

Center Line, Michigan



Comprehensive Annual Financial Report
June 30, 2015

City of Center Line, Michigan
Comprehensive Annual Financial Report
June 30, 2015

Prepared by:
Treasurer's Office
Stephen R. Adair, II CGFM
Director of Finance/Treasurer

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Municipal Offices
Robert Binson,
Mayor

Dennis E. Champine,
City Manager/City Clerk

November 23, 2015

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, 2015.

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.

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 8,300. 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 Label Company. Mopar makes performance

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automotive parts for the full line of FCA vehicles. Whitlam Label Company 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, all-though stagnant over the past five fiscal years, has re-focused its efforts by collaborating with the Center Line Public Schools Graphic Arts program, to develop new gateway entry signage; and with the Center Line Business Association to identify best practices and developments for the community's downtown.

It is the authority's goal to create and develop ideas on moving the downtown development district forward, to help draw new commercial businesses and residents from both the baby-boomers and millennial demographics. Furthermore, new DDA development regulations will require that all tax revenues captured by the authority shall be invested within the DDA district within one fiscal year of capturing of affected tax revenues, resulting in more aggressive investments by the authority.

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. 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 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.

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 2015, 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 2016 through 2018. 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 the City's five-year capital improvement plan, which will fund \$884,656 in capital improvements like a new fire engine and two new dump trucks. The current plan calls for budgeted transfers of \$60,000 from the general fund and projects the need to raise \$500,000 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.

For fiscal year 2015, the city spent over \$650,000 on capital outlay, which continued the trend of city management to update or replace obsolete software, replace aging public safety vehicles, and bring operations across the city into the 21st century via technology upgrades. Approximately \$332,000 of this amount was spent on the much needed municipal building parking lot replacement.

The parking lot dated back to before the City purchased the municipal building 1990's, and was in dire need of complete replacement, as those who visit the City's municipal complex were well aware. Other funds were spent on everything from new public safety vehicles to new books for the library and maintenance equipment for the public works department. Furthermore, Public Safety Training facilities continue to be updated to allow for that department to improve training of both Public Safety Officers and On-Call Firefighters.

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 is scheduled to begin in the Spring of 2016 and run through the Fall of 2017.

With the recently completed renovations to the Crest Ford automobile dealership, and the recently committed \$57 million investment by Sodecia, a Big Three supplier, the community may as early as fiscal year 2017 experience a significant increase in taxable value, and as a result, experience an increase in tax revenue.

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, 2013. This was the second 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,



Dennis E. Champine
City Manager and Clerk



Stephen R. Adair, II, CGFM
Director of Finance and Treasurer



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, 2014

Executive Director/CEO

City of Center Line
List of Elected and Appointed Officials
June 30, 2015

City Council

Robert Binson, Mayor

Ron Lapham, Mayor Pro-Tem

Nick Chakur, Council Member

Mary Hafner, Council Member

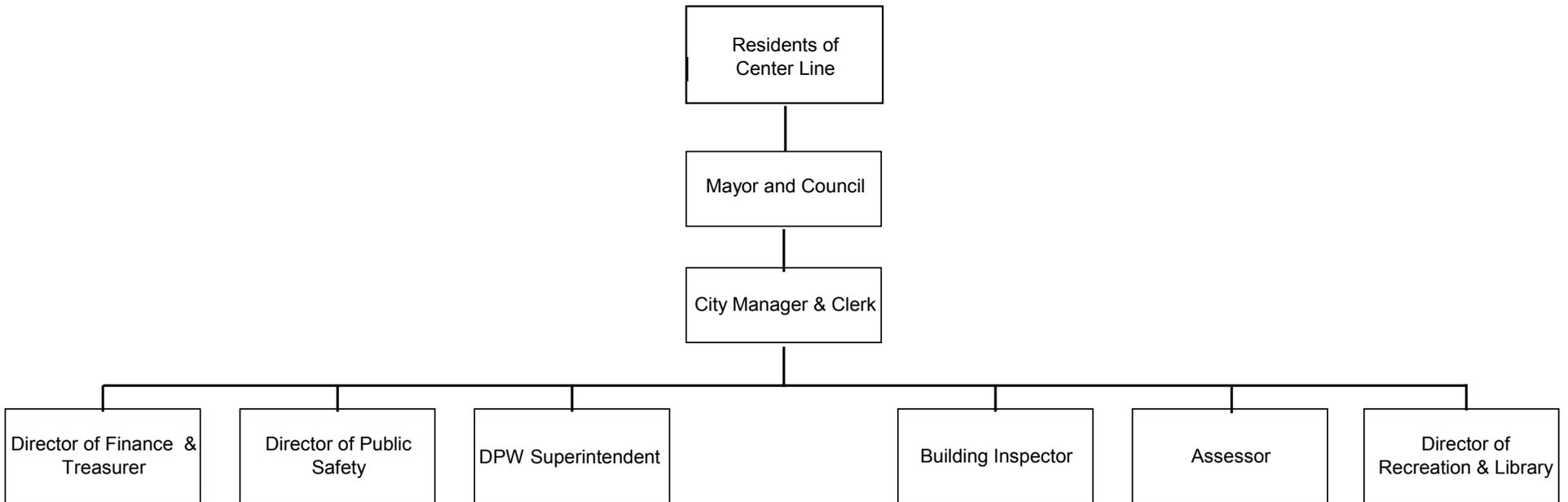
James Reid, Council Member

Other Officers and Officials

Dennis Champine, City Manager and Clerk

Stephen R. Adair, II, CGFM, Director of Finance and Treasurer

**City of Center Line
Organizational Chart
June 30, 2015**



Independent Auditors' Report

City Council and Management
City of Center Line
Center Line, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Center Line, as of and for the year ended June 30, 2015, 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 units, each major fund, and the aggregate remaining fund information of the City of Center Line, as of June 30, 2015, 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* and Statement No. 69 *Government Combinations and Disposals of Government Operations*. Our opinions are not modified with respect to this matter.

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 November 23, 2015 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 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 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

November 23, 2015

City of Center Line
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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, 2015. 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 \$2,434,592 at the close of 2015 (excluding component units). This is a decrease of \$10,304,470 or 80.89% compared to 2014.
- Governmental activities net position was \$(11,102,016) for 2015. This is a decrease of \$11,117,766 or 70,588.99% compared to 2014.
- Business-type activities net position was \$13,536,608. This is an increase of \$813,296 or 6.39% compared to 2014.
- Component unit net position was \$688,459. This is a decrease of \$28,077 or 3.92% compared to 2014.

Fund Level:

- At the close of the fiscal year, the City of Center Line's governmental funds reported a combined ending fund balance of \$2,687,656, a decrease of \$603,121 or 18.33% compared to 2014. Of this amount, \$178,259 was classified as nonspendable, \$754,041 was classified as restricted, \$696,237 was classified as assigned, and \$1,059,119 was classified as unassigned. The decrease in fund balance reflects increased expenses in the capital improvement fund, primarily as a result construction on and purchasing of capital equipment and capital projects. The capital improvement fund experienced a fund balance decrease of \$329,739.
- The General Fund's overall fund balance decreased \$456,327 over 2014. A significant factor in the fund balance decrease was the \$347,509 increase in the City's voluntary contribution to its other postemployment benefits investment trust.

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 \$643,686 with a net decrease of \$117,691 from the prior year.
- The total long-term debt for the primary government (business-type activities) was \$8,171,960 with a decrease of \$1,065,519 from the prior year.
- The City of Center Line has \$11,605,355, or 72 percent, of its authorized legal debt limit available for use.

City of Center Line
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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.

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.

City of Center Line
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

- ***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.
- 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.

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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).
- **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.

City of Center Line
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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.

**City of Center Line
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE CITY OF CENTER LINE AS A WHOLE

As previously stated, the City of Center Line's combined net position was \$2,434,592 at the end of this fiscal year's operations. The net position of the governmental activities was \$(11,102,016); the net position of business-type activities was \$13,536,608.

Net Position as of June 30, 2015 and 2014

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|------------------|-----------------------------|----------------------|---------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | | | |
| Current and other assets | \$ 3,259,555 | \$ 3,644,872 | \$ 3,055,100 | \$ 2,536,342 | \$ 6,314,655 | \$ 6,181,214 |
| Capital assets | 3,743,039 | 3,520,195 | 19,156,170 | 19,632,654 | 22,899,209 | 23,152,849 |
| Total assets | <u>7,002,594</u> | <u>7,165,067</u> | <u>22,211,270</u> | <u>22,168,996</u> | <u>29,213,864</u> | <u>29,334,063</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Charges | 799,116 | - | 184,277 | 207,141 | 983,393 | 207,141 |
| Total assets and deferred outflows | <u>7,801,710</u> | <u>7,165,067</u> | <u>22,395,547</u> | <u>22,376,137</u> | <u>30,197,257</u> | <u>29,541,204</u> |
| Liabilities | | | | | | |
| Current | 1,100,092 | 756,770 | 1,420,242 | 1,480,865 | 2,520,334 | 2,237,635 |
| Noncurrent | 17,791,467 | 6,392,547 | 7,438,697 | 8,171,960 | 25,230,164 | 14,564,507 |
| Total liabilities | <u>18,891,559</u> | <u>7,149,317</u> | <u>8,858,939</u> | <u>9,652,825</u> | <u>27,750,498</u> | <u>16,802,142</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred inflows | 12,167 | - | - | - | 12,167 | - |
| Total liabilities and deferred inflows | <u>18,903,726</u> | <u>7,149,317</u> | <u>8,858,939</u> | <u>9,652,825</u> | <u>27,762,665</u> | <u>16,802,142</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 3,213,195 | 2,870,870 | 11,150,437 | 10,512,445 | 14,363,632 | 13,383,315 |
| Restricted | 1,127,272 | 730,445 | - | - | 1,127,272 | 730,445 |
| Unrestricted | (15,442,483) | (3,585,565) | 2,386,171 | 2,210,867 | (13,056,312) | (1,374,698) |
| Total net position | <u>\$ (11,102,016)</u> | <u>\$ 15,750</u> | <u>\$ 13,536,608</u> | <u>\$ 12,723,312</u> | <u>\$ 2,434,592</u> | <u>\$ 12,739,062</u> |

The decrease of \$10,304,470 from 2014 to 2015 in total primary government net position was mainly the result of the city's implementation of Governmental Accounting Standards Board Statement Number 68, which required the city to recognize – as a prior period adjustment – the beginning net pension liability for the city's pension systems in the government wide statement of net position. This adjustment decreased net position by \$10,799,211 in governmental activities and by \$340,289 in business-type activities. The impact on the total primary government was a decrease in net position of \$11,139,500.

City of Center Line
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Changes in Net Position for the Fiscal Year Ended June 30, 2015 and 2014

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 2014 and 2015:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 1,012,264 | \$ 1,024,448 | \$ 2,959,928 | \$ 3,082,514 | \$ 3,972,192 | \$ 4,106,962 |
| Operating grants and contributions | 609,303 | 591,402 | - | - | 609,303 | 591,402 |
| Capital grants and contributions | 51,817 | 240,082 | 35,589 | - | 87,406 | 240,082 |
| General revenues: | | | | | | |
| Property taxes | 6,201,812 | 5,734,767 | - | - | 6,201,812 | 5,734,767 |
| Payment in lieu of taxes | 103,430 | - | - | - | 103,430 | - |
| State-shared revenue | 877,455 | 860,367 | - | - | 877,455 | 860,367 |
| Cable franchise fees | 146,812 | - | - | - | 146,812 | - |
| Investment and rent earnings | 26,865 | 25,389 | 1,813 | 1,888 | 28,678 | 27,277 |
| Miscellaneous | 134,150 | 359,550 | - | - | 134,150 | 359,550 |
| Total revenues | 9,163,908 | 8,836,005 | 2,997,330 | 3,084,402 | 12,161,238 | 11,920,407 |
| Expenses | | | | | | |
| General government | 1,903,319 | 1,824,390 | - | - | 1,903,319 | 1,824,390 |
| Public safety | 4,383,322 | 4,275,183 | - | - | 4,383,322 | 4,275,183 |
| Public works | 1,491,621 | 1,485,370 | - | - | 1,491,621 | 1,485,370 |
| Community and economic development | 16,991 | 48,029 | - | - | 16,991 | 48,029 |
| Recreation and cultural | 576,844 | 499,914 | - | - | 576,844 | 499,914 |
| Water and sewer | - | - | 2,933,992 | 2,783,563 | 2,933,992 | 2,783,563 |
| Solid waste disposal | - | - | - | 297,779 | - | 297,779 |
| Interest on long-term debt | 20,119 | 23,873 | - | - | 20,119 | 23,873 |
| Total expenses | 8,392,216 | 8,156,759 | 2,933,992 | 3,081,342 | 11,326,208 | 11,238,101 |
| Excess revenues over (under) expenses before transfers | 771,692 | 679,246 | 63,338 | 3,060 | 835,030 | 682,306 |
| Transfers | (1,090,247) | (1,025,145) | 1,090,247 | 1,025,145 | - | - |
| Change in net position | (318,555) | (345,899) | 1,153,585 | 1,028,205 | 835,030 | 682,306 |
| Net position (deficit), beginning of year | 15,750 | 361,649 | 12,723,312 | 11,695,107 | 12,739,062 | 12,056,756 |
| Prior period adjustment - GASB 68 | (10,799,211) | - | (340,289) | - | (11,139,500) | - |
| Net position (deficit), end of year | \$ (11,102,016) | \$ 15,750 | \$13,536,608 | \$12,723,312 | \$ 2,434,592 | \$12,739,062 |

City of Center Line
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Governmental Activities:

Fiscal year 2015 results showed a decrease in net position of \$318,555 in addition to a prior period adjustment for the implementation of Government Accounting Standards Board Statement Number 68, which further decreased net position by \$10,799,211. The ending net deficit for governmental activities was \$11,102,016. Of the total governmental activities' net deficit, \$3,213,195 represents the net investment in capital assets, \$1,127,272 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 \$(15,442,483) is listed as unrestricted, having no legal commitment.

Revenues:

The three largest revenue categories were property taxes at 67.6%, charges for services at 11.0%, and state shared revenue at 9.6%. These figures are consistent with prior fiscal periods with the exception of an increase in tax revenues, which occurred because of higher levies for the city's debt service and Public Act 345 retirement system millages.

Expenses:

Public safety was the largest governmental activity with \$4.4 million spent of the \$8.4 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. Public safety expenses increased by \$108,139, which was due to increases in the cost of pension and retiree healthcare costs.

General government is the second largest governmental activity, expending just over \$1.9 million. This includes administration, elections and other legislative expenses, district court costs, as well as utility costs associated with municipal buildings. This expenditure increased when compared to the prior fiscal period because of the addition of a part time position at the city hall as well as an increase in district court expenses.

Public works is the third largest governmental activity, expending \$1.5 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. Public works expenses increased by \$6,251, a relatively flat change from the previous fiscal period. Staffing levels and core services provided were consistent when compared to the previous fiscal period.

Business-type Activities:

Fiscal year 2015 results showed an increase in net position of \$1,153,585 in addition to a prior period adjustment for the implementation of Government Accounting Standards Board Statement Number 68, which decreased net position by \$340,289. The ending net position for business-type activities was \$13,536,608. The net result was worse than the previous year's net position increase of \$1,028,205. The increase, though less

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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than the previous fiscal period, was mainly due to the transfer into the Water and Sewer Fund as a result of increased debt service obligations, which were paid by the Water and Sewer Fund with the transfer proceeds. Additionally, the increase was due in part to a small decrease in sewer rates charged to the city by the Detroit Water and Sewerage Department experienced in July 2014.

Of the total \$13.5 million of net position in the business-type activities, \$2.4 million is reported as unrestricted, and \$11.1 million is the net investment in capital assets. City management has designated \$1,000,180 of the unrestricted net position to be used for future water and sewer system capital projects.

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

As the City of Center Line completed fiscal year 2015, its governmental funds reported *combined* fund balances of \$2,687,656. The net changes are summarized in the following chart:

| | General Fund | Public Safety Fund | Debt Service Fund | Nonmajor Governmental Funds |
|----------------------|--------------|--------------------|-------------------|-----------------------------|
| Fund Balance 6/30/15 | \$ 1,682,028 | \$ 289,293 | \$ 12,907 | \$ 703,428 |
| Fund Balance 6/30/14 | \$ 2,138,355 | \$ 205,071 | \$ 34,084 | \$ 913,267 |
| Net Change | \$ (456,327) | \$ 84,222 | \$ (21,177) | \$ (209,839) |

The General Fund balance decreased by \$456,327. This is primarily due to an increase in the amount of \$347,509 to the city's voluntary contributions to the other postemployment benefits investment trust

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 \$1.14 million in 2015, the Public Safety Fund still had a funding shortfall of \$830,986, 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 \$289,293, of which \$227,571 was restricted for retiree healthcare benefits, and \$61,722 of which were nonspendable.

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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 \$12,907. The entire balance was restricted for future debt service payments.

Nonmajor governmental funds saw a decrease in fund balance of \$209,839. The most significant funds impacting this decrease was the Capital Improvement Fund. The Capital Improvement Fund expended \$494,802 in the current fiscal period for planned projects budgeted as part of the city's five-year capital improvement plan. Significant projects undertaken or completed during fiscal year 2015 included the municipal building parking lot project as well as installation of a new 911 system for the city. The Capital Improvement Fund experienced a net change in fund balance of \$(329,739) in the current fiscal period.

