.

Joint Venture

The city participates in the following activities which are considered to be joint ventures in relation to the city, due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

South Macomb Disposal Authority – 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 Eastpointe, Roseville, St. Clair Shores, and Warren, Michigan. The city appoints one member to the joint venture's governing board, which then approves the annual budget. The city's net equity interest in the authority's operating reserve totaling \$(696,898) is recorded within the governmental activities column of the statement of net position.

Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, St. Clair Shores, Michigan.

City of Center Line, Michigan
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37th District Court, State of Michigan – The city is a member of the 37th District Court, State of Michigan, which provides services to the residents of the cities of Center Line and Warren. As of the most recent financial statements available, the District Court has no equity. The city is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Complete financial statements for the 37th District Court, State of Michigan can be obtained from the administrative offices at 8300 Common Road, Warren, Michigan.

Government-Wide and Fund Financial Statements

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. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenues, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Public Safety Fund is used to account for the public safety tax collections that are legally restricted to expenditures for the purpose of public safety operations and public safety retirement costs.

The Debt Service Fund is used to account for the general obligation debt millage tax collections as well as the associated principal and interest debt service payments paid from the millage collections.

The Special Assessment Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

The government reports the following major proprietary funds:

The Water and Sewer Fund is used to account for the operations required to provide water and sewer services to the general public. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the government reports the following:

Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements. These include the major street, local street, drug law enforcement, and CDBG (Community Development Block Grant) funds.

Capital Project Fund – Capital Project Funds account for the financial resources to be used for the acquisition or construction of

major capital facilities. This includes the capital improvement fund.

The Solid Waste Fund is used to account for the operations required to provide trash removal services to the general public. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The Trust Funds account for the activities of the employee benefit plans, which accumulate resources for pension and other post-employment benefits obligations to qualified employees. The city's trust funds are the Police and Fire Retirement System Fund and the OPEB Investment Trust Fund.

The Agency Funds account for assets held by the city as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The City's agency funds are the Agency Fund and the Current Tax Collections Fund.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally

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result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds and the solid waste funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds and the solid waste funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Equity

Deposits and investments – Cash and cash equivalents are considered to be 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 based on quoted market price. Investments include U.S. government securities, corporate bonds (both domestic and foreign) and certificates of deposits with maturities of six months – Certificate of Deposit Account Registry Service (CDARS).

In accordance with Michigan Compiled Laws, the city is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of this state or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the state under Section 6

of 1855 PA 105, MCL 21.146.

3. Commercial paper rated at the time of purchase within the 3 highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Police and Fire Retirement System Fund and OPEB Investment Trust Fund are also authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, certain real estate investments, and certain other specified investment vehicles.

The city has designated two banks for the deposit of its funds. The investment policy adopted by the board has authorized investments in accordance with Public Act 196 of 1997. The city's deposits are in accordance with statutory requirements.

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

Property Taxes – All trade and property tax receivables are shown as

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net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each July 1st and December 1st on the taxable valuation of property as of the preceding December 31st. Summer and winter taxes are payable without penalty through August 31st and February 28th, respectively.

The July 1 levy is composed of the county's levy, the State Education Tax assessment, half of school district, intermediate school district, and community college levies, and the all city millages and assessments.

The December 1 levy is composed of second half school, intermediate school district, and community college taxes; the zoological society, art authority, veterans, SMART bus, HCMA, and county drain debt taxes, as well as any unpaid July 1 city levies. All real property taxes not paid to the city by March 1 are turned over to the Macomb County Treasurer for collection. The Macomb County Treasurer remits settlement payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are also remitted to the Macomb County Treasurer. Delinquent personal property taxes are then collected by the Macomb County Treasurer, who transmits any successful collections back to the city. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The city is permitted by state statute to levy taxes up to 25 mills (\$25 per \$1,000 of assessed valuation) for general governmental services other than the payment of debt service. The city is also permitted to levy additional mills specifically designated for police and fire pension, and public safety operations.

Current year ad valorem tax collections can be summarized as follows:

Millage Type	Millage Levied	Tax Levied
City operating	14.6630	\$ 2,167,599
Debt Service	8.0086	1,183,894
Police and fire pension	8.8049	1,301,609
Public safety operating	7.5000	1,108,707
Total	38.9765	\$ 5,761,809

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in more than one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the acquisition value of the item at the date of its donation.

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

Sewer system	70 years
Land Improvements	20 years
Building, additions and improvements	50 years
Machinery and equipment	5 to 20 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year. Deferred charges, net of amortization are included in the business-type and proprietary fund financial statements. The amounts represent the difference between the reacquisition price and net carrying amount of the prior debt.

Compensated absences – It is the City of Center Line’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Interfund transactions – During the course of normal operations, the city has numerous transactions between funds, including

expenditures and transfers of resources to construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Long-term obligations – In the government-wide financial statements, and 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions and Other Post-Employment Benefit (OPEB) Costs – The city offers both pension and retiree healthcare benefits to retirees. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported to MERS. 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. The city receives an actuarial-based calculation to compute the annual required

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contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and 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 the year underpaid amount, if any.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.

Restricted net position – Restrictions of net position shown in the government-wide financial statements indicate restrictions that have been imposed by outside sources which preclude a portion of net position from their use for unrestricted purposes.

Fund equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government’s highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined by City Council. The City Council has delegated this authority to the Director of Finance/Treasurer who has the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments. The general fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government’s policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred

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inflows 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.

Adoption of New Accounting Standards

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefit plans (OPEB), defined benefit and defined contribution, administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

Upcoming Accounting and Reporting Changes

Statement No. 75 *Accounting and Financial Reporting for*

Postemployment Benefits Other Than Pensions establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or

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similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020. Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

Statement No. 87, *Leases* is to improve accounting and financial reporting for leases. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

The City is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance by no later than the first week in June in accordance with the City Charter.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Council.

Encumbrance accounting is employed in all governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year. Budget appropriations are considered spent when goods are received or services are rendered.

Excess of Expenditures Over Appropriations

The City had the following expenditures over appropriations:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Community and economic development	\$ 7,372	\$ 25,276	\$ 17,904
Transfers out	1,192,127	1,244,552	52,425

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Note 3 - Deposits and Investments

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 1,662,806	\$ 2,223,634	\$ 3,886,440
Business-type activities	438,380	1,287,559	1,725,939
Total	2,101,186	3,511,193	5,612,379
Fiduciary funds	536,767	16,111,400	16,648,167
Component unit	161,752	394,071	555,823
Total	\$ 2,799,705	\$ 20,016,664	\$ 22,816,369

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit <90 days)	\$ 2,099,512	\$ 536,767	\$ 161,752	\$ 2,798,031
Investments in securities, mutual funds and similar vehicles	3,511,193	16,111,400	394,071	20,016,664
Petty cash and cash on hand	1,674	-	-	1,674
	\$ 5,612,379	\$ 16,648,167	\$ 555,823	\$ 22,816,369

Interest rate risk – As outlined in footnote 1, the City has a formal investment policy to manage its exposure to fair value losses from

changes in interest rates, other than commercial paper which can only be purchased with a 270-day maturity.

As of year end, the government had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
CDARS	\$ 3,905,264	N/A
Police and Fire Retirement Systems		
U.S. Treasury securities	293,049	16.03
Federal Agency securities	700,744	27.40
Sovereign securities	29,176	N/A
Common and preferred stock	9,574,487	N/A
Corporate bonds	1,014,897	8.51
OPEB Investment Trust Fund		
U.S. Treasury securities	129,414	18.20
Federal Agency securities	307,528	23.43
Corporate bonds	401,210	8.06
Sovereign securities	14,588	N/A
Alternative investments	114,016	N/A
Common and preferred stock	3,532,291	N/A
	\$ 20,016,664	

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not

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more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Police and Fire Retirement System Fund and OPEB Investment Trust Fund are also authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, certain real estate investments, and certain other specified investment vehicles.

As of the year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Rating	Rating Organization
Police and Fire Retirement Systems		
Federal Agency securities	AAA	Moody's
Sovereign securities	A3 to BBB+	Moody's
Common and preferred stock	N/A	Moody's
OPEB Investment Trust Fund		
Federal Agency securities	AAA	Moody's
Corporate bonds	A1 to Ba2	Moody's
Sovereign securities	A3 - BBB+	Moody's
Alternative investments	N/A	N/A
Common and preferred stock	N/A	N/A

Concentration of credit risk – The City has designated two banks for the deposit of its funds. The investment policy adopted by the board has authorized investments in accordance with Public Act 196 of 1997. The city's deposits are in accordance with statutory requirements.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of yearend, \$893,894 or 16% of deposits, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 4 - 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

- U.S. Treasury, Federal Agency, and Sovereign securities of \$ 1,474,499 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$ 1,416,107 are valued using quoted market prices (Level 1 inputs).
- Common and preferred stock of \$ 13,220,794 are valued using quoted market prices (Level 1 inputs).

City of Center Line, Michigan
Notes to the Financial Statements
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Note 5 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue is as follows:

Primary government

Other revenue \$ 14,007

Note 6 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,471,164	\$ -	\$ -	\$ 1,471,164
Capital assets being depreciated				
Land improvements	1,075,178	24,368	-	1,099,546
Buildings, additions and improvements	2,478,674	-	-	2,478,674
Machinery and equipment	3,984,218	117,325	-	4,101,543
Total capital assets being depreciated	<u>7,538,070</u>	<u>141,693</u>	<u>-</u>	<u>7,679,763</u>
Less accumulated depreciation for				
Land improvements	597,194	36,512	-	633,706
Buildings, additions and improvements	1,304,566	45,590	-	1,350,156
Machinery and equipment	3,250,403	174,859	-	3,425,262
Total accumulated depreciation	<u>5,152,163</u>	<u>256,961</u>	<u>-</u>	<u>5,409,124</u>
Net capital assets being depreciated	<u>2,385,907</u>	<u>(115,268)</u>	<u>-</u>	<u>2,270,639</u>
Governmental activities capital assets, net	<u><u>\$ 3,857,071</u></u>	<u><u>\$ (115,268)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,741,803</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction-in-progress	\$ 262,278	\$ 705,168	\$ -	\$ 967,446
Capital assets being depreciated				
Buildings, additions and improvements	1,502,990	-	-	1,502,990
Machinery and equipment	1,643,068	-	-	1,643,068
Utility system	23,198,170	-	-	23,198,170
Total capital assets being depreciated	<u>26,344,228</u>	<u>-</u>	<u>-</u>	<u>26,344,228</u>
Less accumulated depreciation for				
Buildings, additions and improvements	890,175	23,711	-	913,886
Machinery and equipment	1,092,029	55,400	-	1,147,429
Utility system	5,585,748	325,643	-	5,911,391
Total accumulated depreciation	<u>7,567,952</u>	<u>404,754</u>	<u>-</u>	<u>7,972,706</u>
Net capital assets being depreciated	<u>18,776,276</u>	<u>(404,754)</u>	<u>-</u>	<u>18,371,522</u>
Business-type capital assets, net	<u><u>\$ 19,038,554</u></u>	<u><u>\$ 300,414</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,338,968</u></u>

Capital assets activity of the component unit for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital assets not being depreciated				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Capital assets being depreciated				
Buildings, additions and improvements	36,650	-	-	36,650
Machinery and equipment	29,576	-	-	29,576
Total capital assets being depreciated	<u>66,226</u>	<u>-</u>	<u>-</u>	<u>66,226</u>
Less accumulated depreciation for				
Buildings, additions and improvements	4,438	733	-	5,171
Machinery and equipment	1,099	2,957	-	4,056
Total accumulated depreciation	<u>5,537</u>	<u>3,690</u>	<u>-</u>	<u>9,227</u>
Net capital assets being depreciated	<u>60,689</u>	<u>(3,690)</u>	<u>-</u>	<u>56,999</u>
Component unit capital assets, net	<u><u>\$ 65,189</u></u>	<u><u>\$ (3,690)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,499</u></u>

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

Governmental activities	
General government	\$ 57,564
Public safety	122,623
Public works	14,938
Community and economic development	540
Recreation and culture	<u>61,296</u>
 Total governmental activities	 256,961
 Business-type activities	
Water and sewer	<u>404,754</u>
 Total primary government	 <u>\$ 661,715</u>
 Total component unit	 <u>\$ 3,690</u>

The transfers to the Public Safety Fund and the non-major governmental funds from the General Fund were for operating costs in excess of public safety tax levies. The transfers to the Water and Sewer Fund from the Debt Service Fund were for debt payments. The transfers from non-major governmental funds to the Special Assessment Fund were to cover capital projects related to the purpose of those funds. The transfers to the non-major governmental funds from other non-major governmental funds were to fund general operations as allowed by state law.