General Fund:

The General Fund is the chief operating fund of the City of Center Line. Unless otherwise required by statute, contractual agreement, or Council policy, all City of Center Line revenues and expenditures are recorded in the General Fund. As of June 30, 2015, the General Fund reported a fund balance of \$1,682,028. This amount is a decrease of \$456,327 from the fund balance of \$2,138,355 reported as of June 30, 2014. Of the total fund balance, \$110,003 is nonspendable, \$500,000 is assigned, and \$1,072,025 is unassigned.

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 \$4,710,945; \$31,528 over the final amended budget. The overage was the result of unexpected revenues derived from insurance reimbursements as well as payment in lieu of taxes (PILOT) receipts in excess of budgeted figures. PILOT revenues are calculated annually by the applicable properties and then independently audited and are primarily on gross rents, net of certain eligible expenses. In the current fiscal period, both properties that participate in the PILOT program had better than anticipated gross rents, which led to an increase in the city's PILOT revenues.

The City of Center Line's expenditures and other financing uses totaled \$5,167,272; \$436,895 less than the final amended budget. Several departments at the city completed the fiscal year with expenditures significantly under approved budget levels.

The 37th District Court was under budget by \$67,999. This was because of lower than estimated court costs. The allocation methodology of allocated costs between the City of Center Line and the City of Warren are based on the percentage of case load between the two cities as of June 30 each year. Since the City of Center Line is typically only responsible for somewhere between 5 to 8 percent of the \$6.36 million district court

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June 30, 2015

budget on a year-to-year basis, the percentage can cause the city's amount to vary significantly from year-to-year, which causes annual issues with the city's budget.

The city's voluntary contribution to the city's Other Postemployment Benefits Investment Trust was under budget by \$93,919. The \$93,919 was earmarked at the August 2015 council meeting to be part of the \$500,000 assignment of fund balance to be transmitted to the Municipal Employees' Retirement System (MERS) as a one-time so-called 'catch-up' contribution.

Finally, the city's protective inspection (building) department was under budget by \$34,663. The operating result was due to the following causes: (a) the city's rodent control program completed the fiscal year with lower than expected costs, and (b) a blight inspector position was vacant for the majority of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2015, the City of Center Line had invested \$3,213,195 and \$11,150,437 (net of accumulated depreciation) for governmental and business-type capital assets, respectively. Accumulated depreciation was \$4,928,140 for the governmental activities and \$7,164,653 for the business-type activities. Depreciation charges for the fiscal year totaled \$261,647 for the governmental activities and \$416,842 for the business-type activities.

Significant additions to capital assets during the year included the purchase of a police squad car, fire equipment, and a new municipal building parking lot. For more detailed information related to capital assets, refer to Note 5 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, 2015.

| | Governmental Activities | Business Type Activities | Total |
|---------------------------------|------------------------------------|---|----------------------|
| Land | \$ 1,471,164 | \$ - | \$ 1,471,164 |
| Construction in progress | 407,437 | 20,948 | 428,385 |
| Buildings and Improvements, net | 1,188,394 | 636,529 | 1,824,923 |
| Machinery and Equipment, net | 575,141 | 568,882 | 1,144,023 |
| Land Improvements, net | 100,903 | - | 100,903 |
| Sewer System, net | - | 17,929,811 | 17,929,811 |
| Capital assets, net | \$ 3,743,039 | \$ 19,156,170 | \$ 22,899,209 |

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-term Debt - As of June 30, 2015, the City of Center Line had \$8,171,960 in bonds and compensated absences outstanding. Of this amount, \$8,701,804 is bonds and \$113,842 is compensated absences. This level of net obligation is \$1,065,519 less than the obligation recorded as of June 30, 2014. For more detailed information related to long-term debt, refer to Note 7 to the financial statements.

Outstanding Debt as of June 30, 2015:

| | <u>June 30, 2014</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2015</u> |
|---|----------------------|-------------------|---------------------|----------------------|
| Governmental Activities | | | | |
| Bonds | \$ 649,325 | \$ - | \$ 119,481 | \$ 529,844 |
| Compensated absences | <u>112,052</u> | <u>148,593</u> | <u>146,803</u> | <u>113,842</u> |
| Total Governmental Activities | 761,377 | 148,593 | 266,284 | 643,686 |
| | | | | |
| Total Business-Type Activities - Bonds | <u>9,237,479</u> | <u>-</u> | <u>1,065,519</u> | <u>8,171,960</u> |
| | | | | |
| Total Primary Government | <u>\$ 9,998,856</u> | <u>\$ 148,593</u> | <u>\$ 1,331,803</u> | <u>\$ 8,815,646</u> |
| | | | | |
| Debt Limit (10% of SEV) | | | | \$ 16,197,401 |
| | | | | |
| Available Statutory Debt Limit | | | | \$ 11,605,355 |

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, 2015, net of adjustments, was \$162 million; therefore, the City of Center Line's debt limitation was \$16.2 million. The City of Center Line remains below its legal debt limit by approximately \$11.6 million. The city's computation of the legal debt limit is shown in the statistical section of this report.

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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.

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
Statement of Net Position
June 30, 2015

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 751,718 | \$ 1,025,774 | \$ 1,777,492 | \$ 256,887 |
| Investments | 2,217,491 | 1,286,067 | 3,503,558 | 393,614 |
| Receivables | | | | |
| Taxes | 18,144 | - | 18,144 | - |
| Customers | 176,596 | 641,142 | 817,738 | - |
| Accrued interest and other | 725 | - | 725 | - |
| Due from other units of government | 299,899 | 5,923 | 305,822 | - |
| Prepaid items | 178,259 | 6,323 | 184,582 | - |
| Investment in joint venture | (383,277) | - | (383,277) | - |
| Total current assets | <u>3,259,555</u> | <u>2,965,229</u> | <u>6,224,784</u> | <u>650,501</u> |
| Noncurrent assets | | | | |
| Other postemployment benefit asset | - | 89,871 | 89,871 | - |
| Capital assets not being depreciated | 1,878,601 | 20,948 | 1,899,549 | 4,500 |
| Capital assets, net of accumulated depreciation | <u>1,864,438</u> | <u>19,135,222</u> | <u>20,999,660</u> | <u>64,380</u> |
| Total noncurrent assets | <u>3,743,039</u> | <u>19,246,041</u> | <u>22,989,080</u> | <u>68,880</u> |
| Total assets | <u>7,002,594</u> | <u>22,211,270</u> | <u>29,213,864</u> | <u>719,381</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charges, net of amortization | - | 166,227 | 166,227 | - |
| Deferred amount of pension expense related to net pension liability - MERS | 188,705 | 18,050 | 206,755 | - |
| Deferred amount of pension expense related to net pension liability - Police and Fire Pension | <u>610,411</u> | <u>-</u> | <u>610,411</u> | <u>-</u> |
| Total deferred outflows of resources | <u>799,116</u> | <u>184,277</u> | <u>983,393</u> | <u>-</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Statement of Net Position
June 30, 2015

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|---------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 809,515 | \$ 277,723 | \$ 1,087,238 | \$ 30,368 |
| Accrued and other liabilities | 130,875 | 45,434 | 176,309 | 554 |
| Unearned revenue | 3,075 | - | 3,075 | - |
| Debt due within one year | 156,627 | 1,097,085 | 1,253,712 | - |
| Total current liabilities | <u>1,100,092</u> | <u>1,420,242</u> | <u>2,520,334</u> | <u>30,922</u> |
| Noncurrent liabilities | | | | |
| Debt due in more than one year | 487,059 | 7,074,875 | 7,561,934 | - |
| Other postemployment benefit obligations | 5,327,729 | - | 5,327,729 | - |
| Net pension liability - MERS | 3,803,589 | 363,822 | 4,167,411 | - |
| Net pension liability - Police and Fire Pension | 8,173,090 | - | 8,173,090 | - |
| Total noncurrent liabilities | <u>17,791,467</u> | <u>7,438,697</u> | <u>25,230,164</u> | <u>-</u> |
| Total liabilities | <u>18,891,559</u> | <u>8,858,939</u> | <u>27,750,498</u> | <u>30,922</u> |
| Deferred Inflows of Resources | | | | |
| Deferred amount on net pension liability - Police and Fire Pension | <u>12,167</u> | <u>-</u> | <u>12,167</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 3,213,195 | 11,150,437 | 14,363,632 | - |
| Restricted for | | | | |
| Capital projects | 201,506 | - | 201,506 | - |
| Drug law enforcement | 7,148 | - | 7,148 | - |
| Fringe benefits and insurances | 110,003 | - | 110,003 | - |
| Debt service | 12,907 | - | 12,907 | - |
| Other post employment benefits | 227,571 | - | 227,571 | - |
| Public safety | 61,722 | - | 61,722 | - |
| Streets | 506,415 | - | 506,415 | - |
| Unrestricted (deficit) | <u>(15,442,483)</u> | <u>2,386,171</u> | <u>(13,056,312)</u> | <u>688,459</u> |
| Total net position | <u>\$ (11,102,016)</u> | <u>\$ 13,536,608</u> | <u>\$ 2,434,592</u> | <u>\$ 688,459</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
Statement of Activities
For the Year Ended June 30, 2015**

| 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 | \$ 1,903,319 | \$ 785,341 | \$ 28,091 | \$ - | \$ (1,089,887) | \$ - | \$ (1,089,887) | \$ - |
| Public safety | 4,383,322 | 152,503 | 62,822 | 25,878 | (4,142,119) | - | (4,142,119) | - |
| Public works | 1,491,621 | - | 506,859 | 7,719 | (977,043) | - | (977,043) | - |
| Community and economic development | 16,991 | - | - | 18,220 | 1,229 | - | 1,229 | - |
| Recreation and culture | 576,844 | 74,420 | 11,531 | - | (490,893) | - | (490,893) | - |
| Interest and fiscal charges on long-term debt | 20,119 | - | - | - | (20,119) | - | (20,119) | - |
| Total governmental activities | <u>8,392,216</u> | <u>1,012,264</u> | <u>609,303</u> | <u>51,817</u> | <u>(6,718,832)</u> | <u>-</u> | <u>(6,718,832)</u> | <u>-</u> |
| Business-type activities | | | | | | | | |
| Water and sewer | 2,600,683 | 2,683,775 | - | - | - | 83,092 | 83,092 | - |
| Solid waste disposal | 333,309 | 276,153 | - | 35,589 | - | (21,567) | (21,567) | - |
| Total business-type activities | <u>2,933,992</u> | <u>2,959,928</u> | <u>-</u> | <u>35,589</u> | <u>-</u> | <u>61,525</u> | <u>61,525</u> | <u>-</u> |
| Total primary government | <u>\$ 11,326,208</u> | <u>\$ 3,972,192</u> | <u>\$ 609,303</u> | <u>\$ 87,406</u> | <u>(6,718,832)</u> | <u>61,525</u> | <u>(6,657,307)</u> | <u>-</u> |
| Component unit | | | | | | | | |
| Downtown Development Authority | \$ 32,819 | \$ - | \$ 1,732 | \$ - | | | | (31,087) |
| General revenues | | | | | | | | |
| Property taxes | | | | | 6,201,812 | - | 6,201,812 | 2,387 |
| Payment in lieu of taxes | | | | | 103,430 | - | 103,430 | - |
| State-shared revenue | | | | | 877,455 | - | 877,455 | - |
| Cable franchise fees | | | | | 146,812 | - | 146,812 | - |
| Investment and rent earnings | | | | | 26,865 | 1,813 | 28,678 | 623 |
| Miscellaneous | | | | | 134,150 | - | 134,150 | - |
| Transfers | | | | | (1,090,247) | 1,090,247 | - | - |
| Total general revenues and transfers | | | | | <u>6,400,277</u> | <u>1,092,060</u> | <u>7,492,337</u> | <u>3,010</u> |
| Change in net position | | | | | (318,555) | 1,153,585 | 835,030 | (28,077) |
| Net position - beginning of year, as restated | | | | | (10,783,461) | 12,383,023 | 1,599,562 | 716,536 |
| Net position - end of year | | | | | <u>\$ (11,102,016)</u> | <u>\$ 13,536,608</u> | <u>\$ 2,434,592</u> | <u>\$ 688,459</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
Governmental Funds
Balance Sheet
June 30, 2015**

| | General | Special Revenue Fund Public Safety | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------|----------------------------|--|-------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 427,965 | \$ - | \$ 16,237 | \$ 307,516 | \$ 751,718 |
| Investments | 1,256,059 | 495,720 | - | 465,712 | 2,217,491 |
| Receivables | | | | | |
| Taxes | 10,888 | 4,422 | 2,834 | - | 18,144 |
| Customers | 158,209 | 16,457 | - | 1,930 | 176,596 |
| Accrued interest and other | 725 | - | - | - | 725 |
| Due from other units of government | 189,311 | - | - | 110,588 | 299,899 |
| Prepaid items | 110,003 | 61,722 | - | 6,534 | 178,259 |
| Total assets | <u>\$ 2,153,160</u> | <u>\$ 578,321</u> | <u>\$ 19,071</u> | <u>\$ 892,280</u> | <u>\$ 3,642,832</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
Governmental Funds
Balance Sheet
June 30, 2015**

| | General | Special Revenue Fund Public Safety | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|--|------------------|-----------------------------------|--------------------------------|
| Liabilities | | | | | |
| Accounts payable | \$ 397,928 | \$ 234,420 | \$ 3,834 | \$ 173,333 | \$ 809,515 |
| Accrued and other liabilities | 61,277 | 50,972 | - | 15,519 | 127,768 |
| Unearned revenue | 3,075 | - | - | - | 3,075 |
| Total liabilities | <u>462,280</u> | <u>285,392</u> | <u>3,834</u> | <u>188,852</u> | <u>940,358</u> |
| Deferred Inflows of Resources | | | | | |
| Delinquent tax receivables | 4,513 | 3,636 | 2,330 | - | 10,479 |
| Delinquent blight receivables | 4,339 | - | - | - | 4,339 |
| Total deferred inflows of resources | <u>8,852</u> | <u>3,636</u> | <u>2,330</u> | <u>-</u> | <u>14,818</u> |
| Fund Balances | | | | | |
| Non-spendable | | | | | |
| Prepaid items | 110,003 | 61,722 | - | 6,534 | 178,259 |
| Restricted for | | | | | |
| Other post employment benefits | - | 227,571 | - | - | 227,571 |
| Debt service | - | - | 12,907 | - | 12,907 |
| Streets | - | - | - | 506,415 | 506,415 |
| Drug law enforcement | - | - | - | 7,148 | 7,148 |
| Assigned | | | | | |
| Subsequent MERS contribution | 500,000 | - | - | - | 500,000 |
| Capital projects | - | - | - | 196,237 | 196,237 |
| Unassigned (deficit) | 1,072,025 | - | - | (12,906) | 1,059,119 |
| Total fund balances | <u>1,682,028</u> | <u>289,293</u> | <u>12,907</u> | <u>703,428</u> | <u>2,687,656</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,153,160</u> | <u>\$ 578,321</u> | <u>\$ 19,071</u> | <u>\$ 892,280</u> | <u>\$ 3,642,832</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2015**

| | |
|---|-------------------------------|
| Total fund balances for governmental funds | \$ 2,687,656 |
| 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 | (383,277) |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. | 1,864,438 |
| Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds. | 1,878,601 |
| Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. | 14,818 |
| Deferred outflows (inflows) or resources. | |
| Deferred inflows of resources resulting from net pension liability - Police and Fire Pension | (12,167) |
| Deferred outflows of resources resulting from net pension liability - Police and Fire Pension | 610,411 |
| Deferred outflows of resources resulting from net pension liability - MERS | 188,705 |
| 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 | (529,844) |
| Accrued interest | (3,107) |
| Compensated absences | (113,842) |
| Net other post employment obligation | (5,327,729) |
| Net pension liability - MERS | (3,803,589) |
| Net pension liability - Police and Fire Pension | <u>(8,173,090)</u> |
| Net position of governmental activities | <u>\$ (11,102,016)</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

| | Special Revenue Fund | | | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------|-------------------------|------------------|------------------|-----------------------------------|--------------------------------|
| | General | Public Safety | Debt Service | | |
| Revenues | | | | | |
| Taxes | \$ 2,409,866 | \$ 2,571,527 | \$ 1,209,211 | \$ - | \$ 6,190,604 |
| Licenses and permits | 264,124 | - | - | - | 264,124 |
| Intergovernmental | | | | | |
| Federal grants | 28,091 | 1,062 | - | 33,064 | 62,217 |
| State-shared revenue | 877,455 | - | - | - | 877,455 |
| Other state grants | 122,680 | 60,346 | - | 521,385 | 704,411 |
| Local contributions | 10,168 | 2,476 | - | 9,972 | 22,616 |
| Charges for services | 427,926 | 13,610 | - | - | 441,536 |
| Fines and forfeitures | 449,233 | 2,572 | - | 5,851 | 457,656 |
| Interest income | 25,498 | 581 | 96 | 690 | 26,865 |
| Other revenue | 50,952 | 54,896 | - | 896 | 106,744 |
| | <u>4,665,993</u> | <u>2,707,070</u> | <u>1,209,307</u> | <u>571,858</u> | <u>9,154,228</u> |
| Total revenues | | | | | |

See Accompanying Notes to the Financial Statements

City of Center Line
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

| | General | Special Revenue Fund | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------|--------------------|-----------------------------|--------------------------|
| | | Public Safety | Debt Service | | |
| Expenditures | | | | | |
| Current | | | | | |
| General government | \$ 1,637,766 | \$ - | \$ - | \$ - | \$ 1,637,766 |
| Public safety | 174,955 | 3,410,955 | - | - | 3,585,910 |
| Public works | 884,175 | - | - | 391,298 | 1,275,473 |
| Community and economic development | 8,115 | - | - | - | 8,115 |
| Recreation and culture | 478,694 | - | - | - | 478,694 |
| Other functions | - | - | - | 21,883 | 21,883 |
| Capital outlay | 41,746 | 42,879 | - | 498,516 | 583,141 |
| Debt service | | | | | |
| OPEB employer contributions | 980,835 | - | - | - | 980,835 |
| Principal retirement | - | - | 119,481 | - | 119,481 |
| Interest and fiscal charges | - | - | 20,756 | - | 20,756 |
| Total expenditures | 4,206,286 | 3,453,834 | 140,237 | 911,697 | 8,712,054 |
| Excess (deficiency) of revenues over expenditures | 459,707 | (746,764) | 1,069,070 | (339,839) | 442,174 |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 830,986 | - | 289,000 | 1,119,986 |
| Transfers out | (960,986) | - | (1,090,247) | (159,000) | (2,210,233) |
| Sale of fixed assets | 44,952 | - | - | - | 44,952 |
| Total other financing sources and uses | (916,034) | 830,986 | (1,090,247) | 130,000 | (1,045,295) |
| Net change in fund balance | (456,327) | 84,222 | (21,177) | (209,839) | (603,121) |
| Fund balance - beginning of year | 2,138,355 | 205,071 | 34,084 | 913,267 | 3,290,777 |
| Fund balance - end of year | <u>\$ 1,682,028</u> | <u>\$ 289,293</u> | <u>\$ 12,907</u> | <u>\$ 703,428</u> | <u>\$ 2,687,656</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
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, 2015**

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds | \$ (603,121) |
| 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 | (261,647) |
| Capital outlay | 505,548 |
| Sale of capital assets (net book value) | (21,057) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Grants | (24,694) |
| Property taxes | 10,479 |
| Expenses are recorded when incurred in the statement of activities. | |
| Accrued interest | 637 |
| Compensated absences | (1,790) |
| Joint venture | (102,807) |
| Net other post employment obligation | 450,935 |
| 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 | (246,026) |
| Net change in the deferred outflows of resources related to the net pension liability - MERS | 188,705 |
| Net change in net pension liability - Police and Fire Pension | (931,442) |
| Net change in the deferred outflows of resources related to the net pension liability - Police and Fire Pension | 610,411 |
| Net change in the deferred inflows of resources related to the net pension liability - Police and Fire Pension | (12,167) |
| 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 | <u>119,481</u> |
| Change in net position of governmental activities | <u>\$ (318,555)</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Proprietary Funds
Statement of Net Position
June 30, 2015

| | Enterprise Funds | | |
|--|--------------------|------------------------------|-------------------|
| | Water and Sewer | Nonmajor Fund Solid Waste | Total |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 925,348 | \$ 100,426 | \$ 1,025,774 |
| Investments | 1,213,969 | 72,098 | 1,286,067 |
| Receivables | | | |
| Customers | 569,125 | 72,017 | 641,142 |
| Due from other units of government | - | 5,923 | 5,923 |
| Prepaid items | 6,323 | - | 6,323 |
| | <u>2,714,765</u> | <u>250,464</u> | <u>2,965,229</u> |
| Total current assets | | | |
| Noncurrent assets | | | |
| Other postemployment benefit asset | 89,871 | - | 89,871 |
| Capital assets, net of accumulated depreciation | 19,135,222 | - | 19,135,222 |
| Capital assets not being depreciated | 20,948 | - | 20,948 |
| | <u>19,246,041</u> | <u>-</u> | <u>19,246,041</u> |
| Total noncurrent assets | | | |
| | <u>21,960,806</u> | <u>250,464</u> | <u>22,211,270</u> |
| Total assets | | | |
| Deferred Outflows of Resources | | | |
| Deferred charges, net of amortization | 166,227 | - | 166,227 |
| Deferred amount of pension expense related to net pension liability - MERS | 18,050 | - | 18,050 |
| | <u>22,145,083</u> | <u>250,464</u> | <u>22,395,547</u> |
| Total assets and deferred outflows of resources | | | |

See Accompanying Notes to the Financial Statements

City of Center Line
Proprietary Funds
Statement of Net Position
June 30, 2015

| | Enterprise Funds | | |
|---------------------------------------|----------------------|------------------------------|----------------------|
| | Water and Sewer | Nonmajor Fund Solid Waste | Total |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 254,338 | \$ 23,385 | \$ 277,723 |
| Accrued and other liabilities | 45,434 | - | 45,434 |
| Current portion of long-term debt | 1,097,085 | - | 1,097,085 |
| Total current liabilities | <u>1,396,857</u> | <u>23,385</u> | <u>1,420,242</u> |
| Noncurrent liabilities | | | |
| Net pension liability | 363,822 | - | 363,822 |
| Long-term debt net of current portion | 7,074,875 | - | 7,074,875 |
| Total noncurrent liabilities | <u>7,438,697</u> | <u>-</u> | <u>7,438,697</u> |
| Total liabilities | <u>8,835,554</u> | <u>23,385</u> | <u>8,858,939</u> |
| Net Position | | | |
| Net investment in capital assets | 11,150,437 | - | 11,150,437 |
| Unrestricted | 2,159,092 | 227,079 | 2,386,171 |
| Total net position | <u>\$ 13,309,529</u> | <u>\$ 227,079</u> | <u>\$ 13,536,608</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

| | Enterprise Funds | | |
|-----------------------------------|----------------------|------------------------------|----------------------|
| | Water and Sewer | Nonmajor Fund Solid Waste | Total |
| Operating revenue | | | |
| Customer fees | \$ 2,683,775 | \$ 276,153 | \$ 2,959,928 |
| Operating expenses | | | |
| Cost of water and sewage disposal | 1,361,886 | - | 1,361,886 |
| Cost of solid waste disposal | - | 333,309 | 333,309 |
| Personnel services | 297,754 | - | 297,754 |
| Utilities | 24,523 | - | 24,523 |
| Repairs and maintenance | 81,009 | - | 81,009 |
| Professional services | 90,086 | - | 90,086 |
| Operating supplies | 40,209 | - | 40,209 |
| Other expenses | 5,515 | - | 5,515 |
| Depreciation | 416,842 | - | 416,842 |
| Total operating expenses | <u>2,317,824</u> | <u>333,309</u> | <u>2,651,133</u> |
| Operating income (loss) | <u>365,951</u> | <u>(57,156)</u> | <u>308,795</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

| | Enterprise Funds | | |
|--|--------------------|------------------------------|---------------|
| | Water and Sewer | Nonmajor Fund Solid Waste | Total |
| Nonoperating revenue (expenses) | | | |
| Interest income | \$ 1,686 | \$ 127 | \$ 1,813 |
| Bond discount and deferred charges | (40,914) | - | (40,914) |
| Paying agent fees | (647) | - | (647) |
| Interest expense | (241,298) | - | (241,298) |
| Total nonoperating revenues (expenses) | (281,173) | 127 | (281,046) |
| Income (loss) before contributions and transfers out | 84,778 | (57,029) | 27,749 |
| Capital contributions | - | 35,589 | 35,589 |
| Transfers in | 1,090,247 | - | 1,090,247 |
| Change in net position | 1,175,025 | (21,440) | 1,153,585 |
| Net position - beginning of year | 12,474,793 | 248,519 | 12,723,312 |
| Prior period adjustment | (340,289) | - | (340,289) |
| Net position - beginning of year (restated) | 12,134,504 | 248,519 | 12,383,023 |
| Net position - end of year | \$ 13,309,529 | \$ 227,079 | \$ 13,536,608 |

See Accompanying Notes to the Financial Statements

City of Center Line
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

| | Enterprise Funds | | |
|--|--------------------|------------------------------|---------------------|
| | Water and Sewer | Nonmajor Fund Solid Waste | Total |
| Cash flows from operating activities | | | |
| Receipts from customers | \$ 2,911,006 | \$ 310,089 | \$ 3,221,095 |
| Payments to suppliers | (1,692,751) | (332,111) | (2,024,862) |
| Payments to employees and employee trusts | (297,754) | - | (297,754) |
| Net cash provided (used) by operating activities | <u>920,501</u> | <u>(22,022)</u> | <u>898,479</u> |
| Cash flows from capital and related financing activities | | | |
| Capital contributions | - | 35,589 | 35,589 |
| Purchases/construction of capital assets | (30,229) | - | (30,229) |
| Principal and interest paid on long-term debt | (1,307,464) | - | (1,307,464) |
| Transfer from other funds | 1,090,247 | - | 1,090,247 |
| Net cash provided (used) by capital and related financing activities | <u>(247,446)</u> | <u>35,589</u> | <u>(211,857)</u> |
| Cash flows from investing activities | | | |
| Purchase of long term certificates of deposit | (1,213,969) | (72,098) | (1,286,067) |
| Interest received | 1,686 | 127 | 1,813 |
| Net cash provided (used) by investing activities | <u>(1,212,283)</u> | <u>(71,971)</u> | <u>(1,284,254)</u> |
| Net change in cash and cash equivalents | (539,228) | (58,404) | (597,632) |
| Cash and cash equivalents - beginning of year | <u>1,464,576</u> | <u>158,830</u> | <u>1,623,406</u> |
| Cash and cash equivalents - end of year | <u>\$ 925,348</u> | <u>\$ 100,426</u> | <u>\$ 1,025,774</u> |

See Accompanying Notes to the Financial Statements

**City of Center Line
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015**

| | 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) | \$ 365,951 | \$ (57,156) | \$ 308,795 |
| Adjustments to reconcile operating income to net cash from operating activities | | | |
| Depreciation and amortization expense | 416,842 | - | 416,842 |
| Noncash portion of deferred outflows related to net pension liability | 23,533 | - | 23,533 |
| Changes in assets and liabilities | | | |
| Receivables (net) | 227,231 | 39,859 | 267,090 |
| Due from other units of government | - | (5,923) | (5,923) |
| Prepaid items | (1,619) | - | (1,619) |
| Deferred Outflows of resources | (18,050) | - | (18,050) |
| Accounts payable | (88,172) | 1,198 | (86,974) |
| Accrued and other liabilities | (5,215) | - | (5,215) |
| Net cash provided (used) by operating activities | \$ 920,501 | \$ (22,022) | \$ 898,479 |

See Accompanying Notes to the Financial Statements

City of Center Line
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

| | Pension and Other Employee Benefit Trust Funds | Agency Funds |
|--|---|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 932,503 | \$ 68,758 |
| Investments | | |
| U.S. Treasury securities | 931,690 | - |
| Federal agency securities | 645,477 | - |
| Sovereign securities | 28,580 | - |
| Common and preferred stocks | 11,926,824 | - |
| Corporate bonds and notes | 1,100,993 | - |
| Receivables | | |
| Contributions from employees | 3,454 | - |
| Accrued interest | 20,996 | - |
| | <u>15,590,517</u> | <u>\$ 68,758</u> |
| Liabilities | | |
| Accounts payable | 41,812 | - |
| Due to other units of government | - | 23,863 |
| Due to others | - | 44,895 |
| | <u>41,812</u> | <u>\$ 68,758</u> |
| Net Position | | |
| Held in trust for pension benefits and other employee benefits | <u>\$ 15,548,705</u> | |

See Accompanying Notes to the Financial Statements

City of Center Line
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

| | Pension and Other Employee Benefit Trust Funds |
|----------------------------------|---|
| Additions | |
| Contributions | |
| Employer | \$ 2,841,262 |
| Plan members | <u>97,835</u> |
| Total contributions | <u>2,939,097</u> |
| Investment earnings | |
| Interest and dividends | 338,463 |
| Change in market value | <u>227,264</u> |
| Total investment earnings | 565,727 |
| Less investment expense | <u>124,538</u> |
| Net investment earnings | <u>441,189</u> |
| Total additions | <u>3,380,286</u> |
| Deductions | |
| Benefits | 2,258,849 |
| Administrative expenses | <u>26,493</u> |
| Total deductions | <u>2,285,342</u> |
| Change in net position | 1,094,944 |
| Net position - beginning of year | <u>14,453,761</u> |
| Net position - end of year | <u>\$ 15,548,705</u> |

See Accompanying Notes to the Financial Statements

City of Center Line
Notes to the Financial Statements
June 30, 2015

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, 2015 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 \$(383,277) 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
Notes to the Financial Statements
June 30, 2015

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 changes in net position) 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

City of Center Line
Notes to the Financial Statements
June 30, 2015

revenue items are considered to be measurable and available only when cash is received by the government.

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 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:

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 Trust and 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.

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 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.

City of Center Line
Notes to the Financial Statements
June 30, 2015

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 (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 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.

City of Center Line
Notes to the Financial Statements
June 30, 2015

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:

| | | |
|--------------------------|-----------------|------------------|
| Ad valorem taxable value | \$ | 151,841,189 |
| | | |
| Millage Type | Milliage Levied | Tax Levied |
| City operating | 14.6630 | \$ 2,226,447 |
| Debt Service | 7.7817 | 1,181,583 |
| Police and fire pension | 9.1819 | 1,394,191 |
| Public safety operating | 7.5000 | 1,138,808 |
| Total | 39.1266 | \$ 5,941,029 |

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.

City of Center Line
Notes to the Financial Statements
June 30, 2015

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 estimated fair value of the item at the date of its donation.

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

| | |
|---------------------------|---------------|
| Utility systems | 70 years |
| Land Improvements | 20 years |
| Building 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.

Compensated absences – It is the City’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 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

City of Center Line
Notes to the Financial Statements
June 30, 2015

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.

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.

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.

Comparative Data – Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation of the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability is recorded on the government-wide statements and the applicable proprietary fund statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending June 30, 2015.

City of Center Line
Notes to the Financial Statements
June 30, 2015

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending June 30, 2016, although earlier application is allowed.

In addition, the Governmental Accounting Standards Board has released the following Statements.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government’s inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government’s pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending June 30, 2017. The second objective is to improve the quality of information associated with governments that hold assets

accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending June 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits 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. 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. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a

City of Center Line
Notes to the Financial Statements
June 30, 2015

transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76, which supersedes Statement No. 55, is effective for the fiscal year ending June 30, 2016, and should be applied retroactively.

Statement No. 77 Tax Abatement Disclosures improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. This statement 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. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: a) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; b) the gross dollar amount of taxes abated during the period; c) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Statement No. 757 is effective for the fiscal year ending June 30, 2017.

The City is evaluating the impact GASB 72 and 77 will have on its financial reporting.

Subsequent Events

Management has evaluated subsequent events through November 23, 2015, which is the date the financial statements were available to be issued.

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.

City of Center Line
Notes to the Financial Statements
June 30, 2015

Government-Wide Deficits

The Government has an unrestricted net position deficit for Government-Wide activities in the amount of (\$15,442,483) as of June 30, 2015.

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 | \$ 751,718 | \$ 2,217,491 | \$ 2,969,209 |
| Business-type activities | <u>1,025,774</u> | <u>1,286,067</u> | <u>2,311,841</u> |
| Total | 1,777,492 | 3,503,558 | 5,281,050 |
| Fiduciary funds | 1,001,261 | 14,633,564 | 15,634,825 |
| Component unit | <u>256,887</u> | <u>393,614</u> | <u>650,501</u> |
| Total | <u>\$ 3,035,640</u> | <u>\$ 18,530,736</u> | <u>\$ 21,566,376</u> |

The breakdown between deposits and investments is as follows:

| | Primary Government | Fiduciary Funds | Component Unit |
|---|-----------------------|----------------------|-------------------|
| Bank deposits (checking and savings accounts, money markets and certificates of deposit <90 days) | \$ 1,775,592 | \$ 1,001,261 | \$ 256,887 |
| Investments in securities, mutual funds and similar vehicles | 3,503,558 | 14,633,564 | 393,614 |
| Petty cash and cash on hand | <u>1,900</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 5,281,050</u> | <u>\$ 15,634,825</u> | <u>\$ 650,501</u> |

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.

City of Center Line
Notes to the Financial Statements
June 30, 2015

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

| Investment | Fair Value | Weighted Average Maturity (Years) |
|------------------------------------|----------------------|---|
| CDARS | 3,897,172 | N/A |
| Police and Fire Retirement Systems | | |
| U.S. Treasury securities | 780,752 | 14.93 |
| Federal Agency securities | 390,178 | 23.01 |
| Sovereign securities | 28,580 | 5.57 |
| Corporate bonds | 9,322,803 | 7.68 |
| Common and preferred stock | 809,138 | N/A |
| OPEB Investment Trust Fund | | |
| U.S. Treasury securities | 150,938 | 14.91 |
| Federal Agency securities | 255,299 | 23.51 |
| Corporate bonds | 291,855 | 6.74 |
| Common and preferred stock | <u>2,604,021</u> | N/A |
| | <u>\$ 18,530,736</u> | |

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 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 | | |
| U.S. Treasury securities | Aaa | Moody's |
| Federal Agency securities | Aaa | Moody's |
| Sovereign securities | A3 | Moody's |
| Corporate bonds | Aa1 to Ba2 | Moody's |
| OPEB Investment Trust Fund | | |
| U.S. Treasury securities | Aaa | Moody's |
| Federal Agency securities | Aaa | Moody's |
| Corporate bonds | A1 to Ba2 | Moody's |

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, \$1,750,000, or 26% of deposits, was exposed to custodial credit risk because it was uninsured and uncollateralized.