Note 7 - Interfund Transfers

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor Funds	\$ 211,268
General Fund	Public Safety Fund	1,033,284
Nonmajor Funds	Special Assessment Fund	310,150
Nonmajor Funds	Nonmajor Funds	140,000
Debt Service Fund	Water & Sewer Fund	<u>1,019,714</u>
		<u>\$ 2,714,416</u>

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Note 8 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the general fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds									
General obligation bonds									
2004 Refunding Bonds	\$ 1,490,000	2019	3.50% - 3.80%	\$91,277 - \$108,236	\$ 401,929	\$ -	\$ 109,642	\$ 292,287	\$ 108,236
Compensated absences					<u>114,721</u>	<u>187,519</u>	<u>174,704</u>	<u>127,536</u>	<u>31,884</u>
Total governmental activities					<u>\$ 516,650</u>	<u>\$ 187,519</u>	<u>\$ 284,346</u>	<u>\$ 419,823</u>	<u>\$ 140,120</u>
Business-type activities									
Bonds									
Unlimited tax general obligation bonds									
2004 Refunding Bonds	\$ 3,810,000	2019	3.50% - 3.80%	\$233,675 - \$276,764	\$ 1,028,024	\$ -	\$ 280,358	\$ 747,666	\$ 276,764
2011 Refunding Bonds	4,005,000	2019	3.00% - 4.00%	\$275,000 - \$1,570,000	2,170,000	-	600,000	1,570,000	640,000
Limited tax general obligation bonds									
State Revolving Fund (SRF) Wastewater 2009 Issue	5,153,851	2030	2.50%	\$240,000 - \$321,581	<u>3,871,851</u>	<u>-</u>	<u>230,000</u>	<u>3,641,851</u>	<u>240,000</u>
Total business-type activities					<u>\$ 7,069,875</u>	<u>\$ -</u>	<u>\$ 1,110,358</u>	<u>\$ 5,959,517</u>	<u>\$ 1,156,764</u>

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

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 108,236	\$ 8,798	\$ 117,034	\$ 1,156,764	\$ 153,795	\$ 1,310,559
2019	92,774	5,188	97,962	1,137,226	118,598	1,255,824
2020	91,277	1,736	93,013	763,675	88,860	852,535
2021	-	-	-	260,000	72,546	332,546
2022	-	-	-	265,000	66,046	331,046
2023 – 2027	-	-	-	1,435,000	226,981	1,661,981
2028 – 2031	-	-	-	941,852	47,390	989,242
	<u>\$ 292,287</u>	<u>\$ 15,722</u>	<u>\$ 308,009</u>	<u>\$ 5,959,517</u>	<u>\$ 774,216</u>	<u>\$ 6,733,733</u>

Unamortized deferred charges activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Unamortized deferred charges	<u>\$ 125,313</u>	<u>\$ -</u>	<u>\$ (40,914)</u>	<u>\$ 84,399</u>

Advance Refunding

On August 23, 2011, the city defeased the 1998B Water and Sewer Bonds which were due and payable April 1, 1999 through April 1, 2019, and the 2002 Water and Sewer Bonds, which were due and payable October 1, 2003, through October 1, 2020. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The city issued 2011 General Obligation Unlimited Tax Refunding Bonds in the amount of \$4,005,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the city's financial statements.

At June 30, 2017, bonds due and payable April 1, 2018, through April 1, 2019, for the 1998B Unlimited Tax General Obligation Bonds in the

amount of \$750,000; and bonds due and payable October 1, 2017, through October 1, 2019, for the 2002 Unlimited Tax General Obligation Bonds in the amount of \$800,000 are considered defeased.

Note 9 - Risk Management

The government 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. The city has purchased commercial insurance for medical claims and participates in the Michigan Municipal League Risk Pool for claims relating to property loss, torts, errors and omissions, and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Employee Retirement and Benefit Systems

Single Employer Defined Benefit Pension Plan

Plan Description – The City of Center Line Police and Fire Retirement System (the system) is the administrator of a single-employer defined benefit pension plan that covers public safety employees of the city. Public Act 345 of 1937 grants the authority to establish and amend the benefit terms to the board of trustees of the system. The system does not issue a separate financial report.

At December 31, 2016, the date of the most recent actuarial valuation, membership consisted of 42 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but

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not yet receiving them, and 18 current active employees. The plan was rolled forward for a measurement date of June 30, 2017.

The system provides retirement, death, disability, and health benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 2.5 percent of the employee's 3 year average final compensation (AFC) times the first 25 years of service plus 1 percent of AFC times years of service in excess of 25 years. Members hired before September 12, 2011 may elect annuity withdrawal at retirement. All employees with 25 years of service are eligible to retire at age 55. Employees hired before September 12, 2011, may retire at any age provided they have accumulated 20 years of service. All employees are eligible for non-duty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Non-duty disability benefits are equal to 1.5 percent of AFC times years of service until age 55, at which time the benefit is the same as service retirement pension. Duty disability to age 55 or 25 years of service is equal to 50 percent of AFC, after which the benefit converts to the same benefit as a service retirement pension with additional service credit from the date of disability.

The system does not provide any cost-of-living adjustments to retirement benefits.

The obligation to contribute to and maintain the system was established by city ordinances and state statute (P.A. 345 of 1937) and requires employee contributions ranging from 7.25 percent to 9.25 percent based on hiring date and employee rank. The city is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The contributions recognized by the system from the city during the year ended June 30, 2017 were \$759,728.

Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the system has been determined on the same basis as they are reported by the city. 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.

As of June 30, 2017 the plan's legally required reserves consist of the following:

Reserve for employee's contributions	\$ 1,532,048
Reserve for retired benefit payments	10,418,579

Net Pension Liability – The city's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2016 using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% – 7.00% Including inflation
Investment rate of return	7.00% Net pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table projected to 2020 with scale BB. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period of 2008 – 2012.

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

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major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Projected Rate of Return
Large cap equity	25%	8.6%
International equity	20%	7.2%
Small cap equity	15%	10.5%
Emerging markets equity	5%	11.1%
Master LPs	5%	7.5%
Fixed income	30%	3.3%
	<u>100%</u>	

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.00 percent and municipal bond rate of 3.56 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions was projected to be sufficient to finance the benefit payments through 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2050, and the municipal bond rate was applied to all benefit payments after that date.

Changes in net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Changes for the year			
Service cost	\$ 449,586	\$ -	\$ 449,586
Interest	1,206,756	-	1,206,756
Differences between expected and actual experience	(547,103)	-	(547,103)
Changes in actuarial assumptions	(2,555,505)	-	(2,555,505)
Employer contributions	-	759,728	(759,728)
Employee contributions	-	107,916	(107,916)
Net investment loss	-	1,168,994	(1,168,994)
Benefit payments, including refunds of employee contributions	(1,204,186)	(1,204,186)	-
Administrative expenses	-	(58,173)	58,173
Other charges	-	479	(479)
Net changes	(2,650,452)	774,758	(3,425,210)
Beginning balances	21,183,434	11,176,209	10,007,225
Ending balances	<u>\$ 18,532,982</u>	<u>\$ 11,950,967</u>	<u>\$ 6,582,015</u>

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 20,622,255	\$ 18,532,982	\$ 16,782,811
Fiduciary net position	11,950,967	11,950,967	11,950,967
Net pension liability	<u>\$ 8,671,288</u>	<u>\$ 6,582,015</u>	<u>\$ 4,831,844</u>

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Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2017, the employer recognized pension expense of \$759,728. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ -	\$ (300,259)	\$ (300,259)
Differences in assumptions	52,066	(1,322,231)	(1,270,165)
Excess investment returns	716,097	(320,366)	395,731
Total	\$ 768,163	\$ (1,942,856)	\$ (1,174,693)

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

<u>Year Ended</u>	
2018	\$ (1,264,349)
2019	67,409
2020	102,337
2021	(80,090)
	<u>\$ (1,174,693)</u>

Payable to the System – At June 30, 2017, the city reported a payable of \$4,066 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Agent Defined Benefit Pension Plan

Plan description – The government participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was

established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 1.50% to 2.50%. Vesting periods are 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Final average compensation is calculated based on 3 to 5 years. Member contributions range from 3% to 8%.

Employees covered by benefit terms – At the December 31, 2016 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to, but not yet receiving benefits	5
Active employees	<u>13</u>
	<u>62</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 0% based on annual payroll for open divisions. Divisions that are closed to new employees have an annual employer contribution amount range of 30.87% to 64.07%.

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Net pension liability – The employer’s net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75%; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Mortality rates used were based on a 50% male and 50% female blend of the following tables: the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% male and 50% female blend of the RP-2014 Disabled Retiree Mortality Tables..

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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 target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.0%	7.00%
Global fixed income	18.0%	2.00%
Real assets	14.0%	8.00%
Diversifying strategies	13.0%	6.00%
	100.0%	

Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay 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.

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The schedule of changes in the net pension liability is as follows:

Total Pension Liability	
Service cost	\$ 70,589
Interest on the total pension liability	627,996
Experience differences	38,979
Benefit payments and refunds	<u>(690,157)</u>
 Net change in total pension liability	 47,407
 Total pension liability – beginning	 <u>8,159,728</u>
 Total pension liability – ending (a)	 <u><u>\$ 8,207,135</u></u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 273,151
Employee contributions	45,299
Pension plan net investment (loss)	415,762
Benefit payments and refunds	(690,157)
Pension plan administrative expense	<u>(8,228)</u>
 Net change in plan fiduciary net position	 35,827
 Plan fiduciary net position – beginning	 <u>3,834,726</u>
 Plan fiduciary net position – ending (b)	 <u><u>\$ 3,870,553</u></u>
 Net pension liability (a-b)	 <u><u>\$ 4,336,582</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 47.16%
Covered employee payroll	591,642
Net pension liability as a percentage of covered employee payroll	732.97%

See Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 8,969,206	\$ 8,207,135	\$ 7,553,693
Fiduciary net position	<u>3,870,553</u>	<u>3,870,553</u>	<u>3,870,553</u>
 Net pension liability	 <u><u>\$ 5,098,653</u></u>	 <u><u>\$ 4,336,582</u></u>	 <u><u>\$ 3,683,140</u></u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2017, the employer recognized pension expense of \$568,539. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Excess investment returns	\$ 140,660	\$ 140,660
Differences in experience	19,489	19,489
Contributions subsequent to the measurement date*	<u>143,037</u>	<u>-</u>
 Total	 <u><u>\$ 303,186</u></u>	 <u><u>\$ 160,149</u></u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the following fiscal year.

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

<u>Year Ended,</u>	
2018	\$ 79,290
2019	59,800
2020	45,896
2021	<u>(24,837)</u>
	<u>\$ 160,149</u>

Note 11 - Deferred Contribution Pension Plan

All new non-union full-time employees receive contributions to a defined contribution pension plan administered by MERS of Michigan as their sole pension benefit. Employer contributions to the City of Center Line Defined Contribution Plan are paid bi-weekly and are fixed at \$5,000 annually per eligible employee. The employee is fully vested from the outset of his/her date of employment. There is no requirement for employee contributions. The balance of the plan at June 30, 2017 was \$104,990 and city contributions totaled \$33,937 during the 2017 fiscal year. At June 30, 2017, there were 11 participants in the plan; 9 of which were currently employed by the City and receiving city contributions and 2 who had left city employment. Individuals who leave city employment are entitled to their balances and any earnings. City contributions cease when employment with the City ends.

Note 12 - Postemployment Benefits

Plan description

Plan administration – The City of Center Line Retiree Health Care Plan administers the City’s Retiree Benefits Plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the City in accordance with labor contracts.

Plan membership – At June 30, 2017, the plan membership consisted of the following:

Inactive employees or beneficiaries	
currently receiving benefits	66
Active employees	<u>21</u>
	<u><u>87</u></u>

Benefits provided – The Plan provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This is a single employer defined benefit plan administered by the city. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the city.

Contributions – Currently, no contributions are required by the participants. Retiree healthcare costs are currently recognized when paid by the city on a “pay-as-you-go” basis. The city has no obligation to make contributions in advance of when the insurance premiums are due for payment, but does contribute to the OPEB Investment Trust Fund based on amounts designated as surplus fund balances in the General Fund at the conclusion of each fiscal year. Additionally, the City by policy pays 100% of the portion of the annual required contribution allocated to the Water and Sewer Fund. Expenditures for post-employment healthcare benefits are recognized as the insurance premiums become due.

Investment policy – The Plans policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from

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dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the OPEB plan's target asset allocation as of June 30, 2017, these arithmetic best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Projected Rate of Return
Large cap equity	25%	8.60%
Small cap equity	15%	10.50%
International equity	20%	7.20%
Emerging markets equity	5%	11.10%
Master LPs	5%	7.50%
Fixed income	30%	3.30%
	<u>100%</u>	

Rate of return – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 10.95%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – the components of the net OPEB liability as of June 30, 2017 were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Changes for the year			
Service cost	\$ 226,177	\$ -	\$ 226,177
Interest	1,147,759	-	1,147,759
Differences between expected and actual experience	47,909	-	47,909
Employer contributions	-	1,044,839	(1,044,839)
Net investment income	-	441,663	(441,663)
Benefit payments, including refunds of employee contributions	(917,839)	(917,839)	-
Administrative expenses	-	(15,500)	15,500
	<u>504,006</u>	<u>553,163</u>	<u>(49,157)</u>
Net changes			
Beginning balances	19,475,143	4,061,308	15,413,835
Ending balances	<u>\$ 19,979,149</u>	<u>\$ 4,614,471</u>	<u>\$ 15,364,678</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 23.10%.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

City of Center Line, Michigan
Notes to the Financial Statements
June 30, 2017

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	26 years, closed%
Asset valuation method	Market value of assets
Inflation	2.75% price; 4.00% wage
Salary increases	4.00% to 17.00%, including inflation
Investment rate of return	6.00%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Health Care Trend Rates	Initial trend of 9.00% gradually decreasing to 4.00% in year 10.
Excise Tax	A 3% load was applied in connection with the "Cadillac" tax

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

Aging factors were based on an internal actuarial study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations.

Certain actuarial assumptions were based upon the results of an experience study for MERS. A report dated March 2, 2010 presented the results of this study. Other assumptions were based upon an experience study for the City of Center Line Police and Fire Retirement System. A report dated January 29, 2014 presented the results of this study.

Discount rate – The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.0%) or 1% higher (7.0%) than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 18,115,680</u>	<u>\$ 15,364,678</u>	<u>\$ 13,123,697</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 13,016,679</u>	<u>\$ 15,364,678</u>	<u>\$ 18,231,750</u>

City of Center Line, Michigan
Notes to the Financial Statements
June 30, 2017

This valuation's computed contribution and actual funding for the year ended June 30, 2017, as well as a five year summary of OPEB obligations are summarized as follows:

Annual required contribution	\$ 1,758,188
Interest on net OPEB obligation	358,853
Adjustment to annual required contribution	<u>(446,685)</u>
Annual OPEB cost	1,670,356
Contribution made	<u>(1,045,006)</u>
Increase in net OPEB obligation	625,350
Net OPEB obligation, beginning of year	5,980,894
Net OPEB obligation, end of year	<u><u>\$ 6,606,244</u></u>
Governmental activities other postemployment benefit obligations	\$ 6,532,832
Business-type activities other postemployment asset	<u>73,412</u>
	<u><u>\$ 6,606,244</u></u>

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Cost	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	
6/30/2011	6/30/2011	\$ 3,282,569	\$ 3,237,294	36.8%	37.4%	\$ 4,752,588
6/30/2012	6/30/2011	3,378,740	3,297,009	29.9%	30.7%	7,037,889
6/30/2013	12/31/2012	1,798,022	1,723,753	163.7%	170.7%	5,819,047
6/30/2014	12/31/2012	1,805,094	1,738,427	103.5%	107.5%	5,688,793
6/30/2015	12/31/2014	1,809,685	1,744,511	121.3%	125.8%	5,237,858
6/30/2016	12/31/2014	2,006,712	1,941,550	59.7%	61.7%	5,980,894
6/30/2017	12/31/2014	1,758,188	1,670,356	59.4%	62.6%	6,606,244

The funding progress of the plan is as follows for the most recently completed valuation report:

Valuation Date	Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (Percent) (a / b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 53,666	\$ 50,901,576	\$ 50,847,910	0.1%	\$ 2,043,991	2487.7%
6/30/2011	54,183	46,314,469	46,260,286	0.1%	1,876,172	2465.7%
12/31/2012	798,676	24,456,624	23,657,948	3.3%	1,606,742	1472.4%
12/31/2014	3,330,297	23,270,422	19,940,125	14.3%	1,488,288	1339.8%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial accrued liabilities (AAL)	\$ 23,270,422
Actuarial value of plan assets	<u>3,330,297</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 19,940,125</u></u>
Funded ratio	14.3%

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

City of Center Line, Michigan
Notes to the Financial Statements
June 30, 2017

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.0 discount rate, which is the expected long-term investment returns on assets expected to be used to fund the liability and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4 percent after ten years. The inflation rate assumption was 4 percent. The unfunded AAL will be amortized on a closed basis over 30 years.

Note 13 - State 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 activity is as follows:

Cumulative Shortfall – July 1, 2016	\$ (1,203,336)
Revenues	
Building permits	21,125
Electrical permits	10,780
Heating permits	9,850
Plumbing permits	9,119
	<u>50,874</u>
Expenditures	
Direct costs	(144,625)
Estimated indirect costs	(14,463)
	<u>(159,088)</u>
Excess of expenditures over revenues	<u>(108,214)</u>
Cumulative Shortfall – June 30, 2017	<u>\$ (1,311,550)</u>

Note 14 - Water and Sewer Fund Unrestricted Net Position

The following is a summary of the unrestricted net position for the Water and Sewer Fund with management's designation:

Designated purpose	
Capital improvement	\$ 270,522
Undesignated	<u>1,352,956</u>
Total unrestricted net position	<u>\$ 1,623,478</u>

City of Center Line, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Property taxes	\$ 2,339,243	\$ 2,339,243	\$ 2,316,868	\$ (22,375)
Licenses and permits	173,850	173,850	209,567	35,717
Intergovernmental				
Federal sources	20,500	20,500	5,209	(15,291)
State sources	903,166	903,166	913,076	9,910
State grants	275,763	502,036	517,648	15,612
Local sources	-	1,500	-	(1,500)
Charges for services	431,100	436,200	454,821	18,621
Fines and forfeitures	412,700	412,700	473,333	60,633
Interest and rents	23,100	23,100	11,333	(11,767)
Other revenue	3,456	3,456	17,670	14,214
Total revenues	<u>4,582,878</u>	<u>4,815,751</u>	<u>4,919,525</u>	<u>103,774</u>
Expenditures				
Current				
General government				
Legislative	21,640	21,640	15,797	(5,843)
City treasurer	252,971	252,971	235,292	(17,679)
City assessor	106,845	107,095	109,163	2,068
City manager and clerk	476,696	475,696	442,899	(32,797)
Other general government	400,918	400,918	406,383	5,465
37th District Court	476,050	476,050	485,925	9,875
Total general government	<u>1,735,120</u>	<u>1,734,370</u>	<u>1,695,459</u>	<u>(38,911)</u>
Public safety				
Protective inspection	<u>218,996</u>	<u>218,996</u>	<u>190,228</u>	<u>(28,768)</u>

City of Center Line, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Public works				
Department of public works	930,632	907,634	853,947	(53,687)
Community and economic development				
City tax reversion program	6,977	7,372	25,276	17,904
Recreation and culture				
Library	243,462	243,462	201,806	(41,656)
Recreation department	299,587	299,587	280,662	(18,925)
Total recreation and culture	543,049	543,049	482,468	(60,581)
Other functions				
OPEB employer contributions	35,000	35,000	35,000	-
Capital outlay	45,950	76,298	40,659	(35,639)
Total expenditures	3,515,724	3,522,719	3,323,037	(199,682)
Excess of revenues over expenditures	1,067,154	1,293,032	1,596,488	303,456
Other financing sources (uses)				
Sale of capital assets	500	500	20,434	19,934
Transfers out	(995,000)	(1,192,127)	(1,244,552)	(52,425)
Total other financing sources (uses)	(994,500)	(1,191,627)	(1,224,118)	(32,491)
Net change in fund balance	72,654	101,405	372,370	270,965
Fund balance – beginning of year	1,571,873	1,571,873	1,571,873	-
Fund balance – end of year	\$ 1,644,527	\$ 1,673,278	\$ 1,944,243	\$ 270,965

City of Center Line, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Taxes	\$ 2,426,376	\$ 2,426,376	\$ 2,410,483	\$ (15,893)
Intergovernmental				
Federal sources	1,000	1,000	649	(351)
State sources	179,921	243,161	203,165	(39,996)
Local sources	3,600	9,600	6,000	(3,600)
Charges for services	12,000	12,000	22,601	10,601
Fines and forfeitures	2,000	3,000	7,713	4,713
Interest income	750	750	24	(726)
Other revenue	2,500	2,500	7,269	4,769
Total revenues	<u>2,628,147</u>	<u>2,698,387</u>	<u>2,657,904</u>	<u>(40,483)</u>
Expenditures				
Current				
Public safety	3,768,258	3,864,482	3,641,243	(223,239)
Capital outlay	1,000	2,000	3,850	1,850
Total expenditures	<u>3,769,258</u>	<u>3,866,482</u>	<u>3,645,093</u>	<u>(221,389)</u>
Deficiency of revenues over expenditures	(1,141,111)	(1,168,095)	(987,189)	(180,906)
Other financing sources				
Transfers in	975,000	1,033,284	1,033,284	-
Net change in fund balance	(166,111)	(134,811)	46,095	180,906
Fund balance – beginning of year	290,417	290,417	290,417	-
Fund balance – end of year	<u>\$ 124,306</u>	<u>\$ 155,606</u>	<u>\$ 336,512</u>	<u>\$ 180,906</u>

**City of Center Line, Michigan
Required Supplementary Information
Police and Fire Pension
Schedule of Employer Contributions
June 30, 2017**

Fiscal Year Ending	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2008	\$ 364,782	\$ 364,782	\$ -	\$ 1,659,373	21.98%
6/30/2009	343,957	343,957	-	1,421,544	24.20%
6/30/2010	363,684	363,684	-	1,427,346	25.48%
6/30/2011	419,293	419,293	-	1,266,638	33.10%
6/30/2012	474,935	474,935	-	1,347,450	35.25%
6/30/2013	548,854	548,854	-	1,231,942	44.55%
6/30/2014	674,807	674,807	-	1,358,765	49.66%
6/30/2015	645,816	645,816	-	1,299,233	49.71%
6/30/2016	762,803	762,803	-	1,179,987	64.65%
6/30/2017	759,728	759,728	-	1,422,357	53.41%

Note: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level percent of payroll open
Remaining amortization period	20 years
Asset valuation method	4-year smoothed market
Price inflation	3.00%
Wage inflation	4.00%
Salary increases	4.00% to 7.00% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to an experience study of the period 2008-12
Mortality	RP-2000 Mortality Table projected to 2020 with scale BB

City of Center Line, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2017

Fiscal Year Ending	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2008	\$ 149,164	\$ 149,164	\$ -	\$ 1,108,723	13.45%
6/30/2009	151,890	151,890	-	1,067,864	14.22%
6/30/2010	145,214	145,214	-	1,078,448	13.47%
6/30/2011	138,044	138,044	-	874,864	15.78%
6/30/2012	133,912	133,912	-	720,085	18.60%
6/30/2013	145,089	145,089	-	738,236	19.65%
6/30/2014	151,787	151,787	-	587,297	25.85%
6/30/2015	210,643	240,720	30,077	585,503	41.11%
6/30/2016	187,938	802,782	614,844	572,812	140.15%
6/30/2017	273,151	273,151	-	591,642	46.17%

Note: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	22
Asset valuation method	10-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	2014 Group Annuity Mortality Table of 50% male and 50% female blend

City of Center Line, Michigan
Required Supplementary Information
Police and Fire Pension
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 449,586	\$ 385,388	\$ 379,840	\$ 377,733
Interest on the total pension liability	1,206,756	1,236,145	1,218,219	1,191,568
Difference between expected and actual experience of the total net pension liability	(547,103)	(376,286)	(20,907)	-
Changes in actuarial assumptions	(2,555,505)	1,318,862	468,737	-
Benefit payments and refunds	(1,204,186)	(1,126,594)	(1,135,840)	(1,197,251)
Net change in total pension liability	(2,650,452)	1,437,515	910,049	372,050
Total pension liability – beginning	21,183,434	19,745,919	18,835,870	18,463,820
Total pension liability – ending (a)	<u>\$ 18,532,982</u>	<u>\$ 21,183,434</u>	<u>\$ 19,745,919</u>	<u>\$ 18,835,870</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 759,728	\$ 762,803	\$ 645,816	\$ 674,807
Employee contributions	107,916	97,630	97,835	96,770
Pension plan net investment income (loss)	1,168,994	(112,012)	376,382	1,817,098
Benefit payments and refunds	(1,204,186)	(1,126,594)	(1,135,840)	(1,197,251)
Pension plan administrative expense	(57,694)	(18,447)	(26,493)	(32,642)
Net change in plan fiduciary net position	774,758	(396,620)	(42,300)	1,358,782
Plan fiduciary net position - beginning	11,176,209	11,572,829	11,615,129	10,256,347
Plan fiduciary net position - ending (b)	<u>\$ 11,950,967</u>	<u>\$ 11,176,209</u>	<u>\$ 11,572,829</u>	<u>\$ 11,615,129</u>
Net pension liability (a) - (b)	<u>\$ 6,582,015</u>	<u>\$ 10,007,225</u>	<u>\$ 8,173,090</u>	<u>\$ 7,220,741</u>
Plan fiduciary net position as a percentage of total pension liability	64.48%	52.76%	58.61%	61.66%
Covered employee payroll	\$ 1,422,357	\$ 1,422,357	\$ 1,299,233	\$ 1,358,765
Net pension liability as a percentage of covered employee payroll	462.75%	703.57%	629.07%	531.42%

Note: GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 70,589	\$ 66,362	\$ 67,811
Interest on the total pension liability	627,996	608,928	629,467
Experience differences	38,979	(101,580)	-
Changes in actuarial assumptions	-	340,210	-
Other changes	-	19,029	-
Benefit payments and refunds	<u>(690,157)</u>	<u>(703,281)</u>	<u>(726,436)</u>
Net change in total pension liability	47,407	229,668	(29,158)
Total pension liability – beginning	<u>8,159,728</u>	<u>7,930,060</u>	<u>7,959,218</u>
Total pension liability – ending (a)	<u>\$ 8,207,135</u>	<u>\$ 8,159,728</u>	<u>\$ 7,930,060</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 273,151	\$ 802,781	\$ 240,722
Employee contributions	45,299	28,415	45,812
Pension plan net investment income (loss)	415,762	(47,843)	239,620
Benefit payments and refunds	(690,157)	(703,281)	(726,436)
Pension plan administrative expense	<u>(8,228)</u>	<u>(7,995)</u>	<u>(8,683)</u>
Net change in plan fiduciary net position	35,827	72,077	(208,965)
Plan fiduciary net position – beginning	<u>3,834,726</u>	<u>3,762,649</u>	<u>3,971,614</u>
Plan fiduciary net position – ending (b)	<u>\$ 3,870,553</u>	<u>\$ 3,834,726</u>	<u>\$ 3,762,649</u>
Net pension liability (a-b)	<u>\$ 4,336,582</u>	<u>\$ 4,325,002</u>	<u>\$ 4,167,411</u>
Plan fiduciary net position as a percentage of total pension liability	47.16%	47.00%	47.45%
Covered employee payroll	\$ 591,642	\$ 572,812	\$ 585,777
Net pension liability as a percentage of covered employee payroll	732.97%	755.05%	711.43%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Police and Fire Pension
Schedule of Employers' Net Pension Liability
June 30, 2017

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as % of covered payroll</u>
2014	\$ 18,835,870	\$ 11,615,129	\$ 7,220,741	61.66%	\$ 1,358,765	531.42%
2015	19,745,919	11,572,829	8,173,090	58.61%	1,299,233	629.07%
2016	21,183,434	11,176,209	10,007,225	52.76%	1,179,987	848.08%
2017	18,532,982	11,950,967	6,582,015	64.48%	1,422,357	462.75%

Note: GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
June 30, 2017

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as % of covered payroll</u>
2015	\$ 7,930,060	\$ 3,762,649	\$ 4,167,411	47.45%	\$ 585,777	711.43%
2016	8,159,728	3,834,726	4,325,002	47.00%	572,812	755.05%
2017	8,207,135	3,870,553	4,336,582	47.16%	591,642	732.97%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of Investment Returns
June 30, 2017

<u>Fiscal year</u> <u>ending June 30,</u>	<u>Annual</u> <u>Return % (1)</u>
2014	17.69
2015	3.05
2016	(1.14)
2017	10.05

Note: (1) Annual money-weighted rate of return, net of investment expenses.