City of Center Line
Notes to the Financial Statements
June 30, 2015

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 - 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, unavailable and unearned revenue are as follows:

Primary government

| | |
|----------------|------------------|
| Property taxes | \$ 10,479 |
| Other revenue | 4,339 |
| | <u>14,818</u> |
| | <u>\$ 14,818</u> |

Note 5 - 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 | \$ 1,481,164 | \$ - | \$ 10,000 | \$ 1,471,164 |
| Construction-in-progress | <u>21,028</u> | <u>386,409</u> | <u>-</u> | <u>407,437</u> |
| Total capital assets not being depreciated | <u>1,502,192</u> | <u>386,409</u> | <u>10,000</u> | <u>1,878,601</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 669,737 | - | - | 669,737 |
| Buildings, additions and improvements | 2,435,016 | 24,722 | 12,058 | 2,447,680 |
| Machinery and equipment | <u>3,600,848</u> | <u>94,417</u> | <u>20,104</u> | <u>3,675,161</u> |
| Total capital assets being depreciated | <u>6,705,601</u> | <u>119,139</u> | <u>32,162</u> | <u>6,792,578</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 547,870 | 20,964 | - | 568,834 |
| Buildings, additions and improvements | 1,215,900 | 44,387 | 1,001 | 1,259,286 |
| Machinery and equipment | <u>2,923,828</u> | <u>196,296</u> | <u>20,104</u> | <u>3,100,020</u> |
| Total accumulated depreciation | <u>4,687,598</u> | <u>261,647</u> | <u>21,105</u> | <u>4,928,140</u> |
| Net capital assets being depreciated | <u>2,018,003</u> | <u>(142,508)</u> | <u>11,057</u> | <u>1,864,438</u> |
| Governmental activities capital assets, net | <u>\$ 3,520,195</u> | <u>\$ 243,901</u> | <u>\$ 21,057</u> | <u>\$ 3,743,039</u> |

City of Center Line
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| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Construction-in-progress | \$ - | \$ 20,948 | \$ - | \$ 20,948 |
| Capital assets being depreciated | | | | |
| Buildings, additions and improvements | 1,502,990 | - | - | 1,502,990 |
| Machinery and equipment | 1,598,803 | - | - | 1,598,803 |
| Sewer system | 23,188,801 | 9,281 | - | 23,198,082 |
| Total capital assets being depreciated | 26,290,594 | 9,281 | - | 26,299,875 |
| Less accumulated depreciation for | | | | |
| Buildings, additions and improvements | 840,895 | 25,566 | - | 866,461 |
| Machinery and equipment | 969,914 | 60,007 | - | 1,029,921 |
| Sewer system | 4,937,002 | 331,269 | - | 5,268,271 |
| Total accumulated depreciation | 6,747,811 | 416,842 | - | 7,164,653 |
| Net capital assets being depreciated | 19,542,783 | (407,561) | - | 19,135,222 |
| Business-type capital assets, net | \$ 19,542,783 | \$ (386,613) | \$ - | \$ 19,156,170 |

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

| | | | | |
|--|------|-----------|------|-----------|
| 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 | - | 66,226 | - | 66,226 |
| Less accumulated depreciation for | | | | |
| Buildings, additions and improvements | - | 367 | - | 367 |
| Machinery and equipment | - | 1,479 | - | 1,479 |
| Total accumulated depreciation | - | 1,846 | - | 1,846 |
| Net capital assets being depreciated | - | 64,380 | - | 64,380 |
| Component unit capital assets, net | \$ - | \$ 68,880 | \$ - | \$ 68,880 |

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

| | | |
|------------------------------------|--|-------------------|
| Governmental activities | | |
| General government | | \$ 45,834 |
| Public safety | | 75,161 |
| Public works | | 64,155 |
| Community and economic development | | 451 |
| Recreation and culture | | 76,046 |
| Total governmental activities | | <u>261,647</u> |
| Business-type activities | | |
| Water and sewer | | <u>416,842</u> |
| Total primary government | | <u>\$ 678,489</u> |
| Total component unit | | <u>\$ 1,846</u> |

Note 6 - Interfund Transfers

The details for interfund transfers are as follows:

| Funds Transferred From | Funds Transferred To | Amount |
|------------------------|----------------------|---------------------|
| General Fund | Public Safety Fund | \$ 830,986 |
| General Fund | Non-Major Funds | 130,000 |
| Non-Major Funds | Non-Major Funds | 159,000 |
| Non-Major Funds | Water & Sewer Fund | 1,090,247 |
| | | <u>\$ 2,210,233</u> |

The transfers to the Public Safety Fund 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 to the non-major governmental funds from other non-major governmental funds were to fund general operations as allowed by state law.

City of Center Line
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Note 7 - 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 | 3.30% - 3.80% | \$91,368 - \$127,915 | \$ 649,325 | \$ - | \$ 119,481 | \$ 529,844 | \$ 127,915 |
| Compensated absences | | | | | <u>112,052</u> | <u>148,593</u> | <u>146,803</u> | <u>113,842</u> | <u>28,712</u> |
| Total governmental activities | | | | | <u>\$ 761,377</u> | <u>\$ 148,593</u> | <u>\$ 266,284</u> | <u>\$ 643,686</u> | <u>\$ 156,627</u> |
| Business-type activities | | | | | | | | | |
| Bonds | | | | | | | | | |
| Unlimited tax general obligation bonds | | | | | | | | | |
| 2004 Refunding Bonds | \$ 3,810,000 | 2019 | 3.30% - 3.80% | \$233,632 - \$327,085 | \$ 1,660,628 | \$ - | \$ 305,519 | \$ 1,355,109 | \$ 327,085 |
| 2011 Refunding Bonds | 4,005,000 | 2019 | 2.00% - 4.00% | \$275,000 - \$655,000 | 3,260,000 | - | 540,000 | 2,720,000 | 550,000 |
| Limited tax general obligation bonds | | | | | | | | | |
| State Revolving Fund (SRF) Wastewater | | | | | | | | | |
| 2009 Issue | 5,153,851 | 2030 | 2.50% | \$225,000 - \$321,581 | <u>4,316,851</u> | <u>-</u> | <u>220,000</u> | <u>4,096,851</u> | <u>220,000</u> |
| Total business-type activities | | | | | <u>\$ 9,237,479</u> | <u>\$ -</u> | <u>\$ 1,065,519</u> | <u>\$ 8,171,960</u> | <u>\$ 1,097,085</u> |

City of Center Line
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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 |
| 2016 | \$ 127,915 | \$ 16,531 | \$ 144,446 | \$ 1,097,085 | \$ 218,043 | \$ 1,315,128 |
| 2017 | 109,642 | 12,557 | 122,199 | 1,110,358 | 187,755 | 1,298,113 |
| 2018 | 108,236 | 8,799 | 117,035 | 1,156,764 | 153,795 | 1,310,559 |
| 2019 | 92,774 | 5,188 | 97,962 | 1,137,226 | 119,138 | 1,256,364 |
| 2020 | 91,277 | 1,736 | 93,013 | 763,632 | 88,860 | 852,492 |
| 2021 - 2025 | - | - | - | 1,365,000 | 296,105 | 1,661,105 |
| 2026 - 2030 | - | - | - | 1,541,895 | 116,855 | 1,658,750 |
| | <u>\$ 529,844</u> | <u>\$ 44,811</u> | <u>\$ 574,655</u> | <u>\$ 8,171,960</u> | <u>\$ 1,180,551</u> | <u>\$ 9,352,511</u> |

Unamortized deferred charges activity is summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------------|----------------------|-----------|-------------|-------------------|
| Unamortized deferred charges | \$ 207,141 | \$ - | \$ (40,914) | \$ 166,227 |

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, 2015, bonds due and payable April 1, 2016, through April 1, 2019, for the 1998B Unlimited Tax General Obligation Bonds in the amount of \$1,400,000; and bonds due and payable October 1, 2015, through October 1, 2019, for the 2002 Unlimited Tax General Obligation Bonds in the amount of \$1,250,000 are considered defeased.

Note 8 - 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.

City of Center Line
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Note 9 - 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 June 30, 2015, the date of the most recent actuarial valuation, membership consisted of 46 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 16 current active employees.

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, 2015 were \$645,816.

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, 2015 the plan's legally required reserves consist of the following:

| | |
|--------------------------------------|--------------|
| Reserve for employee's contributions | \$ 1,488,750 |
| Reserve for retired benefit payments | 10,084,079 |

City of Center Line
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Net Pension Liability - The city's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 2014 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, 2014 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 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, 2015 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Projected Rate of Return |
|----------------------|-------------------|------------------------------------|
| Large cap equity | 35% | 9.2% |
| International equity | 19% | 11.2% |
| Small/Mid cap equity | 16% | 8.8% |
| Fixed income | 30% | 3.8% |
| | 100% | |

A single discount rate of 6.38 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 3.80 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 2052. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2052, and the municipal bond rate was applied to all benefit payments after that date.

City of Center Line
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Changes in net pension liability are as follows:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Changes for the year | | | |
| Service cost | \$ 379,840 | \$ - | \$ 379,840 |
| Interest | 1,218,219 | - | 1,218,219 |
| Differences between expected and actual experience | (20,907) | - | (20,907) |
| Employer contributions | - | 645,816 | (645,816) |
| Employee contributions | - | 97,835 | (97,835) |
| Net investment income | - | 376,382 | (376,382) |
| Benefit payments, including refunds of employee contributions | (1,135,840) | (1,135,840) | - |
| Administrative expenses | - | (26,493) | 26,493 |
| Other charges | 468,737 | - | 468,737 |
| Net changes | 910,049 | (42,300) | 952,349 |
| Beginning balances | <u>18,835,870</u> | <u>11,615,129</u> | <u>7,220,741</u> |
| Ending balances | <u>\$ 19,745,919</u> | <u>\$ 11,572,829</u> | <u>\$ 8,173,090</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 6.38 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 | \$ 22,139,853 | \$ 19,745,919 | \$ 17,757,740 |
| Fiduciary net position | <u>11,572,829</u> | <u>11,572,829</u> | <u>11,572,829</u> |
| Net pension liability | <u>\$ 10,567,024</u> | <u>\$ 8,173,090</u> | <u>\$ 6,184,911</u> |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2015, the employer recognized pension expense of \$645,816. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred outflows of resources | Deferred inflows of resources |
|----------------------------|--------------------------------------|-------------------------------------|
| Differences in experience | \$ - | \$ (12,167) |
| Differences in assumptions | 272,793 | - |
| Excess investment returns | <u>337,618</u> | <u>-</u> |
| Total | <u>\$ 610,411</u> | <u>\$ (12,167)</u> |

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

| Year ended, | |
|-------------|-------------------|
| 2016 | \$ 271,609 |
| 2017 | 157,827 |
| 2018 | 84,405 |
| 2019 | <u>84,403</u> |
| | <u>\$ 598,244</u> |

Payable to the System - At June 30, 2015, the city reported a payable of \$3,454 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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

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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, 2014 valuation date, the following employees were covered by benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries | |
| currently receiving benefits | 45 |
| Inactive employees entitled to, but not yet receiving benefits | 5 |
| Active employees | <u>13</u> |
| | <u>63</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%.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2014, 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, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3-4%; 2) Salary increases 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015, 2016, respectively); 3) Investment rate of return of 8%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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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 | 57.5% | 5.02% |
| Global fixed income | 20.0% | 2.18% |
| Real assets | 12.5% | 4.23% |
| Diversifying strategies | 10.0% | 6.56% |
| | <u>100.0%</u> | |

Discount rate – The discount rate used to measure the total pension liability is 8.25%. 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.

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

| | |
|--|---------------------|
| Total Pension Liability | |
| Service cost | \$ 67,811 |
| Interest on the total pension liability | 629,467 |
| Benefit payments and refunds | <u>(726,436)</u> |
| Net change in total pension liability | (29,158) |
| Total pension liability - beginning | <u>7,959,218</u> |
| Total pension liability - ending (a) | <u>\$ 7,930,060</u> |
| Plan Fiduciary Net Position | |
| Employer contributions | 240,722 |
| Employee contributions | 45,812 |
| Pension plan net investment income | 239,620 |
| Benefit payments and refunds | (726,436) |
| Pension plan administrative expense | <u>(8,683)</u> |
| Net change in plan fiduciary net position | (208,965) |
| Plan fiduciary net position - beginning | <u>3,971,614</u> |
| Plan fiduciary net position - ending (b) | <u>3,762,649</u> |
| Net pension liability (a-b) | <u>\$ 4,167,411</u> |
| Plan fiduciary net position as a percentage of total pension liability | 47.45% |
| Covered employee payroll | 585,777 |
| Net pension liability as a percentage of covered employee payroll | 711.43% |

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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 8.25%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7.25%) or 1% higher (9.25%) than the current rate.

| | <u>1% decrease</u> | <u>Current discount rate</u> | <u>1% increase</u> |
|---------------------------|-------------------------|----------------------------------|-------------------------|
| Total pension liability | \$ 8,651,416 | \$ 7,930,060 | \$ 7,314,448 |
| Fiduciary net position | <u>3,762,649</u> | <u>3,762,649</u> | <u>3,762,649</u> |
| Net pension liability | <u>\$ 4,888,767</u> | <u>\$ 4,167,411</u> | <u>\$ 3,551,799</u> |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2015, the employer recognized pension expense of \$302,098. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred outflows of resources</u> |
|--|---|
| Excess investment returns | \$ 55,627 |
| Contributions subsequent to the measurement date* | <u>151,128</u> |
| Total | <u>\$ 206,755</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 year ending 2016.

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

| <u>Year ended,</u> | |
|--------------------|-------------------|
| 2016 | \$ 165,035 |
| 2017 | 13,907 |
| 2018 | 13,907 |
| 2019 | <u>13,906</u> |
| | <u>\$ 206,755</u> |

Note 10 - Deferred Contribution Pension Plan

The city provides pension benefits to all new non-union full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate as of their date of employment. As established by city council, the city contributes \$5,000 annually to each eligible employee. There are no required employee contributions. The city’s contributions to the employees’ accounts including investment earnings are fully vested when contributed by the city. In accordance with the plan requirements, the city contributed \$19,231 during the current year.

Note 11 - Postemployment Benefits

Plan Description - The city provides retiree healthcare benefits to eligible employees upon retirement, in accordance with labor contracts. This benefit is referred to as an “other postemployment benefits” or “OPEB”.

Currently, the plan covers 21 active employees and 74 retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The city purchases Medicare supplemental insurance for retirees eligible for Medicare. This is a single employer defined benefit plan administered by the city. The

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plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the city.

Funding Policy - 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 postemployment healthcare benefits are recognized as the insurance premiums become due.

Funding Progress - The city has performed an actuarial valuation as of December 31, 2014 that will be used to determine the annual required contribution for the fiscal years 2016, 2017, and 2018. For the year ended June 30, 2015, the City has performed an actuarial valuation as of December 31, 2012 that has been used to calculate the annual required contribution (ARC) for fiscal year 2015. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

This valuation’s computed contribution and actual funding for the year ended June 30, 2015, as well as a five year summary of OPEB obligations are summarized as follows:

| | |
|--|----------------------------|
| Annual required contribution | \$ 1,809,685 |
| Interest on net OPEB obligation | 341,328 |
| Adjustment to annual required contribution | <u>(406,502)</u> |
| Annual OPEB cost | 1,744,511 |
| Contribution made | <u>(2,195,446)</u> |
| Increase in net OPEB obligation | (450,935) |
| Net OPEB obligation, beginning of year | <u>5,688,793</u> |
| Net OPEB obligation, end of year | <u><u>\$ 5,237,858</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 | |
| 6/30/2010 | 7/1/2009 | \$ 3,869,666 | \$ 3,869,666 | 29.6% | 29.6% | \$ 2,724,869 |
| 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 |

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

| Valuation Date | Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (Percent) (a / b) | Covered payroll | UAAL as a Percentage of Covered Payroll |
|----------------|---------------------|---------------------------------------|-----------------------------|--------------------------------|-----------------|---|
| 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% |

City of Center Line
Notes to the Financial Statements
June 30, 2015

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>19,940,125</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.

In the December 31, 2014 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 12 - 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, 2014 | \$ (1,079,522) |
| Revenues | |
| Building permits | 81,670 |
| Electrical permits | 13,700 |
| Heating permits | 9,780 |
| Plumbing permits | <u>4,610</u> |
| | <u>109,760</u> |
| Expenditures | |
| Direct costs | (118,574) |
| Estimated indirect costs | <u>(11,857)</u> |
| | <u>(130,431)</u> |
| Excess of expenditures over revenues | <u>(20,671)</u> |
| Cumulative Shortfall - June 30, 2015 | <u>\$ (1,100,193)</u> |

City of Center Line
Notes to the Financial Statements
June 30, 2015

Note 13 - Details of Fund Balance Categories and Classifications

The following schedule details fund balance classifications for the City of Center Line:

| | General Fund | Public Safety Fund | Debt Service Fund | Nonmajor Governmental Funds | Total |
|--|----------------------------|--------------------------|-------------------------|-----------------------------------|----------------------------|
| Fund Balances | | | | | |
| Nonspendable for: | | | | | |
| Prepays | \$ 110,003 | \$ 61,722 | - | \$ 6,534 | \$ 178,259 |
| Restricted for: | | | | | |
| Postemployment benefits | - | 227,571 | - | - | 227,571 |
| Debt service | - | - | 12,907 | - | 12,907 |
| Major streets | - | - | - | 351,390 | 351,390 |
| Local streets | - | - | - | 155,025 | 155,025 |
| Drug law enforcement | - | - | - | 7,148 | 7,148 |
| Assigned to: | | | | | |
| Subsequent MERS contribution based on council action | 500,000 | - | - | - | 500,000 |
| Capital projects | - | - | - | 196,237 | 196,237 |
| Unassigned (deficit) | <u>1,072,025</u> | <u>-</u> | <u>-</u> | <u>(12,906)</u> | <u>1,059,119</u> |
| Total Fund Balances | <u>\$ 1,682,028</u> | <u>\$ 289,293</u> | <u>\$ 12,907</u> | <u>\$ 703,428</u> | <u>\$ 2,687,656</u> |

See Note 1 for the city's policies regarding fund balance classifications.