**City of Center Line, Michigan
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Employer Contributions
June 30, 2017**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2016	\$ 1,758,188	\$ 1,044,839	\$ (713,349)	\$ 1,642,721	63.60%

Note: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	26 years, closed%
Asset valuation method	Market value of assets
Inflation	2.75% price; 4.00% wage
Salary increases	4.00% to 17.00%, including inflation
Investment rate of return	6.00%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The RP-2000 Mortality Table projected 20 years with U.S. Projection Scale BB.
Health Care Trend Rates	Initial trend of 9.00% gradually decreasing to 4.00% in year 10.
Excise Tax	A 3% load was applied in connection with the "Cadillac" tax
Aging Factors	Based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations.

City of Center Line, Michigan
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Changes in OPEB and Related Ratios
June 30, 2017

	2017
Total OPEB Liability	
Service cost	\$ 226,177
Interest on the total OPEB liability	1,147,759
Difference between expected and actual experience of the total net OPEB liability	47,909
Benefit payments and refunds	(917,839)
Net change in total OPEB liability	504,006
Total OPEB liability – beginning	19,475,143
Total OPEB liability – ending (a)	\$ 19,979,149
Plan Fiduciary Net Position	
Employer contributions	\$ 1,044,839
OPEB plan net investment income (loss)	441,663
Benefit payments and refunds	(917,839)
OPEB plan administrative expense	(15,500)
Net change in plan fiduciary net position	553,163
Plan fiduciary net position - beginning	4,061,308
Plan fiduciary net position - ending (b)	\$ 4,614,471
Net OPEB liability (a) - (b)	\$ 15,364,678
Plan fiduciary net position as a percentage of total OPEB liability	23.10%
Covered employee payroll	\$ 1,642,721
Net OPEB liability as a percentage of covered employee payroll	935.32%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Employers' Net OPEB Liability
June 30, 2017

<u>Fiscal year ending June 30,</u>	<u>Total OPEB liability</u>	<u>Plan net position</u>	<u>Net OPEB liability</u>	<u>Plan net position as a % of total OPEB liability</u>	<u>Covered payroll</u>	<u>Net OPEB liability as % of covered payroll</u>
2017	\$ 19,979,149	\$ 4,614,471	\$ 15,364,678	23.10%	\$ 1,642,721	935.32%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Center Line, Michigan
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Investment Returns
June 30, 2017

<u>Fiscal year</u> <u>ending June 30,</u>	<u>Annual</u> <u>Return % (1)</u>
2017	10.95%

Note: (1) Annual money-weighted rate of return, net of investment expenses.

City of Center Line, Michigan
Notes to the Required Supplementary Information
June 30, 2017

Note – Stewardship, Compliance, and Accountability

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and Special Revenue Funds. All annual appropriations lapse at the end of the fiscal year, except as noted.

City of Center Line, Michigan
Nonmajor Governmental Funds
Fund Descriptions
June 30, 2017

Special Revenue Funds

Special Revenue Funds are used to record the proceeds associated with specific revenues that are legally restricted and committed for specific purposes.

Major Street – The Major Street Fund accounts for revenues received from the State of Michigan for the city’s share of state gasoline and weight taxes, which is used for maintenance of major streets.

Local Street – The Local Street Fund accounts for revenues received from the State of Michigan for the city’s share of state gasoline and weight taxes, which is used for maintenance of local streets.

Drug Law Enforcement – This fund accounts for all revenues received by the city for drug forfeiture activities, which finance the city drug law enforcement program activities and related public safety activities.

CDBG Fund – This fund accounts for all Community Development Block Grants (CDBG) revenues and program-eligible expenditures.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital purchases, such as vehicles, structural replacements, and major repairs which are not financed by proprietary funds. Capital projects are funded primarily by surplus fund balance transfers from the general fund.

Capital Improvement – This fund accounts for funds received and expended for capital improvement to city owned properties and infrastructure.

City of Center Line, Michigan
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds				Capital Projects Funds	Total
	Major Street	Local Street	Drug Law Enforcement	CDBG Fund	Capital Improvements	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 261,863	\$ 147,167	\$ 13,743	\$ -	\$ 3,551	\$ 426,324
Investments	203,278	98,713	-	-	164,261	466,252
Receivables						
Customers	-	-	-	-	107,194	107,194
Due from other units of government	84,074	30,935	-	-	-	115,009
Prepaid items	189	324	-	-	-	513
	<u>189</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513</u>
Total assets	<u>\$ 549,404</u>	<u>\$ 277,139</u>	<u>\$ 13,743</u>	<u>\$ -</u>	<u>\$ 275,006</u>	<u>\$ 1,115,292</u>
Liabilities						
Accounts payable	\$ 1,348	\$ 254	\$ -	\$ -	\$ 7,225	\$ 8,827
Checks written against future deposits	-	-	-	-	243,793	243,793
Accrued and other liabilities	254	247	-	-	-	501
	<u>254</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501</u>
Total liabilities	<u>1,602</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>251,018</u>	<u>253,121</u>

City of Center Line, Michigan
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds				Capital Projects Funds	Total Nonmajor Governmental Funds
	Major Street	Local Street	Drug Law Enforcement	CDBG Fund	Capital Improvements	
Fund Balances						
Non-spendable						
Prepaid items	189	324	-	-	-	513
Restricted for						
Streets	547,613	276,314	-	-	-	823,927
Drug law enforcement	-	-	13,743	-	-	13,743
Capital projects	-	-	-	-	23,988	23,988
	<u>547,802</u>	<u>276,638</u>	<u>13,743</u>	<u>-</u>	<u>23,988</u>	<u>862,171</u>
 Total fund balances						
	<u>547,802</u>	<u>276,638</u>	<u>13,743</u>	<u>-</u>	<u>23,988</u>	<u>862,171</u>
 Total liabilities, deferred inflows of resources, and fund balances						
	<u>\$ 549,404</u>	<u>\$ 277,139</u>	<u>\$ 13,743</u>	<u>\$ -</u>	<u>\$ 275,006</u>	<u>\$ 1,115,292</u>

City of Center Line, Michigan
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			Capital Projects Funds	Total Nonmajor Governmental Funds	
	Major Street	Local Street	Drug Law Enforcement	CDBG Fund		Capital Improvements
Revenues						
Intergovernmental						
Federal sources	\$ -	\$ -	\$ -	\$ 21,287	\$ 418,594	\$ 439,881
State sources	400,947	207,962	-	-	-	608,909
Local sources	-	-	-	-	3,427	3,427
Fines and forfeitures	-	-	4,317	-	-	4,317
Interest income	10	6	-	-	7	23
Other revenue	7,560	-	-	-	-	7,560
Total revenues	408,517	207,968	4,317	21,287	422,028	1,064,117
Expenditures						
Current						
Public safety	\$ -	\$ -	\$ 925	\$ -	\$ -	\$ 925
Public works	96,862	86,116	-	50,134	-	233,112
Capital outlay	-	-	-	-	603,903	603,903
Total expenditures	96,862	86,116	925	50,134	603,903	837,940
Excess (deficiency) of revenues over expenditures	311,655	121,852	3,392	(28,847)	(181,875)	226,177

City of Center Line, Michigan
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			Capital Projects Funds	Total Nonmajor Governmental Funds	
	Major Street	Local Street	Drug Law Enforcement	CDBG Fund		Capital Improvements
Other financing sources (uses)						
Transfers in	-	140,000	-	28,847	182,421	351,268
Transfers out	(295,075)	(155,075)	-	-	-	(450,150)
Insurance recoveries	-	-	-	-	11,900	11,900
Total other financing sources (uses)	<u>(295,075)</u>	<u>(15,075)</u>	<u>-</u>	<u>28,847</u>	<u>194,321</u>	<u>(86,982)</u>
Net change in fund balance	16,580	106,777	3,392	-	12,446	139,195
Fund balance – beginning of year	<u>531,222</u>	<u>169,861</u>	<u>10,351</u>	<u>-</u>	<u>11,542</u>	<u>722,976</u>
Fund balance – end of year	<u>\$ 547,802</u>	<u>\$ 276,638</u>	<u>\$ 13,743</u>	<u>\$ -</u>	<u>\$ 23,988</u>	<u>\$ 862,171</u>

City of Center Line, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Other state grants	\$ 422,996	\$ 422,996	\$ 400,947	\$ (22,049)
Interest income	250	250	10	(240)
Other revenue	-	-	7,560	7,560
	<u>423,246</u>	<u>423,246</u>	<u>408,517</u>	<u>(14,729)</u>
Total revenues				
Expenditures				
Current				
Public works				
Highways and streets				
Street maintenance	285,553	285,553	31,783	253,770
Winter maintenance	31,053	31,053	21,069	9,984
Traffic service maintenance	15,871	15,871	13,490	2,381
Administrative	33,000	33,000	30,520	2,480
	<u>365,477</u>	<u>365,477</u>	<u>96,862</u>	<u>268,615</u>
Total expenditures				
Excess of revenues over expenditures	57,769	57,769	311,655	253,886
Other financing uses				
Transfers out	(140,000)	(140,000)	(295,075)	(155,075)
Net change in fund balance	(82,231)	(82,231)	16,580	98,811
Fund balance – beginning of year	531,222	531,222	531,222	-
Fund balance – end of year	<u>\$ 448,991</u>	<u>\$ 448,991</u>	<u>\$ 547,802</u>	<u>\$ 98,811</u>

City of Center Line, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Local Street Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Other state grants	\$ 168,687	\$ 168,687	\$ 207,962	\$ 39,275
Interest income	300	300	6	(294)
Total revenues	<u>168,987</u>	<u>168,987</u>	<u>207,968</u>	<u>38,981</u>
Expenditures				
Current				
Public works				
Highways and streets				
Street maintenance	338,079	338,079	35,116	302,963
Winter maintenance	42,758	42,758	35,003	7,755
Traffic service maintenance	5,633	5,633	3,907	1,726
Administrative	<u>13,000</u>	<u>13,000</u>	<u>12,090</u>	<u>910</u>
Total expenditures	<u>399,470</u>	<u>399,470</u>	<u>86,116</u>	<u>313,354</u>
Excess (deficiency) of revenues over expenditures	(230,483)	(230,483)	121,852	352,335
Other financing sources (uses)				
Transfers in	140,000	140,000	140,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(155,075)</u>	<u>(155,075)</u>
Net change in fund balance	(90,483)	(90,483)	106,777	197,260
Fund balance – beginning of year	<u>169,861</u>	<u>169,861</u>	<u>169,861</u>	<u>-</u>
Fund balance – end of year	<u>\$ 79,378</u>	<u>\$ 79,378</u>	<u>\$ 276,638</u>	<u>\$ 197,260</u>

**City of Center Line, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Drug Law Enforcement Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 4,317	\$ 4,317
Expenditures				
Current				
Public safety	-	-	925	925
Excess of revenues over expenditures	-	-	3,392	3,392
Fund balance – beginning of year	10,351	10,351	10,351	-
Fund balance – end of year	\$ 10,351	\$ 10,351	\$ 13,743	\$ 3,392

City of Center Line, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
CDBG Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Federal grants	\$ -	\$ 21,287	\$ 21,287	\$ -
Transfers in	-	22,933	28,847	5,914
Total revenues	-	44,220	50,134	5,914
Expenditures				
Current				
Public works	-	44,220	50,134	5,914
Net change in fund balance	-	-	-	-
Fund balance – beginning of year	-	-	-	-
Fund balance – end of year	\$ -	\$ -	\$ -	\$ -

City of Center Line, Michigan
Fiduciary and Agency Funds
Fund Descriptions
June 30, 2017

Fiduciary Funds account for assets held by the city in a trustee or agency capacity for individuals, private organization, other governmental units and/or other funds.

Police and Fire Retirement System – This fund accounts for the city's Police and Fire Retirement System as administered under Michigan Public Act 345 of 1937, as amended. All pension investments and pension-related business, such as the collection of employee and employer contributions as well as monthly pension benefit payments, is recorded in this fund.

OPEB Investment Trust Fund – The Other Postemployment Benefits (OPEB) Investment Trust Fund was established to account for monies restricted for future health care payments for the city's retirees. The fund was established as an irrevocable trust per guidelines established by Governmental Accounting Standards Board Statement No. 45 via a declaration of trust dated June, 30, 2013. All investment activity and benefit payment activity is recorded in this fund.

Agency – This fund accounts for monies held on behalf of special events, committees, and city-ran programs holding funds that are not the property of the city.

Current Tax Collections – This fund accounts for current tax collections. All current tax monies collected by the city are receipted into this fund and later distributed to other funds or other governmental units.

City of Center Line, Michigan
Other Supplementary Information
Combining Statement of Fiduciary Net Position – Agency Funds
June 30, 2017

	Agency Fund	Current Tax Collections Fund	Total
Assets			
Cash and cash equivalents	\$ 38,331	\$ -	\$ 38,331
Liabilities			
Accounts payable	9,448	-	9,448
Due to others	28,883	-	28,883
 Total liabilities	 \$ 38,331	 \$ -	 \$ 38,331

City of Center Line, Michigan
Other Supplementary Information
Statement of Changes in Assets and Liabilities – Agency Funds
June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 37,438	\$ 78,471	\$ 77,578	\$ 38,331
Accounts receivable	<u>3,587</u>	<u>-</u>	<u>3,587</u>	<u>-</u>
 Total Assets	 <u>\$ 41,025</u>	 <u>\$ 78,471</u>	 <u>\$ 81,165</u>	 <u>\$ 38,331</u>
Liabilities				
Accounts payable	\$ 13,133	\$ 83,581	\$ 87,266	\$ 9,448
Due to (from) others				
Beautification commission	4,118	3,858	2,927	5,049
Adult softball league	5,779	2,150	3,429	4,500
Annual fireworks donations	7,791	26,168	37,201	(3,242)
General purpose donations	28	700	84	644
Employee christmas committee	1,021	2,675	3,053	643
Friends of the fire truck	210	1,137	-	1,347
Building and city certification bonds	8,945	31,025	27,350	12,620
Building repairs and improvements	-	3,760	3,760	-
Youth sports	<u>-</u>	<u>17,456</u>	<u>10,134</u>	<u>7,322</u>
Total due to others	<u>27,892</u>	<u>88,929</u>	<u>87,938</u>	<u>28,883</u>
 Total Liabilities	 <u>\$ 41,025</u>	 <u>\$ 172,510</u>	 <u>\$ 175,204</u>	 <u>\$ 38,331</u>

City of Center Line, Michigan
Other Supplementary Information
Statement of Changes in Assets and Liabilities – Current Year Tax Collections
June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ -	\$ 5,013,467	\$ 5,013,467	\$ -
Liabilities				
Due to other governmental units				
State of Michigan	-	825,397	825,397	-
Macomb County	-	658,760	658,760	-
Macomb Intermediate School District	-	417,185	417,185	-
Macomb Community College	-	201,958	201,958	-
Macomb County Zoological Authority	-	14,071	14,071	-
Macomb County Arts Authority	-	27,873	27,873	-
Huron Clinton Metropolitan Authority	-	30,302	30,302	-
Suburban Mobility Authority for Regional Transportation	-	140,306	140,306	-
Center Line School District	-	2,604,633	2,604,633	-
Van Dyke School District	-	92,982	92,982	-
	<u>\$ -</u>	<u>\$ 5,013,467</u>	<u>\$ 5,013,467</u>	<u>\$ -</u>

OTHER REPORTS



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the City Council
City of Center Line

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Center Line as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Center Line's basic financial statements, and have issued our report thereon dated December 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Center Line's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Center Line's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Center Line's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness: 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Center Line's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

City of Center Line's Response to Findings and Corrective Action Plan

City of Center Line's response to the finding identified in our audit is described in the accompanying schedule of findings and responses and Corrective Action Plan. City of Center Line's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Saginaw, MI

December 21, 2017

City of Center Line, Michigan
Schedule of Findings and Responses
June 30, 2017

2017-001, 2016-001 – Material Weakness and Noncompliance – Reconciliations and Audit Adjustments

Specific requirement: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Condition: Material journal entries were proposed by the auditors to properly account for various financial statement amounts. These misstatements were not detected by the City's internal control over financial reporting.

Cause: Material journal entries were not detected by the City's internal control over financial reporting. Account reconciliations were not performed in a timely manner.

Effect: Had the journal entries not been recorded, the financial statements would have been materially misstated.

Recommendation: We recommend the City take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded. This will help ensure the City Council's decisions are based on accurate financial information.

Views of responsible officials: Management is in agreement with the proposed audit adjustments.

Corrective action plan: See page 7-4.

City of Center Line, Michigan
Corrective Action Plan
June 30, 2017



MUNICIPAL OFFICES

Robert Binson
Mayor

James Reid Peter Harenski
Mayor Pro Tem Council Member

Ronald Lapham Richard Moeller
Council Member Council Member

Dennis E. Champagne
City Manager/Clerk

December 21, 2017

State of Michigan
Department of Treasury
Local Government Financial Services Division

RE: Corrective Action Plan, 2017 Fiscal Year Audit Finding 2017-001, 2016-001, Material Weakness and Noncompliance – Reconciliations and Audit Adjustments

At the risk of sounding like a broken record, the issues that affected timeliness in the 2017 Fiscal Year are carryovers from the 2016 Fiscal Year, though not nearly as significant. The number and dollar amounts of auditor prompted general ledger adjustments were considerably less than in the previous fiscal year and bank reconciliation timeliness was marginally better. Not enough to be satisfied with but improving.

The reality is that detail work is handled by a very small staff and that is unlikely to improve any time in the foreseeable future. What I have personally done to improve the situation is to insist on blocks of time to complete reports, bank reconciliations and other detail work without interruption. I did not, however, do that soon enough to make significant improvements this fiscal year but it should result in better timeliness and a more thorough review of accounts and transactions going forward.

I also am demanding more participation from other individuals. All invoices to be processed cross my desk and require approval for payment. In the past, I have spent time correcting deficiencies in the paperwork – making sure signatures, documents evidencing proper purchasing procedures and account codings were in order. Now, I send the documents back to the source for correction rather than troubleshooting it for them. It is difficult not to do that as it has been much a part of previous positions I've held. But I do not have the time to handle those items and complete the work I am personally responsible for.

7070 E. TEN MILE ROAD CENTER LINE, MICHIGAN, 48015-1100 (586) 757-6800 FAX (586) 755-0790

www.centerline.gov

State of Michigan
Department of Treasury
Local Government Financial Services Division
RE: Corrective Action Plan, 2017 Fiscal Year Audit Finding 2017-001, 2016-001, Material Weakness and Noncompliance – Reconciliations and Audit Adjustments
December 21, 2017
Page 2 of 2

We are certainly not where we should be but we are moving the right direction. We have made some staffing changes that will result in individuals with better understanding of their roles and dedication to work performance. I have made changes in my approach to duties and responsibilities that should assure that this is the last time I will have to address this issue.

Sincerely,

Mark Knapp
Finance Director

7070 E. TEN MILE ROAD CENTER LINE, MICHIGAN, 48015-1100 (586) 757-6800 FAX (586) 755-0790

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STATISTICAL SECTION

City of Center Line, Michigan
Statistical Information and Continuing Disclosure Contents
June 30, 2017

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

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

Net Position by Component
Changes in Net Position
Fund Balances of Governmental Funds
*Changes in Fund Balances of Governmental Funds

Revenue Capacity – These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.

*Assessed Taxable Values (History of Property Values)
*Property Tax Rates – Direct and Overlapping Governments
*Principal Property Taxpayers (Major Taxpayers)
*Property Tax Levies and Collections

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

Ratios of Outstanding Debt by Type
Ratios of Net General Bonded Debt Outstanding
*Direct and Overlapping Governmental Activities Debt
*Legal Debt Margin
Historical Legal Debt Margins
Pledged Revenue Coverage

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Demographic Statistics
*Concentration of Workforce

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

Full-time City Government Employees by Function
Operating Indicators by Function
Capital Asset Statistics by Function

* Indicates schedules included in statistical information that fulfill continuing disclosure requirements.

City of Center Line, Michigan
Statistical Information and Continuing Disclosure Contents
June 30, 2017

Continuing Disclosure – Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

State-shared Revenue
Gas and Weight Taxes
Labor Agreements

City of Center Line, Michigan
Net Position by Component
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment										
in capital assets	\$ 2,579,033	\$ 2,603,244	\$ 2,572,197	\$ 2,577,136	\$ 2,643,560	\$ 2,739,216	\$ 2,870,870	\$ 3,213,195	\$ 3,455,142	\$ 3,449,516
Restricted	1,157,734	399,834	825,140	518,739	796,542	881,325	730,445	1,127,272	1,128,801	954,718
Unrestricted	<u>1,213,636</u>	<u>1,359,205</u>	<u>(778,966)</u>	<u>(3,189,606)</u>	<u>(4,369,122)</u>	<u>(3,258,892)</u>	<u>(3,585,565)</u>	<u>(15,442,483)</u>	<u>(17,126,944)</u>	<u>(16,330,384)</u>
Total governmental activities net position	<u>\$ 4,950,403</u>	<u>\$ 4,362,283</u>	<u>\$ 2,618,371</u>	<u>\$ (93,731)</u>	<u>\$ (929,020)</u>	<u>\$ 361,649</u>	<u>\$ 15,750</u>	<u>\$ (11,102,016)</u>	<u>\$ (12,543,001)</u>	<u>\$ (11,926,150)</u>
Business-type activities										
Net investment										
in capital assets	\$ 3,980,136	\$ 6,628,046	\$ 8,993,368	\$ 9,286,864	\$ 9,773,323	\$ 10,024,386	\$ 10,512,445	\$ 11,150,437	\$ 12,093,992	\$ 13,463,850
Restricted	216,601	82,551	53,622	25,903	-	-	-	-	-	-
Unrestricted	<u>103,351</u>	<u>155,606</u>	<u>445,313</u>	<u>1,845,959</u>	<u>1,259,210</u>	<u>1,670,721</u>	<u>2,210,867</u>	<u>2,386,171</u>	<u>2,585,532</u>	<u>1,784,079</u>
Total business-type activities net position	<u>\$ 4,300,088</u>	<u>\$ 6,866,203</u>	<u>\$ 9,492,303</u>	<u>\$ 11,158,726</u>	<u>\$ 11,032,533</u>	<u>\$ 11,695,107</u>	<u>\$ 12,723,312</u>	<u>\$ 13,536,608</u>	<u>\$ 14,679,524</u>	<u>\$ 15,247,929</u>
Primary government										
Net investment										
in capital assets	\$ 6,559,169	\$ 9,231,290	\$ 11,565,565	\$ 11,864,000	\$ 12,416,883	\$ 12,763,602	\$ 13,383,315	\$ 14,363,632	\$ 15,549,134	\$ 16,913,366
Restricted	1,374,335	482,385	878,762	544,642	796,542	881,325	730,445	1,127,272	1,128,801	954,718
Unrestricted	<u>1,316,987</u>	<u>1,514,811</u>	<u>(333,653)</u>	<u>(1,343,647)</u>	<u>(3,109,912)</u>	<u>(1,588,171)</u>	<u>(1,374,698)</u>	<u>(13,056,312)</u>	<u>(14,541,412)</u>	<u>(14,546,305)</u>
Total primary government net position	<u>\$ 9,250,491</u>	<u>\$ 11,228,486</u>	<u>\$ 12,110,674</u>	<u>\$ 11,064,995</u>	<u>\$ 10,103,513</u>	<u>\$ 12,056,756</u>	<u>\$ 12,739,062</u>	<u>\$ 2,434,592</u>	<u>\$ 2,136,523</u>	<u>\$ 3,321,779</u>

Note:

Source: City of Center Line Basic Financial Statements.

City of Center Line, Michigan
Changes in Net Position
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
General government	\$ 1,813,174	\$ 1,745,929	\$ 1,771,562	\$ 2,111,183	\$ 3,153,088	\$ 2,132,772	\$ 1,824,390	\$ 1,903,319	\$ 2,475,375	\$ 3,173,289
Public safety	3,831,197	3,823,534	5,038,403	4,773,589	4,321,094	3,927,324	4,275,183	4,383,322	5,362,279	3,577,847
Public works	1,546,382	1,600,611	1,507,733	1,809,474	1,453,464	1,172,768	1,485,370	1,491,621	1,662,827	1,394,708
Community and economic development	-	-	-	-	84,166	140,796	48,029	16,991	4,484	27,345
Recreation and culture	715,316	807,391	886,287	826,127	745,228	532,596	499,914	576,844	618,943	706,305
Interest on long-term debt	68,257	65,432	53,102	42,866	30,267	27,286	23,873	20,119	16,001	12,996
Total governmental activities expenses	<u>7,974,326</u>	<u>8,042,897</u>	<u>9,257,087</u>	<u>9,563,239</u>	<u>9,787,307</u>	<u>7,933,542</u>	<u>8,156,759</u>	<u>8,392,216</u>	<u>10,139,909</u>	<u>8,892,490</u>
Business-type activities										
Water and sewer	2,928,603	2,495,624	2,420,366	2,621,762	2,923,094	2,905,293	2,783,563	2,600,683	2,463,863	2,942,063
Solid waste disposal	312,631	304,988	296,570	294,384	313,225	306,917	297,779	333,309	328,346	289,005
Total business-type activities expenses	<u>3,241,234</u>	<u>2,800,612</u>	<u>2,716,936</u>	<u>2,916,146</u>	<u>3,236,319</u>	<u>3,212,210</u>	<u>3,081,342</u>	<u>2,933,992</u>	<u>2,792,209</u>	<u>3,231,068</u>
Total primary government expenses	<u>\$ 11,215,560</u>	<u>\$ 10,843,509</u>	<u>\$ 11,974,023</u>	<u>\$ 12,479,385</u>	<u>\$ 13,023,626</u>	<u>\$ 11,145,752</u>	<u>\$ 11,238,101</u>	<u>\$ 11,326,208</u>	<u>\$ 12,932,118</u>	<u>\$ 12,123,558</u>

City of Center Line, Michigan
Changes in Net Position
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities										
Charges for services										
District court	\$ 505,867	\$ 407,074	\$ 393,814	\$ 389,462	\$ 380,363	\$ 361,731	\$ 409,774	\$ 349,034	\$ 404,472	\$ 461,220
Public safety	151,959	96,122	127,976	120,992	164,371	217,342	193,706	152,503	111,626	101,551
Parks and recreation	51,053	109,034	36,636	90,080	132,131	86,824	70,713	74,420	76,993	104,128
Other activities	88,080	89,622	114,046	179,569	314,941	399,051	350,255	436,307	517,710	916,476
Operating grants and contributions	579,491	512,524	445,665	801,719	535,260	552,424	591,402	609,303	631,460	1,401,069
Capital grants and contributions	86,756	173,100	413	86,756	657,881	212,552	240,082	51,817	588,132	488,753
Total governmental activities program revenues	1,463,206	1,387,476	1,118,550	1,668,578	2,184,947	1,829,924	1,855,932	1,673,384	2,330,393	3,473,197
Business-type activities										
Charges for services										
Water and sewer	2,150,173	2,301,408	2,547,962	3,308,091	2,907,143	2,640,675	2,718,718	2,683,775	2,563,999	2,503,446
Solid waste disposal	225,778	207,626	236,900	295,366	319,694	343,837	363,796	276,153	274,540	276,248
Capital grants and contributions	-	1,929,082	1,689,247	-	-	-	-	35,589	-	-
Total business-type activities program revenues	2,375,951	4,438,116	4,474,109	3,603,457	3,226,837	2,984,512	3,082,514	2,995,517	2,838,539	2,779,694
Total primary government program revenues	3,839,157	5,825,592	5,592,659	5,272,035	5,411,784	4,814,436	4,938,446	4,668,901	5,168,932	6,252,891
Net (Expenses) Revenue										
Governmental activities	(6,511,120)	(6,655,421)	(8,138,537)	(7,894,661)	(7,602,360)	(6,103,618)	(6,300,827)	(6,718,832)	(7,809,516)	(5,419,293)
Business-type activities	(865,283)	1,637,504	1,757,173	687,311	(9,482)	(227,698)	1,172	61,525	46,330	(451,374)
Total primary government net (expense) revenue	\$ (7,376,403)	\$ (5,017,917)	\$ (6,381,364)	\$ (7,207,350)	\$ (7,611,842)	\$ (6,331,316)	\$ (6,299,655)	\$ (6,657,307)	\$ (7,763,186)	\$ (5,870,667)