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:

| <u>Designated purpose</u> | |
|--|----------------------------|
| Capital improvement | \$ 1,000,180 |
| Undesignated | <u>1,158,912</u> |
| Total unrestricted net position | <u>\$ 2,159,092</u> |

Note 15 - Change in Accounting Principle

As indicated in Note 1, the City has adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the Government to record their net pension liability and pension expense. Previously these amounts were not recorded on the government's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning governmental activities net position in the statement of activities as of July 1, 2014, by (\$10,799,211), restating it from \$15,750 to (\$10,783,461). The beginning net position of the business-type activities in the statement of activities was restated as of July 1, 2014 by (\$340,289) from \$12,723,312 to \$12,383,023.

City of Center Line
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 2,383,409 | \$ 2,421,889 | \$ 2,409,866 | \$ (12,023) |
| Licenses and permits | 136,280 | 261,000 | 264,124 | 3,124 |
| Intergovernmental | | | | |
| Federal sources | 30,000 | 20,000 | 28,091 | 8,091 |
| State sources | 884,450 | 884,450 | 877,455 | (6,995) |
| State grants | 93,740 | 115,031 | 122,680 | 7,649 |
| Local sources | - | 10,169 | 10,168 | (1) |
| Charges for services | 471,769 | 424,413 | 427,926 | 3,513 |
| Fines and forfeitures | 363,000 | 449,600 | 449,233 | (367) |
| Interest and rents | 23,600 | 26,600 | 25,498 | (1,102) |
| Other revenue | 3,457 | 21,214 | 50,952 | 29,738 |
| | <u>4,389,705</u> | <u>4,634,366</u> | <u>4,665,993</u> | <u>31,627</u> |

City of Center Line
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Legislative | \$ 21,110 | \$ 22,666 | \$ 16,230 | \$ 6,436 |
| City treasurer | 172,165 | 216,214 | 211,223 | 4,991 |
| City assessor | 98,606 | 111,222 | 110,977 | 245 |
| City manager and clerk | 374,910 | 422,549 | 397,845 | 24,704 |
| Other general government | 447,973 | 384,550 | 353,450 | 31,100 |
| 37th District Court | <u>501,040</u> | <u>616,040</u> | <u>548,041</u> | <u>67,999</u> |
| Total general government | <u>1,615,804</u> | <u>1,773,241</u> | <u>1,637,766</u> | <u>135,475</u> |
| Public safety | | | | |
| Protective inspection | <u>255,019</u> | <u>209,618</u> | <u>174,955</u> | <u>34,663</u> |
| Public works | | | | |
| Department of public works | <u>930,666</u> | <u>911,278</u> | <u>884,175</u> | <u>27,103</u> |
| Community and economic development | | | | |
| City tax reversion program | <u>18,500</u> | <u>20,342</u> | <u>8,115</u> | <u>12,227</u> |

City of Center Line
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Recreation and culture | | | | |
| Library | \$ 216,138 | \$ 233,798 | \$ 214,776 | \$ 19,022 |
| Recreation department | <u>266,920</u> | <u>286,807</u> | <u>263,918</u> | <u>22,889</u> |
| Total recreation and culture | <u>483,058</u> | <u>520,605</u> | <u>478,694</u> | <u>41,911</u> |
| Debt service | | | | |
| OPEB employer contributions | <u>399,747</u> | <u>1,074,754</u> | <u>980,835</u> | <u>93,919</u> |
| Capital outlay | <u>48,150</u> | <u>48,450</u> | <u>41,746</u> | <u>6,704</u> |
| Total expenditures | <u>3,750,944</u> | <u>4,558,288</u> | <u>4,206,286</u> | <u>352,002</u> |
| Excess of revenues over expenditures | 638,761 | 76,078 | 459,707 | 383,629 |
| Other financing sources (uses) | | | | |
| Sale of fixed assets | 500 | 45,051 | 44,952 | (99) |
| Transfers out | <u>(1,074,180)</u> | <u>(1,045,879)</u> | <u>(960,986)</u> | <u>84,893</u> |
| Total other financing sources | <u>(1,073,680)</u> | <u>(1,000,828)</u> | <u>(916,034)</u> | <u>84,794</u> |
| Net change in fund balance | (434,919) | (924,750) | (456,327) | 468,423 |
| Fund balance - beginning of year | <u>2,138,355</u> | <u>2,138,355</u> | <u>2,138,355</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,703,436</u> | <u>\$ 1,213,605</u> | <u>\$ 1,682,028</u> | <u>\$ 468,423</u> |

City of Center Line
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 2,566,116 | \$ 2,568,369 | \$ 2,571,527 | \$ 3,158 |
| Intergovernmental | | | | |
| Federal sources | - | - | 1,062 | 1,062 |
| State sources | 20,000 | 57,432 | 60,346 | 2,914 |
| Local sources | 3,800 | 3,800 | 2,476 | (1,324) |
| Charges for services | 12,000 | 12,000 | 13,610 | 1,610 |
| Fines and forfeitures | 2,000 | 2,000 | 2,572 | 572 |
| Interest income | 150 | 800 | 581 | (219) |
| Other revenue | 2,700 | 55,230 | 54,896 | (334) |
| | <u>2,606,766</u> | <u>2,699,631</u> | <u>2,707,070</u> | <u>7,439</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 3,549,994 | 3,487,036 | 3,410,955 | 76,081 |
| Capital outlay | 2,500 | 44,547 | 42,879 | 1,668 |
| | <u>3,552,494</u> | <u>3,531,583</u> | <u>3,453,834</u> | <u>77,749</u> |
| Excess (deficiency) of revenues over expenditures | <u>(945,728)</u> | <u>(831,952)</u> | <u>(746,764)</u> | <u>85,188</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 944,180 | 915,879 | 830,986 | (84,893) |
| Net change in fund balance | <u>(1,548)</u> | <u>83,927</u> | <u>84,222</u> | <u>295</u> |
| Fund balance - beginning of year | 205,071 | 205,071 | 205,071 | - |
| Fund balance - end of year | <u>\$ 203,523</u> | <u>\$ 288,998</u> | <u>\$ 289,293</u> | <u>\$ 295</u> |

City of Center Line
Required Supplementary Information
Schedule of Funding Progress - Other Post Employment Benefits
June 30, 2015

| Valuation Date | Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b -a) | Funded Ratio (Percent) (a / b) | Covered payroll | UAAL as a Percentage of Covered Payroll |
|----------------|---------------------|---------------------------------------|----------------------------|--------------------------------|-----------------|---|
| 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% |

City of Center Line
Required Supplementary Information
Schedule of Employer Contributions - Other Post Employment Benefits
June 30, 2015

| Year Ended | Actuarial Valuation Date | Annual Required Contribution | Annual OPEB Costs | Percentage of ARC Contributed | Percentage of OPEB Costs Contributed | Net OPEB Obligation |
|------------|--------------------------|------------------------------|-------------------|-------------------------------|--------------------------------------|---------------------|
| 6/30/2010 | 7/1/2009 | \$ 3,869,666 | \$ 3,869,666 | 29.6% | 29.6% | 2,724,869 |
| 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 |

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

| | |
|----------------------------|---|
| Valuation cost method | Entry level |
| Amortization method | Years of service |
| Amortization period | 30 years, closed basis |
| Asset valuation method | 30-year smoothed market |
| Valuation assumptions: | |
| Investment rate of return | 6% |
| Healthcare trend rate | 9% initially, reduced by decrements to a rate of 4% after ten years |
| Inflation rate assumption: | 4% |

City of Center Line
Required Supplementary Information
Police and Fire Pension
Schedule of Employer Contributions
June 30, 2015

| Actuarial Valuation Date | Annual Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------------------|--------------------------------------|------------------------|--|--------------------|--|
| 6/30/2006 | \$ 329,399 | \$ 329,399 | \$ - | \$ 1,713,914 | 19.22% |
| 6/30/2007 | 351,503 | 351,503 | - | 1,582,773 | 22.21% |
| 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% |

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. |
| Mortality | Last updated for the 2013 valuation pursuant to an experience study of the period 2008-12 RP-2000 Mortality Table projected to 2020 with scale BB |

City of Center Line
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2015

| Actuarial Valuation Date | Annual Determined Contribution | Actual Contribution | Contribution Excess (Deficiency) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------------------|--------------------------------------|------------------------|--|--------------------|--|
| 12/31/2005 | \$ 137,441 | \$ 137,441 | \$ - | \$ 1,116,213 | 12.31% |
| 12/31/2006 | 133,361 | 133,361 | - | 1,108,723 | 12.03% |
| 12/31/2007 | 149,164 | 149,164 | - | 1,067,864 | 13.97% |
| 12/31/2008 | 151,890 | 151,890 | - | 1,078,448 | 14.08% |
| 12/31/2009 | 145,214 | 145,214 | - | 874,864 | 16.60% |
| 12/31/2010 | 138,044 | 138,044 | - | 720,085 | 19.17% |
| 12/31/2011 | 133,912 | 133,912 | - | 738,236 | 18.14% |
| 12/31/2012 | 145,089 | 145,089 | - | 587,297 | 24.70% |
| 12/31/2013 | 151,787 | 151,787 | - | 585,503 | 25.92% |
| 12/31/2014 | 210,643 | 240,720 | 30,077 | 585,777 | 41.09% |

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 | 18 |
| Asset valuation method | 10-year smoothed value of assets |
| Inflation | 3-4% |
| Salary increases | 4.50% |
| Investment rate of return | 8.00% |
| Retirement age | 60 |
| Mortality | 1994 Group Annuity Mortality Table of 50% male and 50% female blend |

City of Center Line
Required Supplementary Information
Police and Fire Pension
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

| | 2015 | 2014 |
|--|----------------------|----------------------|
| Total Pension Liability | | |
| Service cost | \$ 379,840 | \$ 377,733 |
| Interest on the total pension liability | 1,218,219 | 1,191,568 |
| Difference between expected and actual experience of the total net pension liability | (20,907) | - |
| Changes in actuarial assumptions | 468,737 | - |
| Benefit payments and refunds | <u>(1,135,840)</u> | <u>(1,197,251)</u> |
| Net change in total pension liability | 910,049 | 372,050 |
| Total pension liability - beginning | <u>18,835,870</u> | <u>18,463,820</u> |
| Total pension liability - ending (a) | <u>\$ 19,745,919</u> | <u>\$ 18,835,870</u> |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 645,816 | 674,807 |
| Employee contributions | 97,835 | 96,770 |
| Pension plan net investment income | 376,382 | 1,817,098 |
| Benefit payments and refunds | (1,135,840) | (1,197,251) |
| Pension plan administrative expense | <u>(26,493)</u> | <u>(32,642)</u> |
| Net change in plan fiduciary net position | (42,300) | 1,358,782 |
| Plan fiduciary net position - beginning | <u>11,615,129</u> | <u>10,256,347</u> |
| Plan fiduciary net position - ending (b) | <u>11,572,829</u> | <u>11,615,129</u> |
| Net pension liability (a) - (b) | <u>\$ 8,173,090</u> | <u>\$ 7,220,741</u> |
| Plan fiduciary net position as a percentage of total pension liability | 58.61% | 61.66% |
| Covered employee payroll | 1,299,233 | 1,358,765 |
| Net pension liability as a percentage of covered employee payroll | 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
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

| | |
|--|---------------------|
| Total Pension Liability | |
| Service cost | \$ 67,811 |
| Interest on the total pension liability | 629,467 |
| Benefit payments and refunds | <u>(726,436)</u> |
| Net change in total pension liability | (29,158) |
| Total pension liability - beginning | <u>7,959,218</u> |
| Total pension liability - ending (a) | <u>\$ 7,930,060</u> |
| Plan Fiduciary Net Position | |
| Employer contributions | \$ 240,722 |
| Employee contributions | 45,812 |
| Pension plan net investment income | 239,620 |
| Benefit payments and refunds | (726,436) |
| Pension plan administrative expense | <u>(8,683)</u> |
| Net change in plan fiduciary net position | (208,965) |
| Plan fiduciary net position - beginning | <u>3,971,614</u> |
| Plan fiduciary net position - ending (b) | <u>3,762,649</u> |
| Net pension liability (a-b) | <u>\$ 4,167,411</u> |
| Plan fiduciary net position as a percentage of total pension liability | 47.45% |
| Covered employee payroll | \$ 585,777 |
| Net pension liability as a percentage of covered employee payroll | 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
Required Supplementary Information
Police and Fire Pension
Schedule of Employers' Net Pension Liability
June 30, 2015

| <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% |

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
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
June 30, 2015

| <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% |

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
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of Investment Returns
June 30, 2015

| <u>Fiscal year</u> <u>ending June 30,</u> | <u>Annual</u> <u>Return % (1)</u> |
|--|--------------------------------------|
| 2014 | 17.69 |
| 2015 | 3.05 |

Notes:

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

City of Center Line
Nonmajor Governmental Funds
Fund Descriptions
June 30, 2015

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.

Special Assessments Fund – This fund accounts for special assessment collections and the expenditures of those funds on specific projects for which special assessments have been levied.

**City of Center Line
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

| | Special Revenue Funds | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|------------------------------------|-----------------------|-------------------|-------------------------|-----------------|---------------------------|--------------------------------|--|
| | Major Street | Local Street | Drug Law Enforcement | CDBG Fund | Capital Improvements | Special Assessments Fund | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 172,884 | \$ 15,936 | \$ 7,148 | \$ - | \$ 111,548 | \$ - | \$ 307,516 |
| Investments | 203,043 | 98,598 | - | - | 164,071 | - | 465,712 |
| Receivables | | | | | | | |
| Customers | - | 30 | - | - | 1,900 | - | 1,930 |
| Due from other units of government | 53,035 | 49,305 | - | 8,248 | - | - | 110,588 |
| Prepaid items | 504 | 761 | - | - | 5,269 | - | 6,534 |
| | <u>\$ 429,466</u> | <u>\$ 164,630</u> | <u>\$ 7,148</u> | <u>\$ 8,248</u> | <u>\$ 282,788</u> | <u>\$ -</u> | <u>\$ 892,280</u> |
| Total assets | <u>\$ 429,466</u> | <u>\$ 164,630</u> | <u>\$ 7,148</u> | <u>\$ 8,248</u> | <u>\$ 282,788</u> | <u>\$ -</u> | <u>\$ 892,280</u> |

**City of Center Line
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

| | Special Revenue Funds | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|--|-----------------------|-------------------|-------------------------|-----------------|---------------------------|--------------------------------|--|
| | Major Street | Local Street | Drug Law Enforcement | CDBG Fund | Capital Improvements | Special Assessments Fund | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 77,468 | \$ 8,491 | \$ - | \$ 1,133 | \$ 81,282 | \$ 4,959 | \$ 173,333 |
| Accrued and other liabilities | 104 | 353 | - | 7,115 | - | 7,947 | 15,519 |
| Total liabilities | <u>77,572</u> | <u>8,844</u> | <u>-</u> | <u>8,248</u> | <u>81,282</u> | <u>12,906</u> | <u>188,852</u> |
| Fund Balances | | | | | | | |
| Non-spendable | | | | | | | |
| Prepaid items | 504 | 761 | - | - | 5,269 | - | 6,534 |
| Restricted for | | | | | | | |
| Streets | 351,390 | 155,025 | - | - | - | - | 506,415 |
| Drug law enforcement | - | - | 7,148 | - | - | - | 7,148 |
| Assigned | | | | | | | |
| Capital projects | - | - | - | - | 196,237 | - | 196,237 |
| Unassigned (deficit) | - | - | - | - | - | (12,906) | (12,906) |
| Total fund balances | <u>351,894</u> | <u>155,786</u> | <u>7,148</u> | <u>-</u> | <u>201,506</u> | <u>(12,906)</u> | <u>703,428</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 429,466</u> | <u>\$ 164,630</u> | <u>\$ 7,148</u> | <u>\$ 8,248</u> | <u>\$ 282,788</u> | <u>\$ -</u> | <u>\$ 892,280</u> |

City of Center Line
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

| | Special Revenue Funds | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|-----------------------|-----------------------|----------------|-------------------------|--------------|---------------------------|--------------------------------|--|
| | Major Street | Local Street | Drug Law Enforcement | CDBG Fund | Capital Improvements | Special Assessments Fund | |
| Revenues | | | | | | | |
| Intergovernmental | | | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 8,248 | \$ 24,816 | \$ - | \$ 33,064 |
| State sources | 330,874 | 190,511 | - | - | - | - | 521,385 |
| Local sources | - | - | - | - | 9,972 | - | 9,972 |
| Fines and forfeitures | - | - | 5,851 | - | - | - | 5,851 |
| Interest income | 206 | 206 | 3 | - | 275 | - | 690 |
| Other revenue | - | 167 | - | - | - | 729 | 896 |
| | <u>331,080</u> | <u>190,884</u> | <u>5,854</u> | <u>8,248</u> | <u>35,063</u> | <u>729</u> | <u>571,858</u> |
| Total revenues | | | | | | | |

City of Center Line
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

| | Special Revenue Funds | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|--|-----------------------|--------------|-------------------------|--------------|---------------------------|--------------------------------|--|
| | Major Street | Local Street | Drug Law Enforcement | CDBG Fund | Capital Improvements | Special Assessments Fund | |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Public works | \$ 188,220 | \$ 203,078 | \$ - | \$ - | \$ - | \$ - | \$ 391,298 |
| Other functions | - | - | - | 8,248 | - | 13,635 | 21,883 |
| Capital outlay | - | - | 3,714 | - | 494,802 | - | 498,516 |
| Total expenditures | 188,220 | 203,078 | 3,714 | 8,248 | 494,802 | 13,635 | 911,697 |
| Excess (deficiency) of revenues over expenditures | 142,860 | (12,194) | 2,140 | - | (459,739) | (12,906) | (339,839) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | 159,000 | - | - | 130,000 | - | 289,000 |
| Transfers out | (159,000) | - | - | - | - | - | (159,000) |
| Total other financing sources (uses) | (159,000) | 159,000 | - | - | 130,000 | - | 130,000 |
| Net change in fund balance | (16,140) | 146,806 | 2,140 | - | (329,739) | (12,906) | (209,839) |
| Fund balance - beginning of year | 368,034 | 8,980 | 5,008 | - | 531,245 | - | 913,267 |
| Fund balance - end of year (deficit) | \$ 351,894 | \$ 155,786 | \$ 7,148 | \$ - | \$ 201,506 | \$ (12,906) | \$ 703,428 |

City of Center Line
Other Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Other state grants | \$ 319,899 | \$ 319,899 | \$ 330,874 | \$ 10,975 |
| Interest income | 800 | 800 | 206 | (594) |
| Total revenues | <u>320,699</u> | <u>320,699</u> | <u>331,080</u> | <u>10,381</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | | | | |
| Highways and streets | | | | |
| Street maintenance | 51,621 | 153,402 | 116,370 | 37,032 |
| Winter maintenance | 63,439 | 26,980 | 24,226 | 2,754 |
| Traffic service maintenance | 16,000 | 17,754 | 17,024 | 730 |
| Administrative | 31,900 | 31,900 | 30,600 | 1,300 |
| Total expenditures | <u>162,960</u> | <u>230,037</u> | <u>188,220</u> | <u>41,817</u> |
| Excess of revenues (deficiency) over expenditures | <u>157,739</u> | <u>90,662</u> | <u>142,860</u> | <u>52,198</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(159,000)</u> | <u>(159,000)</u> | <u>(159,000)</u> | <u>-</u> |
| Net change in fund balance | (1,261) | (68,338) | (16,140) | 52,198 |
| Fund balance - beginning of year | <u>368,034</u> | <u>368,034</u> | <u>368,034</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 366,773</u> | <u>\$ 299,696</u> | <u>\$ 351,894</u> | <u>\$ 52,198</u> |

City of Center Line
Other Supplementary Information
Budgetary Comparison Schedule
Local Street Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Other state grants | \$ 127,512 | \$ 168,086 | \$ 190,511 | \$ 22,425 |
| Interest income | 350 | 350 | 206 | (144) |
| Other revenue | - | - | 167 | 167 |
| | <u>127,862</u> | <u>168,436</u> | <u>190,884</u> | <u>22,448</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | | | | |
| Highways and streets | | | | |
| Street maintenance | 136,163 | 140,338 | 140,340 | (2) |
| Winter maintenance | 51,723 | 44,405 | 43,950 | 455 |
| Traffic service maintenance | 15,740 | 10,999 | 6,588 | 4,411 |
| Administrative | 12,700 | 12,700 | 12,200 | 500 |
| Total expenditures | <u>216,326</u> | <u>208,443</u> | <u>203,078</u> | <u>5,365</u> |
| Excess of revenues (deficiency) over expenditures | <u>(88,464)</u> | <u>(40,007)</u> | <u>(12,194)</u> | <u>27,813</u> |
| Other financing sources (uses) | | | | |
| Transfers in | <u>159,000</u> | <u>159,000</u> | <u>159,000</u> | <u>-</u> |
| Net change in fund balance | 70,536 | 118,993 | 146,806 | 27,813 |
| Fund balance - beginning of year | <u>8,980</u> | <u>8,980</u> | <u>8,980</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 79,516</u> | <u>\$ 127,973</u> | <u>\$ 155,786</u> | <u>\$ 27,813</u> |

City of Center Line
Other Supplementary Information
Budgetary Comparison Schedule
Drug Law Enforcement Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fines and forfeitures | \$ 10,000 | \$ - | \$ 5,851 | \$ 5,851 |
| Interest income | 100 | 2 | 3 | 1 |
| Total revenues | <u>10,100</u> | <u>2</u> | <u>5,854</u> | <u>5,852</u> |
| Expenditures | | | | |
| Capital outlay | <u>10,000</u> | <u>3,714</u> | <u>3,714</u> | <u>-</u> |
| Excess of revenues (deficiency) over expenditures | <u>100</u> | <u>(3,712)</u> | <u>2,140</u> | <u>5,852</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>-</u> | <u>(1,295)</u> | <u>-</u> | <u>1,295</u> |
| Net change in fund balance | 100 | (5,007) | 2,140 | 7,147 |
| Fund balance - beginning of year | <u>5,008</u> | <u>5,008</u> | <u>5,008</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 5,108</u> | <u>\$ 1</u> | <u>\$ 7,148</u> | <u>\$ 7,147</u> |

City of Center Line
Other Supplementary Information
Budgetary Comparison Schedule
CDBG Fund
For the Year Ended June 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Federal grants | \$ 172,960 | \$ 172,960 | \$ 8,248 | \$ (164,712) |
| Expenditures | | | | |
| Current | | | | |
| Public works | 172,960 | 172,960 | 8,248 | 164,712 |
| Excess of revenues (deficiency) over expenditures | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - | \$ - | \$ - | \$ - |

**City of Center Line
Fiduciary Funds
Fund Descriptions
June 30, 2015**

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.

Trust and 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
Other Supplementary Information
Combining Statement of Fiduciary Net Position - Fiduciary Trust Funds
June 30, 2015

| | Police and Fire Retirement System | OPEB Investment Trust | Total |
|---|---|-----------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 257,354 | \$ 675,149 | \$ 932,503 |
| Investments | | | |
| U.S. Treasury securities | 780,752 | 150,938 | 931,690 |
| Federal agency securities | 390,178 | 255,299 | 645,477 |
| Sovereign securities | 28,580 | - | 28,580 |
| Common and preferred stocks | 9,322,803 | 2,604,021 | 11,926,824 |
| Corporate bonds and notes | 809,138 | 291,855 | 1,100,993 |
| Contributions receivable | 3,454 | - | 3,454 |
| Accrued interest | 15,613 | 5,383 | 20,996 |
| | <u>11,607,872</u> | <u>3,982,645</u> | <u>15,590,517</u> |
| Liabilities | | | |
| Accounts payable | <u>35,043</u> | <u>6,769</u> | <u>41,812</u> |
| Net Position | | | |
| Restricted - Held in trust for pension benefits and other employee benefits | <u>\$ 11,572,829</u> | <u>\$ 3,975,876</u> | <u>\$ 15,548,705</u> |

City of Center Line
Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Trust Funds
For the Year Ended June 30, 2015

| | Police and Fire Retirement System | OPEB Investment Trust | Total |
|----------------------------------|---|-----------------------------|----------------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 645,816 | \$ 2,195,446 | \$ 2,841,262 |
| Plan members | 97,835 | - | 97,835 |
| Total contributions | <u>743,651</u> | <u>2,195,446</u> | <u>2,939,097</u> |
| Investment earnings | | | |
| Interest and dividends | 272,292 | 66,171 | 338,463 |
| Change in fair value | 203,263 | 24,001 | 227,264 |
| Investment expenses | <u>(99,173)</u> | <u>(25,365)</u> | <u>(124,538)</u> |
| Total investment earnings | 376,382 | 64,807 | 441,189 |
| Total additions | <u>1,120,033</u> | <u>2,260,253</u> | <u>3,380,286</u> |
| Deductions | | | |
| Benefit payments | 1,135,840 | 1,123,009 | 2,258,849 |
| Administrative expenses | <u>26,493</u> | <u>-</u> | <u>26,493</u> |
| Total deductions | <u>1,162,333</u> | <u>1,123,009</u> | <u>2,285,342</u> |
| Change in net position | (42,300) | 1,137,244 | 1,094,944 |
| Net position - beginning of year | <u>11,615,129</u> | <u>2,838,632</u> | <u>14,453,761</u> |
| Net position - end of year | <u>\$ 11,572,829</u> | <u>\$ 3,975,876</u> | <u>\$ 15,548,705</u> |

City of Center Line
Other Supplementary Information
Combining Statement of Fiduciary Net Position - Agency Funds
June 30, 2015

| | Trust and Agency | Current Tax Collections Fund | Total |
|----------------------------------|---------------------|------------------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | \$ 44,895 | \$ 23,863 | \$ 68,758 |
| Liabilities | | | |
| Due to other units of government | - | 23,863 | 23,863 |
| Due to others | 44,895 | - | 44,895 |
| Total liabilities | \$ 44,895 | \$ 23,863 | \$ 68,758 |

City of Center Line
Other Supplementary Information
Statement of Changes in Assets and Liabilities - Trust and Agency Funds
June 30, 2015

| | Balance June 30, 2014 | Additions | Deductions | Balance June 30, 2015 |
|---------------------------------------|--------------------------|-----------|------------|--------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 49,350 | \$ 92,286 | \$ 96,741 | \$ 44,895 |
| Liabilities | | | | |
| Due to others | | | | |
| Beautification commission | 4,964 | 2,552 | 3,202 | 4,314 |
| Adult softball league | 5,559 | 5,850 | 5,630 | 5,779 |
| Annual fireworks donations | 14,605 | 14,250 | 9,061 | 19,794 |
| General purpose donations | 1,026 | - | 894 | 132 |
| Employee christmas committee | 646 | 5,350 | 4,464 | 1,532 |
| MSDHA fees held in trust | - | 38,540 | 38,540 | - |
| Center Line friends of the fire truck | 350 | 469 | - | 819 |
| Building and city certification bonds | 22,100 | 25,275 | 34,850 | 12,525 |
| Political sign bonds | 100 | - | 100 | - |
| Total Liabilities | \$ 49,350 | \$ 92,286 | \$ 96,741 | \$ 44,895 |

City of Center Line
Other Supplementary Information
Statement of Changes in Assets and Liabilities - Current Year Tax Collections
June 30, 2015

| | Balance June 30, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 176,905 | \$ 5,555,466 | \$ 5,708,508 | \$ 23,863 |
| Liabilities | | | | |
| Due to other governmental units | | | | |
| State of Michigan | 128,793 | 261,760 | 366,579 | 23,974 |
| Macomb County | 13,967 | 1,460,743 | 1,474,710 | - |
| Macomb Intermediate School District | 8,877 | 434,563 | 443,551 | (111) |
| Macomb Community College | 4,633 | 225,518 | 230,151 | - |
| Macomb County Zoological Authority | 344 | 14,516 | 14,860 | - |
| Macomb County Arts Authority | 344 | 28,763 | 29,107 | - |
| Huron Clinton Metropolitan Authority | 688 | 31,318 | 32,006 | - |
| Suburban Mobility Authority for Regional Transportation | 1,901 | 145,409 | 147,310 | - |
| Center Line School District | 9,118 | 2,801,502 | 2,810,620 | - |
| Van Dyke School District | - | 81,435 | 81,435 | - |
| Due to others | 8,240 | 69,939 | 78,179 | - |
| | <u>\$ 176,905</u> | <u>\$ 5,555,466</u> | <u>\$ 5,708,508</u> | <u>\$ 23,863</u> |

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 units, each major fund, and the aggregate remaining fund information of City of Center Line as of and for the year ended June 30, 2015, 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 November 23, 2015.

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.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: 2015-001.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Center Line's Response to Findings

City of Center Line's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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

November 23, 2015

City of Center Line
Schedule of Findings and Responses
June 30, 2015

2015-001 – Significant Deficiency – Segregation of Duties

Specific requirement: Proper monitoring and review procedures should be built into the control environment.

Condition: While the day to day basic functions are properly monitored and reviewed, higher level transactions like EFTs and journal entries are not reviewed and signed off on by anyone beyond their preparer.

Cause: The City has a limited number of finance staff.

Effect: The internal control environment is weaker.

Recommendation: Our recommendation is to have, at minimum, someone else reviewing bank reconciliations, journal entries and EFT transactions. Ideally the review would be prior to entering and finalizing these items. We recommend that another staff with the suitable skills and financial knowledge perform a review of the Treasurers work.

Views of responsible officials: Management acknowledges that these weaknesses exist, but have a limited number of financial staff, specifically ones that have adequate knowledge to review the Treasurer's work.

Corrective action plan: See the attached corrective action plan.



TREASURER'S OFFICE

Robert Binson
Mayor

Ronald Lapham
Mayor Pro Tem

Nicholas Chakur
Council Member

Mary Hafner
Council Member

James Reid
Council Member

Steve R. Adair, CGFM
Finance Director & Treasurer

November 23, 2015

Re: Corrective Action Plan, Audit Finding 2015-001, Segregation of Duties

In response to the audit finding regarding segregation of duties, the city has considered and is planning to expand the staffing of the finance department to include a deputy treasurer. This employee will perform bank reconciliations, journal entries, and will also enter electronic funds transfer (EFT) transactions. These tasks will then be approved by the finance director/treasurer.

It is management's opinion that this corrective action plan will adequately address the need for additional oversight regarding these significant transactions.

Sincerely,

Steve R. Adair, CGFM
Finance Director & Treasurer

City of Center Line
Statistical Information and Continuing Disclosure Contents
June 30, 2015

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
Statistical Information and Continuing Disclosure Contents
June 30, 2015

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
Net Position by Component
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities | | | | | | | | | | |
| Net investment | | | | | | | | | | |
| in capital assets | \$ 2,599,806 | \$ 2,540,370 | \$ 2,579,033 | \$ 2,603,244 | \$ 2,572,197 | \$ 2,577,136 | \$ 2,643,560 | \$ 2,739,216 | \$ 2,870,870 | \$ 3,213,195 |
| Restricted | 1,090,668 | 1,290,866 | 1,157,734 | 399,834 | 825,140 | 518,739 | 796,542 | 881,325 | 730,445 | 1,127,272 |
| Unrestricted | 1,039,717 | 1,157,946 | 1,213,636 | 1,359,205 | (778,966) | (3,189,606) | (4,369,122) | (3,258,892) | (3,585,565) | (15,442,483) |
| Total governmental activities net position | \$ 4,730,191 | \$ 4,989,182 | \$ 4,950,403 | \$ 4,362,283 | \$ 2,618,371 | \$ (93,731) | \$ (929,020) | \$ 361,649 | \$ 15,750 | \$ (11,102,016) |
| Business-type activities | | | | | | | | | | |
| Net investment | | | | | | | | | | |
| in capital assets | \$ 3,154,984 | \$ 3,575,831 | \$ 3,980,136 | \$ 6,628,046 | \$ 8,993,368 | \$ 9,286,864 | \$ 9,773,323 | \$ 10,024,386 | \$ 10,512,445 | \$ 11,150,437 |
| Restricted | 224,623 | 277,336 | 216,601 | 82,551 | 53,622 | 25,903 | - | - | - | - |
| Unrestricted | 1,454,628 | 354,963 | 103,351 | 155,606 | 445,313 | 1,845,959 | 1,259,210 | 1,670,721 | 2,210,867 | 2,386,171 |
| Total business-type activities net position | \$ 4,834,235 | \$ 4,208,130 | \$ 4,300,088 | \$ 6,866,203 | \$ 9,492,303 | \$ 11,158,726 | \$ 11,032,533 | \$ 11,695,107 | \$ 12,723,312 | \$ 13,536,608 |
| Primary government | | | | | | | | | | |
| Net investment | | | | | | | | | | |
| in capital assets | \$ 5,754,790 | \$ 6,116,201 | \$ 6,559,169 | \$ 9,231,290 | \$ 11,565,565 | \$ 11,864,000 | \$ 12,416,883 | \$ 12,763,602 | \$ 13,383,315 | \$ 14,363,632 |
| Restricted | 1,315,291 | 1,568,202 | 1,374,335 | 482,385 | 878,762 | 544,642 | 796,542 | 881,325 | 730,445 | 1,127,272 |
| Unrestricted | 2,494,345 | 1,512,909 | 1,316,987 | 1,514,811 | (333,653) | (1,343,647) | (3,109,912) | (1,588,171) | (1,374,698) | (13,056,312) |
| Total primary government net position | \$ 9,564,426 | \$ 9,197,312 | \$ 9,250,491 | \$ 11,228,486 | \$ 12,110,674 | \$ 11,064,995 | \$ 10,103,513 | \$ 12,056,756 | \$ 12,739,062 | \$ 2,434,592 |

Notes:

(1) Source: City of Center Line Basic Financial Statements.