City of Center Line, Michigan
Changes in Net Position
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues										
Governmental activities										
Taxes	\$ 6,028,915	\$ 5,534,760	\$ 6,101,227	\$ 5,285,060	\$ 5,954,228	\$ 6,648,366	\$ 5,734,767	\$ 6,201,812	\$ 6,243,618	\$ 5,907,603
Payment in lieu of taxes	-	-	-	-	89,117	97,160	100,919	103,430	107,089	139,270
State shared revenue	998,627	964,912	858,193	858,193	805,267	835,099	860,367	877,455	964,936	913,076
Sale of tax reversion properties	-	-	-	-	79,335	152,053	-	146,812	153,219	-
Cable franchise fees	127,618	119,734	151,916	132,088	138,814	180,558	134,177	26,865	20,673	15,176
Investment earnings	165,774	89,962	18,311	18,585	8,807	19,470	25,389	-	-	-
Miscellaneous	99,391	223,215	110,928	124,932	287,644	349,911	124,454	134,150	56,043	80,733
Income from joint venture	(20,938)	(5,068)	2,800	285,519	-	-	-	-	-	-
Transfers	(927,046)	(860,214)	(848,750)	(913,955)	(596,141)	(888,330)	(1,025,145)	(1,090,247)	(1,095,156)	(1,019,714)
Total governmental activities general revenues	6,472,341	6,067,301	6,394,625	5,790,422	6,767,071	7,394,287	5,954,928	6,400,277	6,450,422	6,036,144
Business-type activities										
Investment earnings	30,195	68,397	20,177	65,157	2,055	1,942	1,888	1,813	1,430	65
Transfers	927,046	860,214	848,750	913,955	596,141	888,330	1,025,145	1,090,247	1,095,156	1,019,714
Total business-type activities general revenues	957,241	928,611	868,927	979,112	598,196	890,272	1,027,033	1,092,060	1,096,586	1,019,779
Total primary government general revenues	7,429,582	6,995,912	7,263,552	6,769,534	7,365,267	8,284,559	6,981,961	7,492,337	7,547,008	7,055,923
Change in Net Assets										
Governmental activities	(183,080)	(2,071,236)	(1,500,036)	(1,811,938)	(835,289)	1,290,669	(345,899)	(318,555)	(1,359,094)	616,851
Business-type activities	2,594,745	2,685,784	1,556,238	969,630	588,714	662,574	1,028,205	1,153,585	1,142,916	568,405
Total primary government	\$ 2,411,665	\$ 614,548	\$ 56,202	\$ (842,308)	\$ (246,575)	\$ 1,953,243	\$ 682,306	\$ 835,030	\$ (216,178)	\$ 1,185,256

Note:

Source: City of Center Line Basic Financial Statements.

City of Center Line, Michigan
Fund Balances of Governmental Funds
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 816,201	\$ 241,435	\$ 407,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	812,463	867,773	1,189,518	-	-	-	-	-	-	-
Nonspendable	-	-	-	260,272	76,574	95,183	186,607	110,003	99,765	122,704
Restricted	-	-	-	194,375	-	-	-	-	-	-
Assigned	-	-	-	-	-	132,214	924,750	500,000	-	-
Unassigned	-	-	-	524,305	1,874,994	1,600,000	1,026,998	1,072,025	1,472,108	1,821,539
Total General Fund	<u>\$ 1,628,664</u>	<u>\$ 1,109,208</u>	<u>\$ 1,597,119</u>	<u>\$ 978,952</u>	<u>\$ 1,951,568</u>	<u>\$ 1,827,397</u>	<u>\$ 2,138,355</u>	<u>\$ 1,682,028</u>	<u>\$ 1,571,873</u>	<u>\$ 1,944,243</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	\$ 362,807	\$ 370,295	\$ 608,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds	45,299	45,598	45,626	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	63,352	75,077	68,256	37,206	65,311
Restricted	-	-	-	237,608	386,085	881,325	551,751	754,041	988,267	1,382,986
Assigned	-	-	-	-	397,354	677,347	525,594	196,237	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	(12,906)	(112,715)	(525,410)
Total all other governmental funds	<u>\$ 408,106</u>	<u>\$ 415,893</u>	<u>\$ 654,449</u>	<u>\$ 237,608</u>	<u>\$ 783,439</u>	<u>\$ 1,622,024</u>	<u>\$ 1,152,422</u>	<u>\$ 1,005,628</u>	<u>\$ 912,758</u>	<u>\$ 922,887</u>

Notes:

The City implemented GASB Statement No. 54 in fiscal year 2011 which changed the classification of fund balances.

Source: City of Center Line Basic Financial Statements.

City of Center Line, Michigan
Changes in Fund Balances of Governmental Funds
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 6,115,672	\$ 5,643,376	\$ 6,068,121	\$ 5,442,454	\$ 6,006,033	\$ 6,755,369	\$ 5,868,080	\$ 6,190,604	\$ 6,243,618	\$ 5,907,603
Licenses and permits	234,143	186,456	248,059	200,814	224,892	220,323	225,279	264,124	213,089	209,567
Intergovernmental	1,588,046	1,472,091	1,291,701	1,665,284	2,077,125	1,704,418	1,792,770	1,666,699	2,147,242	2,897,372
Charges for services	558,510	590,262	492,318	447,578	514,051	421,712	468,445	441,536	435,412	477,422
Fines and forfeits	-	-	-	-	477,934	391,183	439,387	457,656	423,340	485,363
Interest and rents	165,774	89,962	18,311	18,585	8,807	19,469	25,392	26,865	20,673	15,176
Other revenue	485,699	634,413	413,230	512,339	470,865	594,277	197,543	106,744	176,661	77,295
Total revenues	9,147,844	8,616,560	8,531,740	8,287,054	9,779,707	10,106,751	9,016,896	9,154,228	9,660,035	10,069,798
Expenditures										
General government	1,959,636	1,882,594	1,500,432	1,893,487	2,262,143	1,858,617	1,379,978	1,637,766	1,920,450	1,695,459
Public safety	3,754,299	3,738,654	3,488,192	3,512,973	3,260,722	3,443,977	3,675,967	3,585,910	3,738,853	3,832,396
Public works	1,501,631	1,498,581	1,030,688	1,481,128	1,111,931	1,124,804	1,426,297	1,275,473	1,414,509	1,087,059
Community and economic development	-	-	-	-	84,166	140,796	8,604	8,115	3,732	25,276
Recreation and cultural	699,268	757,714	627,239	615,007	545,785	471,955	425,004	478,694	544,207	482,468
Other functions	-	-	-	-	-	-	-	21,883	432,912	430,870
Capital outlay	92	178,755	3,696	-	139,769	221,437	457,247	583,141	551,160	988,979
Debt service										
Principal	218,954	275,201	252,596	253,607	225,511	1,213,927	752,807	1,100,316	166,183	144,642
Interest and fiscal charges	67,909	59,652	53,680	44,042	35,092	28,494	24,491	20,756	16,705	12,770
Total expenditures	8,201,789	8,391,151	6,956,523	7,800,244	7,665,119	8,504,007	8,150,395	8,712,054	8,788,711	8,699,919
Excess of revenues over (under) expenditures	946,055	225,409	1,575,217	486,810	2,114,588	1,602,744	866,501	442,174	871,324	1,369,879

City of Center Line, Michigan
Changes in Fund Balances of Governmental Funds
2008-2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other financing sources (uses)										
Proceeds from borrowing	\$ -	\$ 123,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance recoveries	-	-	-	-	-	-	-	-	-	11,900
Sale of capital assets	-	-	-	-	-	-	-	44,952	20,807	20,434
Transfers in	154,000	126,122	-	148,000	1,247,535	1,455,702	1,029,037	1,119,986	1,150,300	1,694,702
Transfers out	<u>(1,081,046)</u>	<u>(986,336)</u>	<u>(848,750)</u>	<u>(1,061,955)</u>	<u>(1,843,676)</u>	<u>(2,344,032)</u>	<u>(2,054,182)</u>	<u>(2,210,233)</u>	<u>(2,245,456)</u>	<u>(2,714,416)</u>
Total other financing sources (uses)	<u>(927,046)</u>	<u>(737,078)</u>	<u>(848,750)</u>	<u>(913,955)</u>	<u>(596,141)</u>	<u>(888,330)</u>	<u>(1,025,145)</u>	<u>(1,045,295)</u>	<u>(1,074,349)</u>	<u>(987,380)</u>
Net change in fund balances	<u>\$ 19,009</u>	<u>\$ (511,669)</u>	<u>\$ 726,467</u>	<u>\$ (427,145)</u>	<u>\$ 1,518,447</u>	<u>\$ 714,414</u>	<u>\$ (158,644)</u>	<u>\$ (603,121)</u>	<u>\$ (203,025)</u>	<u>\$ 382,499</u>
Debt service as a percentage of noncapital expenditures ⁽¹⁾	3.29%	3.55%	4.08%	4.42%	3.82%	2.07%	1.83%	1.71%	1.80%	1.84%

Notes:

Source: City of Center Line Basic Financial Statements.

(1) For purposes of the calculation of debt service as a percentage of noncapital expenditures, debt service does not include contributions to the OPEB investment trust.

City of Center Line, Michigan
Assessed Taxable Values (History of Property Values)
2008-2017
(Unaudited)

Fiscal Year (Tax Year)	Property			Personal Property	Value	Personal Property as a Percentage of Total Value	Taxable Value as a Percentage of SEV	Total Direct Tax Rate
	Residential	Commercial	Industrial		Total			
2008 (2007)								
SEV	155,052,559	55,818,590	37,080,030	45,921,179	293,872,358	15.63%		
Taxable	126,060,118	45,471,258	35,166,578	45,921,179	252,619,133	18.18%	85.96%	22.6223
2009 (2008)								
SEV	139,756,545	51,087,016	33,830,400	44,529,203	269,203,164	16.54%		
Taxable	125,189,922	46,802,599	33,785,958	44,529,203	250,307,682	17.79%	92.98%	21.2329
2010 (2009)								
SEV	115,978,652	51,665,092	35,223,770	41,200,224	244,067,738	16.88%		
Taxable	114,266,596	49,167,957	35,170,471	41,200,224	239,805,248	17.18%	98.25%	23.8266
2011 (2010)								
SEV	95,402,279	51,053,302	31,985,320	35,444,185	213,885,086	16.57%		
Taxable	95,266,415	49,562,686	31,895,955	35,444,185	212,169,241	16.71%	99.20%	24.9025
2012 (2011)								
SEV	81,087,524	45,991,740	24,387,950	33,194,661	184,661,875	17.98%		
Taxable	81,031,376	45,879,627	24,317,636	33,190,835	184,419,474	18.00%	99.87%	31.7022
2013 (2012)								
SEV	70,045,360	46,094,940	21,713,872	32,458,965	170,313,137	19.06%		
Taxable	69,920,547	46,059,316	21,556,583	32,358,965	169,895,411	19.05%	99.75%	38.3328
2014 (2013)								
SEV	61,516,172	40,138,230	18,196,905	32,621,015	152,472,322	21.39%		
Taxable	61,447,720	39,845,790	18,028,366	32,621,015	151,942,891	21.47%	99.65%	37.5025
2015 (2014)								
SEV	63,906,365	42,923,630	18,450,668	31,322,042	156,602,705	20.00%		
Taxable	62,448,378	39,967,473	18,103,296	31,322,042	151,841,189	20.63%	96.96%	39.1266
2016 (2015)								
SEV	70,246,205	46,901,170	18,619,330	32,010,530	167,777,235	19.08%		
Taxable	64,001,760	41,927,671	18,260,204	32,006,711	156,196,346	20.49%	93.10%	39.1266
2017 (2016)								
SEV	77,467,183	53,092,800	19,597,340	22,632,470	172,789,793	13.10%		
Taxable	64,722,039	46,005,442	18,458,901	22,629,221	151,815,603	14.91%	87.86%	38.6503

Notes:

SEV is the state equalized value or assessed value

Tax rates are per \$1,000 of taxable value.

Taxable value is equal to approximately 50% of actual market value.

Source: Treasurer's tax settlement reports.

City of Center Line, Michigan
Property Tax Rates - Direct And Overlapping Governments
(Per \$1,000 of Taxable Value)
2008-2017
(Unaudited)

Fiscal Year (Tax Year)	City Direct Rates					Overlapping				Rates					Total Direct and Overlapping Rates by Resident's School District		
	General	Debt	Police and Fire Pension	Public Safety ⁽¹⁾	Total	Center Line Public Schools	Van Dyke Public Schools	Macomb County Intermediate School District	Macomb County Community College	Huron/Clinton			County Zoo Authority	County Art Authority	Veterans Operations	Center Line Public Schools	Van Dyke Public Schools
										Macomb County	Metro Authority	S.M.A.R.T.					
2008 (2007)																	
Homestead	14.6630	3.9977	3.9616	0.0000	22.6223	21.8022	11.9906	2.9430	1.4212	4.2055	0.2146	0.5900	0.0000	0.0000	0.0000	53.7988	43.9872
Non-Homestead	14.6630	3.9977	3.9616	0.0000	22.6223	25.7000	29.9906	2.9430	1.4212	4.2055	0.2146	0.5900	0.0000	0.0000	0.0000	57.6966	61.9872
2009 (2008)																	
Homestead	14.6630	1.5952	4.9747	0.0000	21.2329	16.6028	14.3906	2.9430	1.4212	4.2055	0.2146	0.5900	0.1000	0.0000	0.0400	47.3500	45.1378
Non-Homestead	14.6630	1.5952	4.9747	0.0000	21.2329	25.6000	32.3906	2.9430	1.4212	4.2055	0.2146	0.5900	0.1000	0.0000	0.0400	56.3472	63.1378
2010 (2009)																	
Homestead	14.6630	4.0350	5.1286	0.0000	23.8266	17.9406	14.8406	2.9430	1.4212	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	51.6495	48.5495
Non-Homestead	14.6630	4.0350	5.1286	0.0000	23.8266	25.6000	32.8406	2.9430	1.4212	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	59.3089	66.5495
2011 (2010)																	
Homestead	14.6630	4.9054	5.3341	0.0000	24.9025	20.4645	14.9906	2.9430	1.4212	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	55.2493	49.7754
Non-Homestead	14.6630	4.9054	5.3341	0.0000	24.9025	25.8000	32.9906	2.9430	1.4212	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	60.5848	67.7754
2012 (2011)																	
Homestead	14.6630	4.3632	5.1760	7.5000	31.7022	20.7758	13.0000	2.9430	1.5712	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	62.5103	54.7345
Non-Homestead	14.6630	4.3632	5.1760	7.5000	31.7022	25.9000	31.0000	2.9430	1.5712	4.5735	0.2146	0.5900	0.1000	0.0000	0.0400	67.6345	72.7345
2013 (2012)																	
Homestead	14.6630	7.6288	8.5410	7.5000	38.3328	25.3354	13.0000	2.9430	1.5712	4.5735	0.2146	0.5900	0.1000	0.2000	0.0400	73.9005	61.5651
Non-Homestead	14.6630	7.6288	8.5410	7.5000	38.3328	26.8000	31.0000	2.9430	1.5712	4.5735	0.2146	0.5900	0.1000	0.2000	0.0400	75.3651	79.5651
2014 (2013)																	
Homestead	14.6630	7.2330	8.1065	7.5000	37.5025	25.5854	13.0000	2.9430	1.5312	4.5735	0.2146	0.5900	0.1000	0.2000	0.0400	73.2802	60.6948
Non-Homestead	14.6630	7.2330	8.1065	7.5000	37.5025	27.0500	31.0000	2.9430	1.5312	4.5735	0.2146	0.5900	0.1000	0.2000	0.0400	74.7448	78.6948
2015 (2014)																	
Homestead	14.6630	7.7817	9.1819	7.5000	39.1266	25.5854	15.2300	2.9430	1.5262	4.5735	0.2146	1.0000	0.1000	0.2000	0.0400	75.3093	64.9539
Non-Homestead	14.6630	7.7817	9.1819	7.5000	39.1266	27.0500	33.2300	2.9430	1.5262	4.5735	0.2146	1.0000	0.1000	0.2000	0.0400	76.7739	82.9539
2016 (2015)																	
Homestead	14.6630	7.8655	8.6218	7.5000	38.6503	25.5854	15.2300	2.9430	1.5302	4.5685	0.2146	1.0000	0.1000	0.2000	0.0400	74.8320	64.4766
Non-Homestead	14.6630	7.8655	8.6218	7.5000	38.6503	27.0500	33.2300	2.9430	1.5302	4.5685	0.2146	1.0000	0.1000	0.2000	0.0400	76.2966	82.4766
2017 (2016)																	
Homestead	14.6630	8.0086	8.8049	7.5000	38.9765	25.0354	16.7500	2.9355	1.4212	4.5566	0.2146	1.0000	0.0997	0.1994	0.0398	74.4787	66.1933
Non-Homestead	14.6630	8.0086	8.8049	7.5000	38.9765	26.5000	34.7500	2.9355	1.4212	4.5566	0.2146	1.0000	0.0997	0.1994	0.0398	75.9433	84.1933

Notes:
Table in mills
Source: Final Tax Roll from the City Treasurer's Office
The Public Safety millage was passed by election in August 2011, to be levied annually for ten years beginning in fiscal year 2012

City of Center Line, Michigan
Principal Taxpayers
June 30, 2017 and 2008
(Unaudited)

Company Name	Product/Service	Year Ended June 30, 2017			Year Ended June 30, 2008		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
AZ Automotive Corporation	Automotive	\$ 14,270,182	1	9.40	\$ 19,892,610	2	7.87
Chrysler/ FCA LLC	Automotive	10,166,088	2	6.70	25,097,439	1	9.93
Kramer Homes Co-Op	Automotive	4,709,661	3	3.10	5,958,018	3	2.36
ERC Properties LLC	Housing	3,754,079	4	2.47	3,656,456	5	1.45
WICO Metal Products	Automotive	2,756,771	5	1.82	3,773,805	4	1.49
International Transmission	Automotive Sales	2,497,400	6	1.65	-	-	-
Whitlam Label Company	Automotive	2,421,872	7	1.60	3,476,692	6	1.38
Father Murray Nursing, LLC	Nursing Home	2,188,710	8	1.44	-	-	-
Lawrence Park Housing	Utilities	1,827,696	9	1.20	2,306,058	8	0.91
Consumers Energy	Housing	1,776,760	10	1.17	-	-	-
BAE Manufacturing	Housing	-	-	-	2,861,664	7	1.13
Detroit Edison Company	Automotive	-	-	-	2,234,807	9	0.88
J.P. Morgan Leasing	Housing	-	-	-	2,083,523	10	0.82
	Ten largest taxpayers	46,369,219		<u>30.54</u>	71,341,072		<u>28.24</u>
	Other taxpayers	<u>105,446,384</u>			<u>181,278,061</u>		
	Total taxable value	<u>\$ 151,815,603</u>			<u>\$ 252,619,133</u>		

Note:

Source: City Treasurer's Office

City of Center Line, Michigan
Property Tax Levies and Collections
2008-2017
(Unaudited)

Fiscal Year (Tax Year)	Total Tax Levy ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Subsequent Collection of Delinquent Taxes	Total Collections to Date	Percent Collected ⁽²⁾
		Amount	Percentage			
2008 (2007)	\$ 5,714,826	\$ 5,402,103	\$ 1	\$ 291,689	\$ 5,693,792	99.63%
2009 (2008)	5,314,758	5,083,864	95.66%	221,820	5,305,684	99.83%
2010 (2009)	5,713,744	5,352,645	93.68%	338,734	5,691,379	99.61%
2011 (2010)	5,283,545	5,010,318	94.83%	257,534	5,267,852	99.70%
2012 (2011)	5,846,503	5,556,146	95.03%	273,530	5,829,676	99.71%
2013 (2012)	6,512,567	6,177,943	94.86%	326,495	6,504,438	99.88%
2014 (2013)	5,698,238	5,464,284	95.89%	227,243	5,691,527	99.88%
2015 (2014)	5,941,029	5,709,082	96.10%	227,346	5,936,428	99.92%
2016 (2015)	5,982,595	5,727,092	95.73%	247,697	5,974,789	99.87%
2017 (2016)	5,687,666	5,428,578	95.44%	250,025	5,678,603	99.84%

Notes:

(1) Includes ad valorem operational, debt, pension, and public safety taxes, but does not include penalty and interest on late payment of taxes.

(2) Macomb County pays the City of Center Line the full amount of the delinquent real property taxes upon settlement in March of each year.

Source: City Treasurer's Office

City of Center Line, Michigan
Ratios of Outstanding Debt By Type
2008 - 2017
(Unaudited)

Fiscal Year	Population	Assessed Value of Property ⁽⁵⁾	Governmental Activities ⁽²⁾			Business-Installment Obligation Bonds	Type Activities ⁽²⁾			Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita	Percentage of Personal Income Per Capita
			General Obligation Bonds	Special Assessment Bonds	Installment Purchase Agreements		Revenue Bonds	Installment Purchase Agreements					
2008	8,531 ⁽³⁾	\$ 293,872,358	\$ 1,246,775	\$ 340,000	\$ 204,086	\$ 8,228,793	\$ 95,000	\$ 371,539	\$ 10,486,193	3.57%	1,229.19	5.90%	
2009	8,531 ⁽³⁾	269,203,164	1,159,623	255,000	228,118	7,726,332	75,000	248,480	9,692,553	3.60%	1,136.16	5.46%	
2010	8,531 ⁽³⁾	244,067,738	1,071,066	170,000	151,356	11,389,697	50,000	165,653	12,997,772	5.33%	1,523.59	7.32%	
2011	8,257 ⁽⁴⁾	213,885,086	979,700	85,000	73,725	11,297,869	25,000	82,826	12,544,120	5.86%	1,519.21	7.30%	
2012	8,257 ⁽⁴⁾	186,993,509	888,287	-	24,627	10,513,092	-	-	11,426,006	6.11%	1,383.80	6.54%	
2013	8,257 ⁽⁴⁾	173,048,141	768,806	-	-	10,207,998	-	-	10,976,804	6.34%	1,329.39	6.66%	
2014	8,257 ⁽⁴⁾	158,024,012	649,325	-	-	9,237,479	-	-	9,886,804	6.26%	1,197.38	6.13%	
2015	8,257 ⁽⁴⁾	161,974,013	529,844	-	-	8,171,960	-	-	8,701,804	5.37%	1,053.87	N/A ⁽¹⁾	
2016	8,257 ⁽⁴⁾	174,654,727	401,929	-	-	7,069,832	-	-	7,471,761	4.28%	904.90	N/A ⁽¹⁾	
2017	8,257 ⁽⁴⁾	178,772,413	292,287	-	-	5,959,517	-	-	6,251,804	3.50%	757.15	N/A ⁽¹⁾	

Notes:

- (1) Per capita income data is not readily available.
- (2) Source: City of Center Line Notes to the Financial Statements.
- (3) Source: 2000 Census Report
- (4) Source: 2010 Census Report
- (5) Source: Assessor's equalization reports

City of Center Line, Michigan
Ratios of Net General Bonded Debt Outstanding
2008-2017
(Unaudited)

Fiscal Year	Population	Assessed Value of Property ⁽⁷⁾	General Obligation Bonds ⁽¹⁾⁽³⁾⁽⁴⁾	Bonded Debt Service Funds Available ⁽²⁾⁽³⁾	Net General Bonded Debt	Net Debt to Assessed Value	Net Debt Per Capita
2008	8,531 ⁽⁵⁾	\$ 293,872,358	\$ 9,475,568	\$ 595,180	\$ 8,880,388	1.77%	610.69
2009	8,531 ⁽⁵⁾	269,203,164	8,885,955	9,600	8,876,355	3.30%	1,040.48
2010	8,531 ⁽⁵⁾	244,067,738	12,460,763	7,778	12,452,985	5.10%	1,459.73
2011	8,257 ⁽⁶⁾	213,885,086	12,277,569	7,297	12,270,272	5.74%	1,486.04
2012	8,257 ⁽⁶⁾	186,993,509	11,401,379	-	11,401,379	6.10%	1,380.81
2013	8,257 ⁽⁶⁾	173,048,141	10,976,804	104,306	10,872,498	6.28%	1,316.76
2014	8,257 ⁽⁶⁾	158,024,012	9,886,804	34,084	9,852,720	6.23%	1,193.26
2015	8,257 ⁽⁶⁾	161,974,013	8,701,804	12,907	8,688,897	5.36%	1,052.31
2016	8,257 ⁽⁶⁾	174,654,727	7,471,804	12,080	7,459,724	4.27%	903.44
2017	8,257 ⁽⁶⁾	178,772,413	6,251,804	249,615	6,002,189	3.36%	726.92

Notes:

- (1) Amount does not include special assessment debt.
- (2) Amount does not include funds available for retirement of special assessment debt.
- (3) Source: City of Center Line Notes to the Financial Statements.
- (4) Amount includes both governmental and business-type activity general obligation debt.
- (5) Source: 2000 Census report
- (6) Source: 2010 Census report
- (7) Source: Assessor's equalization reports

City of Center Line, Michigan
Direct and Overlapping Governmental Activities Debt
June 30, 2017
(Unaudited)

DIRECT DEBT OUTSTANDING ⁽²⁾			
Unlimited Tax General Obligation Bonds			
2004 Refunding Bonds (Governmental Portion)		\$	292,287
TOTAL DIRECT DEBT OUTSTANDING			\$ 292,287
Overlapping Debt			
34.60% ⁽¹⁾ Center Line Public School District ⁽³⁾	\$ 10,530,000	\$	3,643,380
2.14% ⁽¹⁾ Van Dyke Public School District ⁽⁴⁾	56,045,000		1,199,363
0.62% ⁽¹⁾ Macomb County at large ⁽⁵⁾	335,609,509		2,080,779
0.62% ⁽¹⁾ Macomb Community College ⁽⁴⁾	3,020,000		18,724
TOTAL OVERLAPPING DEBT OUTSTANDING			6,942,246
TOTAL DIRECT AND OVERLAPPING DEBT OUTSTANDING			\$ 7,234,533

Notes:

- (1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.
- (2) Source: City of Center Line Notes to the Financial Statements
- (3) Source: Audit report dated June 30, 2015
- (4) Source: Audit report dated June 30, 2016
- (5) Source: Audit report dated December 31, 2015

City of Center Line, Michigan
Computation of Legal Debt Margin
June 30, 2017
(Unaudited)

Valuation for debt limit		
2015 state equalized value		
Real property	\$ 151,239,423	
Personal property	<u>22,637,450</u>	
Total 2015 state equalized value		\$ 173,876,873
Industrial facilities adjusted to state equalized equivalent		<u>4,895,540</u>
Total valuation for debt limit		<u><u>\$ 178,772,413</u></u>
Debt limit		
10% of state equalized value and equivalent		\$ 17,877,241
Amount of debt applicable to debt limit		
Total bonded debt	\$ 6,251,804	
Less:		
Amount available in debt service funds	249,615	
State Revolving Fund (SRF) Wastewater Bonds	<u>3,641,851</u>	
Total amount of debt applicable to debt limit		<u><u>2,360,338</u></u>
Legal debt margin		<u><u>\$ 15,516,903</u></u>

Notes:

Bonds which are not required to be included in this computation of net indebtedness, according to Public Act 279 of 1909, as amended, are:

- A. Special assessment bonds
- B. Mortgage bonds
- C. Motor vehicle highway fund bonds
- D. Revenue bonds
- E. Bonds issued, or contracts or assessment obligation, incurred to comply with an order of the Water Resources Commission or a court of competent jurisdiction.
- F. Other obligations incurred for water supply, sewage, and drainage or refuse disposal projects necessary to protect the public health by abating pollution.