City of Center Line
Changes in Net Position
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 1,737,426 | \$ 1,785,361 | \$ 1,813,174 | \$ 1,745,929 | \$ 1,771,562 | \$ 2,111,183 | \$ 3,153,088 | \$ 2,132,772 | \$ 1,824,390 | \$ 1,903,319 |
| Public safety | 3,740,349 | 3,821,420 | 3,831,197 | 3,823,534 | 5,038,403 | 4,773,589 | 4,321,094 | 3,927,324 | 4,275,183 | 4,383,322 |
| Public works | 1,387,622 | 1,463,503 | 1,546,382 | 1,600,611 | 1,507,733 | 1,809,474 | 1,453,464 | 1,172,768 | 1,485,370 | 1,491,621 |
| Community and economic development | - | - | - | - | - | - | 84,166 | 140,796 | 48,029 | 16,991 |
| Recreation and culture | 662,496 | 677,994 | 715,316 | 807,391 | 886,287 | 826,127 | 745,228 | 532,596 | 499,914 | 576,844 |
| Interest on long-term debt | 72,655 | 69,744 | 68,257 | 65,432 | 53,102 | 42,866 | 30,267 | 27,286 | 23,873 | 20,119 |
| Total governmental activities expenses | 7,600,548 | 7,818,022 | 7,974,326 | 8,042,897 | 9,257,087 | 9,563,239 | 9,787,307 | 7,933,542 | 8,156,759 | 8,392,216 |
| Business-type activities | | | | | | | | | | |
| Water and sewer | 3,055,652 | 3,377,769 | 2,928,603 | 2,495,624 | 2,420,366 | 2,621,762 | 2,923,094 | 2,905,293 | 2,783,563 | 2,600,683 |
| Solid waste disposal | 274,606 | 272,747 | 312,631 | 304,988 | 296,570 | 294,384 | 313,225 | 306,917 | 297,779 | 333,309 |
| Total business-type activities expenses | 3,330,258 | 3,650,516 | 3,241,234 | 2,800,612 | 2,716,936 | 2,916,146 | 3,236,319 | 3,212,210 | 3,081,342 | 2,933,992 |
| Total primary government expenses | \$ 10,930,806 | \$ 11,468,538 | \$ 11,215,560 | \$ 10,843,509 | \$ 11,974,023 | \$ 12,479,385 | \$ 13,023,626 | \$ 11,145,752 | \$ 11,238,101 | \$ 11,326,208 |

City of Center Line
Changes in Net Position
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| District court | \$ 606,087 | \$ 563,347 | \$ 505,867 | \$ 407,074 | \$ 393,814 | \$ 389,462 | \$ 380,363 | \$ 361,731 | \$ 409,774 | \$ 349,034 |
| Public safety | 185,670 | 131,168 | 151,959 | 96,122 | 127,976 | 120,992 | 164,371 | 217,342 | 193,706 | 152,503 |
| Parks and recreation | 42,707 | 38,814 | 51,053 | 109,034 | 36,636 | 90,080 | 132,131 | 86,824 | 70,713 | 74,420 |
| Other activities | 91,658 | 79,928 | 88,080 | 89,622 | 114,046 | 179,569 | 314,941 | 399,051 | 350,255 | 436,307 |
| Operating grants and contributions | 656,005 | 603,819 | 579,491 | 512,524 | 445,665 | 801,719 | 535,260 | 552,424 | 591,402 | 609,303 |
| Capital grants and contributions | <u>86,988</u> | <u>88,513</u> | <u>86,756</u> | <u>173,100</u> | <u>413</u> | <u>86,756</u> | <u>657,881</u> | <u>212,552</u> | <u>240,082</u> | <u>51,817</u> |
| Total governmental activities program revenues | <u>1,669,115</u> | <u>1,505,589</u> | <u>1,463,206</u> | <u>1,387,476</u> | <u>1,118,550</u> | <u>1,668,578</u> | <u>2,184,947</u> | <u>1,829,924</u> | <u>1,855,932</u> | <u>1,673,384</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water and sewer | 1,924,095 | 1,882,613 | 2,150,173 | 2,301,408 | 2,547,962 | 3,308,091 | 2,907,143 | 2,640,675 | 2,718,718 | 2,683,775 |
| Solid waste disposal | 239,692 | 228,483 | 225,778 | 207,626 | 236,900 | 295,366 | 319,694 | 343,837 | 363,796 | 276,153 |
| Capital grants and contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,929,082</u> | <u>1,689,247</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,589</u> |
| Total business-type activities program revenues | <u>2,163,787</u> | <u>2,111,096</u> | <u>2,375,951</u> | <u>4,438,116</u> | <u>4,474,109</u> | <u>3,603,457</u> | <u>3,226,837</u> | <u>2,984,512</u> | <u>3,082,514</u> | <u>2,995,517</u> |
| Total primary government program revenues | \$ <u>3,832,902</u> | \$ <u>3,616,685</u> | \$ <u>3,839,157</u> | \$ <u>5,825,592</u> | \$ <u>5,592,659</u> | \$ <u>5,272,035</u> | \$ <u>5,411,784</u> | \$ <u>4,814,436</u> | \$ <u>4,938,446</u> | \$ <u>4,668,901</u> |
| Net (Expenses) Revenue | | | | | | | | | | |
| Governmental activities | \$ (5,931,433) | \$ (6,312,433) | \$ (6,511,120) | \$ (6,655,421) | \$ (8,138,537) | \$ (7,894,661) | \$ (7,602,360) | \$ (6,103,618) | \$ (6,300,827) | \$ (6,718,832) |
| Business-type activities | <u>(1,166,471)</u> | <u>(1,539,420)</u> | <u>(865,283)</u> | <u>1,637,504</u> | <u>1,757,173</u> | <u>687,311</u> | <u>(9,482)</u> | <u>(227,698)</u> | <u>1,172</u> | <u>61,525</u> |
| Total primary government net (expense) revenue | \$ <u>(7,097,904)</u> | \$ <u>(7,851,853)</u> | \$ <u>(7,376,403)</u> | \$ <u>(5,017,917)</u> | \$ <u>(6,381,364)</u> | \$ <u>(7,207,350)</u> | \$ <u>(7,611,842)</u> | \$ <u>(6,331,316)</u> | \$ <u>(6,299,655)</u> | \$ <u>(6,657,307)</u> |

City of Center Line
Changes in Net Position
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | \$ 5,682,436 | \$ 6,159,702 | \$ 6,028,915 | \$ 5,534,760 | \$ 6,101,227 | \$ 5,285,060 | \$ 5,954,228 | \$ 6,648,366 | \$ 5,734,767 | \$ 6,201,812 |
| Payment in lieu of taxes | - | - | - | - | - | - | 89,117 | 97,160 | 100,919 | 103,430 |
| State shared revenue | 1,027,807 | 1,001,323 | 998,627 | 964,912 | 858,193 | 858,193 | 805,267 | 835,099 | 860,367 | 877,455 |
| Sale of tax reversion properties | - | - | - | - | - | - | 79,335 | 152,053 | - | 146,812 |
| Cable franchise fees | 76,108 | 88,508 | 127,618 | 119,734 | 151,916 | 132,088 | 138,814 | 180,558 | 134,177 | 26,865 |
| Investment earnings | 129,631 | 128,892 | 165,774 | 89,962 | 18,311 | 18,585 | 8,807 | 19,470 | 25,389 | - |
| Miscellaneous | 94,208 | 45,120 | 99,391 | 223,215 | 110,928 | 124,932 | 287,644 | 349,911 | 124,454 | 134,150 |
| Income from joint venture | (19,161) | (3,056) | (20,938) | (5,068) | 2,800 | 285,519 | - | - | - | - |
| Gain (loss) on sale of capital assets | (19,959) | - | - | - | - | - | - | - | - | - |
| Transfers | (915,550) | (849,065) | (927,046) | (860,214) | (848,750) | (913,955) | (596,141) | (888,330) | (1,025,145) | (1,090,247) |
| Total governmental activities general revenues | 6,055,520 | 6,571,424 | 6,472,341 | 6,067,301 | 6,394,625 | 5,790,422 | 6,767,071 | 7,394,287 | 5,954,928 | 6,400,277 |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 87,872 | 64,250 | 30,195 | 68,397 | 20,177 | 65,157 | 2,055 | 1,942 | 1,888 | 1,813 |
| Transfers | 915,550 | 849,065 | 927,046 | 860,214 | 848,750 | 913,955 | 596,141 | 888,330 | 1,025,145 | 1,090,247 |
| Total business-type activities general revenues | 1,003,422 | 913,315 | 957,241 | 928,611 | 868,927 | 979,112 | 598,196 | 890,272 | 1,027,033 | 1,092,060 |
| Total primary government general revenues | \$ 7,058,942 | \$ 7,484,739 | \$ 7,429,582 | \$ 6,995,912 | \$ 7,263,552 | \$ 6,769,534 | \$ 7,365,267 | \$ 8,284,559 | \$ 6,981,961 | \$ 7,492,337 |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | \$ (256,913) | \$ 60,304 | \$ (183,080) | \$ (2,071,236) | \$ (1,500,036) | \$ (1,811,938) | \$ (835,289) | \$ 1,290,669 | \$ (345,899) | \$ (318,555) |
| Business-type activities | (535,998) | 48,032 | 2,594,745 | 2,685,784 | 1,556,238 | 969,630 | 588,714 | 662,574 | 1,028,205 | 1,153,585 |
| Total primary government | \$ (792,911) | \$ 108,336 | \$ 2,411,665 | \$ 614,548 | \$ 56,202 | \$ (842,308) | \$ (246,575) | \$ 1,953,243 | \$ 682,306 | \$ 835,030 |

Notes:

(1) Source: City of Center Line Basic Financial Statements.

City of Center Line
Fund Balances of Governmental Funds
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 488,478 | \$ 863,595 | \$ 816,201 | \$ 241,435 | \$ 407,601 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 624,208 | 702,584 | 812,463 | 867,773 | 1,189,518 | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | 260,272 | 76,574 | 95,183 | 186,607 | 110,003 |
| 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 |
| Total General Fund | <u>\$ 1,112,686</u> | <u>\$ 1,566,179</u> | <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> |
| All other governmental funds | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | \$ 456,130 | \$ 406,669 | \$ 362,807 | \$ 370,295 | \$ 608,823 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital projects funds | 45,208 | 44,913 | 45,299 | 45,598 | 45,626 | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | 63,352 | 75,077 | 68,256 |
| Restricted | - | - | - | - | - | 237,608 | 386,085 | 881,325 | 551,751 | 754,041 |
| Assigned | - | - | - | - | - | - | 397,354 | 677,347 | 525,594 | 196,237 |
| Unassigned (deficit) | - | - | - | - | - | - | - | - | - | (12,906) |
| Total all other governmental funds | <u>\$ 501,338</u> | <u>\$ 451,582</u> | <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> |

Notes:

- (1) The City implemented GASB Statement No. 54 in fiscal year 2011 which changed the classification of fund balances.
- (2) Source: City of Center Line Basic Financial Statements.

City of Center Line
Changes in Fund Balances of Governmental Funds
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,760,559 | \$ 6,254,261 | \$ 6,115,672 | \$ 5,643,376 | \$ 6,068,121 | \$ 5,442,454 | \$ 6,006,033 | \$ 6,755,369 | \$ 5,868,080 | \$ 6,190,604 |
| Licenses and permits | 226,821 | 229,564 | 234,143 | 186,456 | 248,059 | 200,814 | 224,892 | 220,323 | 225,279 | 264,124 |
| Intergovernmental | 1,710,696 | 1,583,097 | 1,588,046 | 1,472,091 | 1,291,701 | 1,665,284 | 2,077,125 | 1,704,418 | 1,792,770 | 1,666,699 |
| Charges for services | 662,842 | 591,050 | 558,510 | 590,262 | 492,318 | 447,578 | 514,051 | 421,712 | 468,445 | 441,536 |
| Fines and forfeits | - | - | - | - | - | - | 477,934 | 391,183 | 439,387 | 457,656 |
| Interest and rents | 129,631 | 128,892 | 165,774 | 89,962 | 18,311 | 18,585 | 8,807 | 19,469 | 25,392 | 26,865 |
| Other revenue | <u>441,775</u> | <u>512,907</u> | <u>485,699</u> | <u>634,413</u> | <u>413,230</u> | <u>512,339</u> | <u>470,865</u> | <u>594,277</u> | <u>197,543</u> | <u>106,744</u> |
| Total revenues | <u>8,932,324</u> | <u>9,299,771</u> | <u>9,147,844</u> | <u>8,616,560</u> | <u>8,531,740</u> | <u>8,287,054</u> | <u>9,779,707</u> | <u>10,106,751</u> | <u>9,016,896</u> | <u>9,154,228</u> |
| Expenditures | | | | | | | | | | |
| General government | 1,863,630 | 2,031,617 | 1,959,636 | 1,882,594 | 1,500,432 | 1,893,487 | 2,262,143 | 1,858,617 | 1,379,978 | 1,637,766 |
| Public safety | 3,655,648 | 3,711,179 | 3,754,299 | 3,738,654 | 3,488,192 | 3,512,973 | 3,260,722 | 3,443,977 | 3,675,967 | 3,585,910 |
| Public works | 1,475,443 | 1,520,536 | 1,501,631 | 1,498,581 | 1,030,688 | 1,481,128 | 1,111,931 | 1,124,804 | 1,426,297 | 1,275,473 |
| Community and economic development | - | - | - | - | - | - | 84,166 | 140,796 | 8,604 | 8,115 |
| Recreation and cultural | 596,996 | 648,062 | 699,268 | 757,714 | 627,239 | 615,007 | 545,785 | 471,955 | 425,004 | 478,694 |
| Other functions | - | - | - | - | - | - | - | - | - | 21,883 |
| Capital outlay | 35,902 | 295 | 92 | 178,755 | 3,696 | - | 139,769 | 221,437 | 457,247 | 583,141 |
| Debt service | | | | | | | | | | |
| Principal | 199,081 | 194,352 | 218,954 | 275,201 | 252,596 | 253,607 | 225,511 | 1,213,927 | 752,807 | 1,100,316 |
| Interest and fiscal charges | <u>67,128</u> | <u>67,622</u> | <u>67,909</u> | <u>59,652</u> | <u>53,680</u> | <u>44,042</u> | <u>35,092</u> | <u>28,494</u> | <u>24,491</u> | <u>20,756</u> |
| Total expenditures | <u>7,893,828</u> | <u>8,173,663</u> | <u>8,201,789</u> | <u>8,391,151</u> | <u>6,956,523</u> | <u>7,800,244</u> | <u>7,665,119</u> | <u>8,504,007</u> | <u>8,150,395</u> | <u>8,712,054</u> |
| Excess of revenues over (under) expenditures | <u>1,038,496</u> | <u>1,126,108</u> | <u>946,055</u> | <u>225,409</u> | <u>1,575,217</u> | <u>486,810</u> | <u>2,114,588</u> | <u>1,602,744</u> | <u>866,501</u> | <u>442,174</u> |

City of Center Line
Changes in Fund Balances of Governmental Funds
2006-2015
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|-------------------|-------------------|--------------------|---------------------|-------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from borrowing | 133,982 | 126,694 | - | 123,136 | - | - | - | - | - | - |
| Sale of fixed assets | - | - | - | - | - | - | - | - | - | 44,952 |
| Transfers in | 83,521 | 82,000 | 154,000 | 126,122 | - | 148,000 | 1,247,535 | 1,455,702 | 1,029,037 | 1,119,986 |
| Transfers out | <u>(999,071)</u> | <u>(931,065)</u> | <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> |
| Total other financing sources (uses) | <u>(781,568)</u> | <u>(722,371)</u> | <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> |
| Net change in fund balances | <u>\$ 256,928</u> | <u>\$ 403,737</u> | <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> |
| Debt service as a percentage of noncapital expenditures ⁽²⁾ | 4.83% | 3.49% | 3.29% | 3.55% | 4.08% | 4.42% | 3.82% | 2.07% | 1.83% | 1.71% |

Notes:

- (1) Source: City of Center Line Basic Financial Statements.
- (2) 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
Assessed Taxable Values (History of Property Values)
2006-2015
(Unaudited)

| Fiscal Year (Tax Year) | Property | | | | Value | Personal Property as a Percentage of Total Value | Taxable Value as a Percentage of SEV | Total Direct Tax Rate |
|---------------------------|-------------|------------|------------|----------------------|-------------|---|--|-----------------------------|
| | Residential | Commercial | Industrial | Personal Property | Total | | | |
| 2006 (2005) | | | | | | | | |
| SEV | 150,142,898 | 57,428,140 | 37,155,590 | 48,021,446 | 292,748,074 | 16.40% | | |
| Taxable | 115,352,701 | 46,119,383 | 33,577,035 | 48,021,446 | 243,070,565 | 19.76% | 83.03% | 23.1496 |
| 2007 (2006) | | | | | | | | |
| SEV | 155,551,333 | 55,716,680 | 37,409,230 | 50,423,794 | 299,101,037 | 16.86% | | |
| Taxable | 121,242,818 | 45,065,647 | 34,538,578 | 50,423,794 | 251,270,837 | 20.07% | 84.01% | 23.2657 |
| 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 |