City of Center Line, Michigan
Historical Legal Debt Margin
2008-2017
(Unaudited)

Fiscal Year	Debt Limit	Net Applicable Debt	Legal Debt Margin	Ratio
2008	\$ 29,512,235	\$ 9,475,568	\$ 20,036,667	32.11%
2009	27,045,316	8,885,995	18,159,321	32.86%
2010	24,531,773	8,091,665	16,440,108	32.98%
2011	21,513,508	7,597,334	13,916,174	35.31%
2012	18,792,230	6,875,984	11,916,246	36.59%
2013	17,362,837	6,340,647	11,022,190	36.52%
2014	15,802,401	5,535,869	10,266,532	35.03%
2015	16,197,401	4,592,046	11,605,355	28.35%
2016	17,465,473	3,587,873	13,877,600	20.54%
2017	17,877,241	2,360,338	15,516,903	13.20%

Note:

Source: City of Center Line Treasurer's office.

City of Center Line, Michigan
Pledged Revenue Coverage
2008-2017
(Unaudited)

Limited Tax Obligation Bonds⁽¹⁾						
Fiscal Year Ended	Collections	Debt Service		Total	Coverage	
		Principal	Interest			
2010	\$ -	\$ -	\$ 32,338	\$ 32,338	0.00%	
2011	353,557	207,000	114,219	321,219	110.07%	
2012	327,598	210,000	117,598	327,598	100.00%	
2013	319,904	205,000	114,904	319,904	100.00%	
2014	328,296	215,000	113,296	328,296	100.00%	
2015	327,921	220,000	107,922	327,922	100.00%	
2016	327,421	225,000	102,421	327,421	100.00%	
2017	326,796	230,000	96,796	326,796	100.00%	
Revenue Bonds⁽³⁾						
Fiscal Year Ended	Collections	Debt Service		Total	Coverage	
		Principal	Interest			
2007	\$ 29,011	\$ 20,000	\$ 9,011	\$ 29,011	100.00%	
2008	27,581	20,000	7,581	27,581	100.00%	
2009	26,146	20,000	6,146	26,146	100.00%	
2010	29,526	25,000	4,526	29,526	100.00%	
2011	27,719	25,000	2,719	27,719	100.00%	
2012	25,906	25,000	906	25,906	100.00%	
Special Assessment Bonds⁽³⁾						
Fiscal Year Ended	Collections ⁽²⁾	Debt Service		Total	Coverage ⁽²⁾	
		Principal	Interest			
2007	\$ 88,513	\$ 85,000	\$ 18,891	\$ 103,891	85.20%	
2008	86,745	85,000	15,831	100,831	86.03%	
2009	173,100	85,000	12,538	97,538	177.47%	
2010	413	85,000	9,074	94,074	0.44%	
2011	86,756	85,000	5,504	90,504	95.86%	
2012	86,756	85,000	1,849	86,849	99.89%	

Notes:

- (1) No limited tax obligation bonds were issued by the city prior to fiscal year 2010.
- (2) Customers may choose to make special assessment payments up front to avoid paying interest to the city, which creates uneven payment streams over the life of the assessment.
- (3) The city did not hold any outstanding revenue bonds or special assessment bonds after fiscal year 2012.

Source: City of Center Line Basic Financial Statements.

**City of Center Line, Michigan
Demographic Statistics
2008-2017
(Unaudited)**

Fiscal Year	Population	Personal Income	Personal Income Per Capita ⁽²⁾	Unemployment Rate ⁽⁶⁾
2008	8,531 ⁽³⁾	\$ 177,658,075	\$ 20,825	8.3%
2009	8,531 ⁽³⁾	177,658,075	20,825	18.3%
2010	8,531 ⁽³⁾	177,658,075	20,825	14.1%
2011	8,257 ⁽⁴⁾	171,952,025	20,825	12.3%
2012	8,257 ⁽⁴⁾	174,759,405	21,165	10.5%
2013	8,257 ⁽⁴⁾	164,751,921	19,953	10.5%
2014	8,257 ⁽⁴⁾	161,366,551	19,543	8.6%
2015	8,257 ⁽⁵⁾	170,476,800	20,490	5.4%
2016	8,297 ⁽⁵⁾	166,213,801 ⁽¹⁾	20,033 ⁽¹⁾	4.8%
2017	8,297 ⁽⁵⁾	- ⁽¹⁾	- ⁽¹⁾	3.7%

Notes:

- (1) Personal income data for fiscal year is not readily available
- (2) Source: United States Census Bureau American Community Survey Five Year Estimates
- (3) Source: 2000 Census Report
- (4) Source: 2010 Census Report
- (5) Source: 2015 Census Bureau Estimate
- (6) Source: Michigan Department of Technology, Management & Budget, Unemployment Statistics for Macomb County

City of Center Line, Michigan
Concentration of Workforce
June 30, 2017 and 2008
(Unaudited)

Industry	2017		2008	
	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce
Professional and Business Services	410,800	20.10%	356,600	18.41%
Trade, Transportation, and Utilities	369,200	18.06%	360,500	18.61%
Education and Health Services	312,800	15.31%	280,800	14.49%
Manufacturing	248,000	12.14%	234,000	12.08%
Government	190,400	9.32%	222,700	11.50%
Leisure and Hospitality	211,000	10.32%	189,900	9.80%
Financial Activities	116,400	5.70%	106,700	5.51%
Other Services	77,000	3.77%	87,700	4.53%
Mining, Logging, and Construction	79,700	3.90%	68,900	3.56%
Information	28,300	1.39%	29,500	1.52%
Total	<u>2,043,600</u>	<u>100.00%</u>	<u>1,937,300</u>	<u>100.00%</u>

Notes:

(1) Number of jobs is presented for the Detroit, Livonia, Warren metropolitan area.

(2) Source: Bureau of Labor Statistics

http://stats.bls.gov/eag/eag.mi_detroit_msa.htm

City of Center Line, Michigan
Full Time City Employees By Function
2008-2017
(Unaudited)

Function	Full-time Employees		as of June 30							
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	7	7	4	5	5	5	5	4	7	7
Public safety										
Sworn officers and dispatchers	29	28	25	22	20	22	22	21	21	22
Building inspection	1	1	1	1	1	1	1	1	1	1
Public works	9	9	9	8	6	5	5	5	5	5
Recreation and culture	4	4	3	3	2	-	1	1	1	1
Total	50	49	42	39	34	33	34	32	35	36

Note:

Source: City of Center Line Treasurer's Office.

City of Center Line, Michigan
Operating Indicators By Function
2008-2017
(Unaudited)

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety⁽⁴⁾										
Physical arrests	747	551	455	286	576	396	418	496	545	416 ⁽¹⁾
Parking violations	112	116	117	64	52	101	89	106	106	126 ⁽¹⁾
Traffic violations	6,915	5,179	4,609	3,193	2,853	3,022	3,712	3,902	3,902	4,558 ⁽¹⁾
Emergency fire responses	80	83	211	242	256	358	298	1,251	240	242 ⁽¹⁾
Medical runs							950	1,247	1,297	1,219
Public works⁽⁵⁾										
Average daily water consumption and sewer treatment (gallons)	513,151	691,780	641,644	730,411	734,521	719,810	710,000	700,000	700,000	- ⁽¹⁾
Peak daily water consumption (gallons)	1,170,000	1,460,000	1,060,000	1,100,000	1,170,000	1,000,000	1,020,000	1,025,000	1,025,000	- ⁽¹⁾
Water rates										
Per 1,000 cubic feet	\$ 26.8031	\$ 26.8031	\$ 26.8031	\$ 26.8031	\$ 26.8031	\$ 26.8031	\$ 26.8031	\$ 28.3542	\$ 27.4144	\$ 27.4144 ⁽²⁾
Per 1,000 gallons ⁽³⁾	\$ 3.5831	\$ 3.5831	\$ 3.5831	\$ 3.5831	\$ 3.5831	\$ 3.5831	\$ 3.5831	\$ 3.7904	\$ 3.6447	\$ 3.6447 ⁽²⁾
Sewer rates										
Per 1,000 cubic feet	\$ 44.0929	\$ 41.0929	\$ 44.0929	\$ 44.0929	\$ 44.0929	\$ 44.0929	\$ 44.0929	\$ 47.6958	\$ 46.2588	\$ 46.2588 ⁽²⁾
Per 1,000 gallons ⁽³⁾	\$ 5.8944	\$ 5.4933	\$ 5.8944	\$ 5.8944	\$ 5.8944	\$ 5.8944	\$ 5.8944	\$ 6.3760	\$ 6.1839	\$ 6.1839 ⁽²⁾
Garbage/Solid Waste rate	\$ 7.5000	\$ 7.5000	\$ 9.0000	\$ 11.0000	\$ 12.0000	\$ 12.0000	\$ 12.0000	\$ 9.1000	\$ 9.1000	\$ 9.1000 ⁽²⁾
Recreation and culture⁽⁶⁾										
Volumes in library collection	39,062	43,167	42,169	40,408	51,444	56,086	53,098	48,157	52,532	52,269 ⁽²⁾
Volumes borrowed from library	45,373	44,510	44,351	42,550	39,697	38,789	36,484	45,671	43,839	43,620 ⁽²⁾

Notes:

- (1) Water and public safety data are reported on a calendar year basis.
 - (2) Library and utility rate data are reported on a fiscal year basis.
 - (4) Source: City of Center Line Public Safety Director.
 - (5) Source: City of Center Line Public Works Director.
 - (6) Source: City of Center Line Library Director.
- Average daily water consumption and peak daily water consumption figures were not readily available prior to 2006 and 2007 respectively. 2011 peak figure was estimated due

City of Center Line, Michigan
Capital Asset Statistics By Function
2008-2017
(Unaudited)

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety ⁽¹⁾										
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Public works ⁽²⁾										
Streets (miles)										
Primary streets	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81
Secondary streets	18.47	18.47	18.47	18.47	18.47	18.47	18.47	18.47	18.47	18.47
Traffic signals	12	12	12	11	11	11	11	11	11	11
Water										
Mains (miles)	33.81	33.81	33.81	33.81	33.81	33.81	33.81	33.81	33.81	33.81
Fire hydrants	356	356	356	356	356	356	356	356	356	356
Storage capacity (gallons)	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560	2,345,560
Sewer										
Sanitary sewers (miles)	29.55	29.55	29.55	29.55	29.55	29.55	29.55	29.55	29.55	29.55
Storm sewers (miles)	26.54	26.54	26.54	26.54	26.54	26.54	26.54	26.54	26.54	26.54
Recreation and culture ⁽³⁾										
Parks (acres)	30	30	30	30	30	30	30	30	30	30
Playgrounds	4	4	4	4	4	4	4	4	4	4
Pavilions	4	4	4	4	4	4	4	4	4	4
Softball and baseball fields	6	6	6	6	6	5	5	5	5	5

Notes:

- (1) Source: City of Center Line Public Safety Director.
- (2) Source: City of Center Line Public Works Director.
- (3) Source: City of Center Line Recreation Director.

City of Center Line, Michigan
Continuing Disclosure - State Shared Revenue
2008-2017
(Unaudited)

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount</u>
2008	998,627
2009	964,912
2010	858,193
2011	858,193
2012	805,267
2013	835,099
2014	860,367
2015	877,455
2016	876,850
2017	913,076

Note:

Source: City of Center Line Treasurer's office.

City of Center Line, Michigan
Continuing Disclosure - Gas and Weight Taxes
2008-2017
(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Streets</u>	<u>Local Streets</u>	
2008	312,123	125,391	437,514
2009	325,585	130,609	456,194
2010	294,997	118,341	413,338
2011	299,371	120,116	419,487
2012	313,205	121,715	434,920
2013	314,299	125,225	439,524
2014	324,066	129,188	453,254
2015	330,874	131,921	462,795
2016	348,643	175,596	524,239
2017	400,947	159,915	560,862

Note:

Source: City of Center Line Treasurer's office.

City of Center Line, Michigan
Continuing Disclosure - Labor Agreements
(Unaudited)

Name	Contract Expiration Date	Actual Number of Employees Covered
UNION EMPLOYEES		
Clerical / Office Employees Governmental Employees Labor Council (GELC)	2/2/2021	2
Department of Public Works Employees American Federation of State, County, and Municipal Employees (AFSCME), Council 25, Local 1103	2/28/2018	4
Public Safety Command Officers Command Officers Association of Michigan (COAM)	6/30/2018	4
Public Safety Patrol Officers and Dispatchers Police Officers Association of Michigan (POAM)	6/30/2018	16
NON-UNION EMPLOYEES		
Chief Building Inspector	N/A	1
City Finance Director and Treasurer	N/A	1
Deputy Treasurer	N/A	1
City Manager and Clerk	N/A	1
Executive Secretary / Deputy Clerk	N/A	1
Human Resources Director	N/A	1
Parks and Recreation / Library Director	N/A	1
Public Safety Director	N/A	1
Public Works Superintendent	N/A	1

Note:

Source: City of Center Line Treasurer's office.