City of Center Line
Property Tax Rates - Direct And Overlapping Governments
(Per \$1,000 of Taxable Value)
2006-2015
(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 ⁽²⁾ | Total | Center Line Public Schools | Van Dyke Public Schools | Macomb County Intermediate School District | Macomb County Community College | Macomb County | Huron/Clinton Metro Authority | S.M.A.R.T. | County Zoo Authority | County Art Authority | Veterans Operations | Center Line Public Schools | Van Dyke Public Schools |
| 2006 (2005) | | | | | | | | | | | | | | | | | |
| Homestead | 14.6630 | 5.3261 | 3.1605 | 0.0000 | 23.1496 | 23.5778 | 13.7600 | 2.9430 | 1.4212 | 4.2058 | 0.2146 | 0.5912 | 0.0000 | 0.0000 | 0.0000 | 56.1032 | 46.2854 |
| Non-Homestead | 14.6630 | 5.3261 | 3.1605 | 0.0000 | 23.1496 | 26.0000 | 31.7600 | 2.9430 | 1.4212 | 4.2058 | 0.2146 | 0.5912 | 0.0000 | 0.0000 | 0.0000 | 58.5254 | 64.2854 |
| 2007 (2006) | | | | | | | | | | | | | | | | | |
| Homestead | 14.6630 | 5.1724 | 3.4303 | 0.0000 | 23.2657 | 22.1022 | 11.9906 | 2.9430 | 1.4212 | 4.2055 | 0.2146 | 0.5900 | 0.0000 | 0.0000 | 0.0000 | 54.7422 | 44.6306 |
| Non-Homestead | 14.6630 | 5.1724 | 3.4303 | 0.0000 | 23.2657 | 26.0000 | 29.9906 | 2.9430 | 1.4212 | 4.2055 | 0.2146 | 0.5900 | 0.0000 | 0.0000 | 0.0000 | 58.6400 | 62.6306 |
| 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 |

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

**City of Center Line
Principal Taxpayers
June 30, 2015 and 2006
(Unaudited)**

| Company Name | Product/Service | Year Ended June 30, 2015 | | | Year Ended June 30, 2006 | | |
|-----------------------------|-----------------------|--------------------------|------|-------------------------------------|--------------------------|------|-------------------------------------|
| | | Taxable Value | Rank | Percent of Total City Taxable Value | Taxable Value | Rank | Percent of Total City Taxable Value |
| Chrysler / FCA LLC | Automotive | \$ 14,746,568 | 1 | 9.71 | \$ 32,957,048 | 1 | 13.56 |
| AZ Automotive Corporation | Automotive | 13,112,630 | 2 | 8.64 | 17,780,061 | 2 | 7.31 |
| WICO Metal Products | Automotive | 4,726,493 | 3 | 3.11 | | | |
| Kramer Homes Co-Op | Housing | 4,636,202 | 4 | 3.05 | 5,380,183 | 3 | 2.21 |
| International Transmission | Automotive | 2,673,130 | 5 | 1.76 | | | |
| Edgar Rinke | Car Sales | 2,437,929 | 6 | 1.61 | 4,251,312 | 4 | 1.75 |
| Father Murray Nursing, LLC | Nursing Home | 2,147,800 | 7 | 1.41 | | | |
| Whitlam Label Company | Automotive | 2,091,734 | 8 | 1.38 | 1,965,103 | 9 | 0.81 |
| Consumers Energy | Utilities | 1,913,920 | 9 | 1.26 | | | |
| Lawrence Park Housing | Housing | 1,793,534 | 10 | 1.18 | | | |
| Center Line Park Towers | Housing | - | | - | 3,229,848 | 5 | 1.33 |
| BAE Manufacturing | Automotive | - | | - | 2,543,952 | 6 | 1.05 |
| Detroit Edison Company | Utilities | - | | - | 2,160,392 | 7 | 0.89 |
| Amurcon Management Services | Housing | - | | - | 2,152,739 | 8 | 0.89 |
| Binson's Hospital Supplies | Healthcare | - | | - | 1,670,930 | 10 | 0.69 |
| | Ten largest taxpayers | 50,279,940 | | <u>33.11</u> | 74,091,568 | | <u>30.48</u> |
| | Other taxpayers | <u>101,561,249</u> | | | <u>168,978,997</u> | | |
| | Total taxable value | <u>\$ 151,841,189</u> | | | <u>\$ 243,070,565</u> | | |

Note:

(1) Source: City Treasurer's Office

City of Center Line
Property Tax Levies and Collections
2006-2015
(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 | | | |
| 2006 (2005) | \$ 5,626,986 | \$ 5,437,183 | 96.63% | \$ 179,267 | \$ 5,616,450 | 99.81% |
| 2007 (2006) | 5,845,992 | 5,591,424 | 95.65% | 229,094 | 5,820,518 | 99.56% |
| 2008 (2007) | 5,714,826 | 5,402,103 | 94.53% | 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% |

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. Generally, amounts not collected represent personal property taxes outstanding.
- (3) Source: City Treasurer's Office

City of Center Line
Ratios of Outstanding Debt By Type
2006 - 2015
(Unaudited)

| Fiscal Year | Population | Assessed Value of Property ⁽⁵⁾ | Governmental Activities ⁽²⁾ | | | Business- General 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 | | | | |
| 2006 | 8,531 ⁽³⁾ | \$ 292,748,074 | \$ 1,363,472 | \$ 510,000 | \$ 201,901 | \$ 9,205,529 | \$ 135,000 | \$ 121,978 | \$ 11,537,880 | 3.94% | \$ 1,352.47 | 6.49% |
| 2007 | 8,531 ⁽³⁾ | 299,101,037 | 1,305,826 | 425,000 | 279,011 | 8,758,842 | 115,000 | 133,112 | 11,016,791 | 3.68% | 1,291.38 | 6.20% |
| 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⁾ |

Notes:

- (1) Per capita income data for 2015 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
Ratios of Net General Bonded Debt Outstanding
2006-2015
(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 |
|-------------|----------------------|---|---|---|-------------------------|----------------------------|---------------------|
| 2006 | 8,531 ⁽⁵⁾ | 292,748,074 | 10,569,001 | 236,380 | 10,332,621 | 1.29% | 413.20 |
| 2007 | 8,531 ⁽⁵⁾ | 299,101,037 | 10,064,668 | 586,520 | 9,478,148 | 1.18% | 390.07 |
| 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 |

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
Direct and Overlapping Governmental Activities Debt
June 30, 2015
(Unaudited)

| | | | |
|---|---------------|----|--------------|
| DIRECT DEBT OUTSTANDING ⁽²⁾ | | | |
| Unlimited Tax General Obligation Bonds | | | |
| 2004 Refunding Bonds (Governmental Portion) | | \$ | 529,844 |
| TOTAL DIRECT DEBT OUTSTANDING | | | \$ 529,844 |
| Overlapping Debt | | | |
| 34.60% ⁽¹⁾ Center Line Public School District ⁽³⁾ | \$ 14,655,000 | \$ | 5,070,630 |
| 2.14% ⁽¹⁾ Van Dyke Public School District ⁽⁴⁾ | 58,810,000 | | 1,258,534 |
| 0.62% ⁽¹⁾ Macomb County at large ⁽⁵⁾ | 301,932,513 | | 1,871,982 |
| 0.62% ⁽¹⁾ Macomb Community College ⁽⁴⁾ | 5,995,000 | | 37,169 |
| TOTAL OVERLAPPING DEBT OUTSTANDING | | | 8,238,315 |
| TOTAL DIRECT AND OVERLAPPING DEBT OUTSTANDING | | | \$ 8,768,159 |

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, 2014
- (4) Source: Audit report dated June 30, 2014
- (5) Source: Audit report dated December 31, 2014

City of Center Line
Computation of Legal Debt Margin
June 30, 2015
(Unaudited)

| | | |
|--|-------------------|------------------------------|
| Valuation for debt limit | | |
| 2014 state equalized value | | |
| Real property | \$ 126,219,553 | |
| Personal property | <u>31,328,520</u> | |
| Total 2014 state equalized value | | \$ 157,548,073 |
| Industrial facilities adjusted to state equalized equivalent | | <u>4,425,940</u> |
| Total valuation for debt limit | | <u><u>\$ 161,974,013</u></u> |
| Debt limit | | |
| 10% of state equalized value and equivalent | | \$ 16,197,401 |
| Amount of debt applicable to debt limit | | |
| Total bonded debt | \$ 8,701,804 | |
| Less: | | |
| Amount available in debt service funds | 12,907 | |
| State Revolving Fund (SRF) Wastewater Bonds | <u>4,096,851</u> | |
| Total amount of debt applicable to debt limit | | <u>4,592,046</u> |
| Legal debt margin | | <u><u>\$ 11,605,355</u></u> |

Note:

- 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
Historical Legal Debt Margin
2006-2015
(Unaudited)**

| Fiscal Year | Debt Limit | Net Applicable Debt | Legal Debt Margin | Ratio |
|----------------|---------------|------------------------|----------------------|--------|
| 2006 | \$ 29,399,807 | \$ 10,569,001 | \$ 18,830,806 | 35.95% |
| 2007 | 30,035,103 | 10,064,668 | 19,970,435 | 33.51% |
| 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% |

Note:

(1) Source: City of Center Line Treasurer's office.

**City of Center Line
Pledged Revenue Coverage
2006-2015
(Unaudited)**

| Fiscal Year Ended | Limited Tax Obligation Bonds⁽¹⁾ | | | | | Coverage |
|----------------------|---|--------------|-----------|-----------|---------|----------|
| | Collections | Debt Service | | Total | | |
| | | 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% | |

| Fiscal Year Ended | Revenue Bonds⁽³⁾ | | | | | Coverage |
|----------------------|------------------------------------|--------------|-----------|-----------|---------|----------|
| | Collections | Debt Service | | Total | | |
| | | Principal | Interest | | | |
| 2006 | \$ 25,258 | \$ 15,000 | \$ 10,258 | \$ 25,258 | 100.00% | |
| 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% | |

| Fiscal Year Ended | Special Assessment Bonds⁽³⁾ | | | | | Coverage ⁽²⁾ |
|----------------------|---|--------------|-----------|------------|---------|-------------------------|
| | Collections ⁽²⁾ | Debt Service | | Total | | |
| | | Principal | Interest | | | |
| 2006 | \$ 86,988 | \$ 85,000 | \$ 21,739 | \$ 106,739 | 81.50% | |
| 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.
- (4) Source: City of Center Line Basic Financial Statements.

**City of Center Line
Demographic Statistics
2006-2015
(Unaudited)**

| Fiscal Year | Population | Personal Income | Personal Income Per Capita ⁽²⁾ | Unemployment Rate ⁽⁵⁾ |
|----------------|----------------------|--------------------|---|-------------------------------------|
| 2006 | 8,531 ⁽³⁾ | \$ 177,658,075 | \$ 20,825 | 7.2% |
| 2007 | 8,531 ⁽³⁾ | 177,658,075 | 20,825 | 7.3% |
| 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 ⁽⁴⁾ | - ⁽¹⁾ | - ⁽¹⁾ | 6.3% |

Notes:

- (1) Personal income data for fiscal year 2015 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: Michigan Department of Technology, Management & Budget, Unemployment Statistics for Macomb County

**City of Center Line
Concentration of Workforce
June 30, 2015 and 2006
(Unaudited)**

| Industry | 2015 | | 2006 | |
|--------------------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | Number of Jobs ⁽¹⁾⁽²⁾ | Percentage of Workforce | Number of Jobs ⁽¹⁾⁽²⁾ | Percentage of Workforce |
| Professional and Business Services | 381,300 | 19.34% | 364,600 | 17.92% |
| Trade, Transportation, and Utilities | 363,400 | 18.42% | 374,400 | 18.40% |
| Education and Health Services | 307,700 | 15.61% | 271,000 | 13.32% |
| Manufacturing | 251,900 | 12.78% | 278,100 | 13.67% |
| Government | 181,800 | 9.22% | 234,300 | 11.51% |
| Leisure and Hospitality | 194,800 | 9.88% | 193,600 | 9.51% |
| Financial Activities | 109,900 | 5.58% | 114,800 | 5.64% |
| Other Services | 77,400 | 3.93% | 91,300 | 4.49% |
| Mining, Logging, and Construction | 75,500 | 3.83% | 82,600 | 4.06% |
| Information | 27,600 | 1.40% | 30,400 | 1.49% |
| Total | <u>1,971,300</u> | <u>99.99%</u> | <u>2,035,100</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
Full Time City Employees By Function
2006-2015
(Unaudited)

| Function | Full-time Employees | | | | | as of June 30 | | | | |
|--------------------------------|---------------------|-----------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General government | 9 | 8 | 7 | 7 | 4 | 5 | 5 | 5 | 5 | 4 |
| Public safety | | | | | | | | | | |
| Sworn officers and dispatchers | 30 | 30 | 29 | 28 | 25 | 22 | 20 | 22 | 22 | 21 |
| Building inspection | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works | 10 | 10 | 9 | 9 | 9 | 8 | 6 | 5 | 5 | 5 |
| Recreation and culture | 4 | 4 | 4 | 4 | 3 | 3 | 2 | - | 1 | 1 |
| Total | 54 | 53 | 50 | 49 | 42 | 39 | 34 | 33 | 34 | 32 |

Note:

(1) Source: City of Center Line Treasurer's Office.

City of Center Line
Operating Indicators By Function
2006-2015
(Unaudited)

| Function | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----|
| Public safety⁽⁵⁾ | | | | | | | | | | | |
| Physical arrests | 938 | 869 | 747 | 551 | 455 | 286 | 576 | 396 | 418 | - | (1) |
| Parking violations | 106 | 151 | 112 | 116 | 117 | 64 | 52 | 101 | 89 | - | (1) |
| Traffic violations | 7,535 | 7,898 | 6,915 | 5,179 | 4,609 | 3,193 | 2,853 | 3,022 | 3,712 | - | (1) |
| Emergency fire responses | 77 | 60 | 80 | 83 | 211 | 242 | 256 | 358 | 298 | - | (1) |
| Public works⁽⁶⁾ | | | | | | | | | | | |
| Average daily water consumption and sewer treatment (gallons) | - | 1,096,438 | 513,151 | 691,780 | 641,644 | 730,411 | 734,521 | 719,810 | 710,000 | - | (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) |
| Water rates | | | | | | | | | | | |
| Per 1,000 cubic feet | \$ 16.3600 | \$ 17.1700 | \$ 26.8031 | \$ 26.8031 | \$ 26.8031 | \$ 26.8031 | \$ 26.8031 | \$ 26.8031 | \$ 26.8031 | \$ 28.3542 | (2) |
| Per 1,000 gallons ⁽³⁾ | \$ 2.1870 | \$ 2.2953 | \$ 3.5831 | \$ 3.5831 | \$ 3.5831 | \$ 3.5831 | \$ 3.5831 | \$ 3.5831 | \$ 3.5831 | \$ 3.7904 | (2) |
| Sewer rates | | | | | | | | | | | |
| Per 1,000 cubic feet | \$ 23.9700 | \$ 26.7400 | \$ 44.0929 | \$ 41.0929 | \$ 44.0929 | \$ 44.0929 | \$ 44.0929 | \$ 44.0929 | \$ 44.0929 | \$ 47.6958 | (2) |
| Per 1,000 gallons ⁽³⁾ | \$ 3.2040 | \$ 3.5746 | \$ 5.8944 | \$ 5.4933 | \$ 5.8944 | \$ 5.8944 | \$ 5.8944 | \$ 5.8944 | \$ 5.8944 | \$ 6.3760 | (2) |
| Garbage/Solid Waste rate | \$ 7.7500 | \$ 7.5000 | \$ 7.5000 | \$ 7.5000 | \$ 9.0000 | \$ 11.0000 | \$ 12.0000 | \$ 12.0000 | \$ 12.0000 | \$ 9.1000 | (2) |
| Recreation and culture⁽⁷⁾ | | | | | | | | | | | |
| Volumes in library collection | 35,402 | 37,849 | 39,062 | 43,167 | 42,169 | 40,408 | 51,444 | 56,086 | 53,098 | 48,157 | (2) |
| Volumes borrowed from library | 43,465 | 43,672 | 45,373 | 44,510 | 44,351 | 42,550 | 39,697 | 38,789 | 36,484 | 45,671 | (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.
- (3) All meters reported in cubic feet prior to 2006.
- (4) 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 to
- (5) Source: City of Center Line Public Safety Director.
- (6) Source: City of Center Line Public Works Director.
- (7) Source: City of Center Line Library Director.

City of Center Line
Capital Asset Statistics By Function
2006-2015
(Unaudited)

| Function | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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 | 12 | 12 | 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 | 6 | 6 | 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
Continuing Disclosure - State Shared Revenue
2006-2015
(Unaudited)

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Amount</u> |
|--|---------------|
| 2006 | \$ 1,027,807 |
| 2007 | 1,001,323 |
| 2008 | 998,627 |
| 2009 | 964,912 |
| 2010 | 858,193 |
| 2011 | 858,193 |
| 2012 | 805,267 |
| 2013 | 835,099 |
| 2014 | 860,367 |
| 2015 | 877,455 |

Notes:

(1) Source: City of Center Line Treasurer's office.

City of Center Line
Continuing Disclosure - Gas and Weight Taxes
2006-2015
(Unaudited)

| Fiscal Year Ended June 30 | Type of Street | | Total Gas and Weight Tax (Act 51) Receipts |
|------------------------------|----------------|---------------|---|
| | Major Streets | Local Streets | |
| 2006 | \$ 318,084 | \$ 127,655 | \$ 445,739 |
| 2007 | 317,254 | 127,233 | 444,487 |
| 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 |

Notes:

(1) Source: City of Center Line Treasurer's office.

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

| Name | Contract Expiration Date | Actual Number of Employees Covered |
|---|-----------------------------|---------------------------------------|
| UNION EMPLOYEES | | |
| Clerical / Office Employees Governmental Employees Labor Council (GELC) | 2/29/2016 | 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 |
| City Manager and Clerk | N/A | 0 |
| Executive Secretary / Deputy Clerk | N/A | 1 |
| Parks and Recreation / Library Director | N/A | 1 |
| Public Safety Director | N/A | 1 |
| Public Works Superintendent | N/A | 1 |

Note:

(1) Source: City of Center Line Treasurer's office.