



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2016

CITY OF FLINT
MICHIGAN



City of Flint, Michigan
Comprehensive Annual Financial Report
June 30, 2016

Prepared by:
Department of Finance and Administration
David Sabuda, Interim Chief Financial Officer
Dawn Steele, Deputy Director of Finance

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Dr. Karen W. Weaver
Mayor

CITY OF FLINT, MICHIGAN

Department of Finance

Sylvester Jones
City Administrator

David L. Sabuda
Chief Financial Officer

Dawn Steele
Deputy Finance Director

December 15, 2016

To the Mayor, Members of City Council, City Administrator, Receivership Transition Advisory Board, and Citizens of the City of Flint:

Michigan Public Act 2 of 1968 as amended, requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Flint for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City of Flint. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Flint has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Flint's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Flint's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Yeo & Yeo, P.C., a firm of licensed certified public accountants, has audited the City of Flint's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section

of this report.

The independent audit of the financial statements of the City of Flint was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Flint’s separately issued Single Audit Report.

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

Profile of the Government

The City of Flint, incorporated in 1855, is located in the eastern part of the State of Michigan. The City currently occupies a land area of 32.8 square miles and serves a population of 102,434 (2010 Census). The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

The City of Flint has operated under the strong mayor / council form of government since November 4, 1975, when the present charter was adopted. According to the Charter, legislative authority is vested in a City Council consisting of nine members elected from each of the nine wards in the City and serving a four-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving resolutions and appointing committees. The Mayor is an elected official who serves as the chief executive officer of the City for a four-year term of office (the Mayor may be reelected for additional terms). The Mayor appoints a City Administrator to be the chief administrative officer of the City, overseeing the day-to-day operations of the government. The Mayor also appoints the principal officials responsible for budget, personnel, planning, legal counsel, and administrative services, appointing up to ten principal staff officials who serve at the pleasure of the Mayor. In addition, the Mayor may appoint up to ten executive department heads over such departments as may be necessary to administer the responsibilities of the City for public safety, public works, utilities, parks and recreation, transportation, finance, community development, and environmental protection. The City Council must approve these appointments. The City Council and the Mayor are elected on a non-partisan basis.

The City of Flint provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructures, recreational activities and cultural events, water and sewer services, and contracts for municipal solid waste pickup services. The Board of Hospital Managers has the exclusive authority to manage and operate Hurley Medical Center. The Flint Downtown Development Authority Board promotes the rehabilitation of the downtown area. The City of Flint Economic Development Corporation provides financing and development opportunities for businesses located in the City of Flint. The Flint Area Enterprise Community works with community partners to coordinate the federal enterprise community plan and help leverage resources for the zone.

The annual budget serves as the foundation for the City of Flint's financial planning and control. Under the Charter, all departments and agencies of the City of Flint are required to submit requests for appropriations to the Mayor's appointed Chief Financial Officer in March each year. The Chief Financial Officer uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the City Council on the first Monday in April. The Council is required to hold public hearings on the proposed budget and to adopt a final budget, by charter, on the first Monday in June. The City's fiscal year ends on June 30. The current appropriated budget is prepared by fund, function (e.g., public safety), department (e.g. police) and line item. The Administration may not make transfers of appropriations within department line items, or transfers of appropriations between departments or funds, without the approval of the City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report.

On December 1, 2011, the Governor of the State of Michigan appointed an Emergency Manager for the City of Flint, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The appointed Emergency Manager was authorized by virtue of his appointment to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint." The Emergency Manager assumed control at the mid-point of the FY12 budget. Consequently, FY12 ended with a General Fund deficit of \$19.2 million

Due to the suspension and subsequent repeal of Public Act 4, Emergency Manager Law, the Governor of the State of Michigan subsequently appointed an Emergency Financial Manager for the City of Flint, effective August 9, 2012, under the authorization of the statute preceding PA4. On March 28, 2013, a new Emergency Manager Law, Public Act 436 was passed, the Governor of the State of Michigan appointed another Emergency Manager. In all of these instances, the appointed Emergency Manager (or Emergency Financial Manager) was authorized by virtue of his appointment to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint."

The preparation and adoption of the FY13, FY14, and FY15 budgets were under the control of the Emergency Manager. Under the direction of these Emergency Managers, considerable progress was made in reducing the City's June 30, 2012 accumulated General Fund deficit of \$19.2 million. As of June 30, 2013, the deficit had been reduced to \$12.9 million, and by June 30, 2015 a positive fund balance in the amount of \$3.3 million was achieved. The FY16 budget was adopted under the guidance of the newly elected Mayor, City Administrator and Charter-designated leaders along with State receivership transitional advisory board oversight. Under their guidance, the FY16 fund balance of the General Fund has increased to \$10.0 million.

Steps have also been taken to reduce long-term liabilities such as the Other Post Employment Benefit (OPEB) unfunded accrued liability, which stand at \$273.6 million at the end of FY16, compared to more than \$862 million six years ago. Starting in FY15, all municipalities were required under Governmental Accounting Standards number sixty-eight (68) to record the City's net pension liability. The City recorded a \$285 million net pension liability on the government wide financial statements in FY 15. The total net pension liability has increased to \$345 million at the end of FY16. This pension liability increase is due to pension payments exceeding employer and employee

pension system contributions, a change in actuarial assumptions by the pension system board and poorer than expected investment returns.

Factors Affecting Economic and 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 Flint operates.

Local Economy. As an urban center whose vibrancy flowed with the dominance of the U.S. automotive industry, the economy of Flint declined sharply as the automotive presence declined. In 1978, over 80,000 Flint-area residents were employed by GM; however by 1990 the number had declined to 23,000, and was reported to be as low as 7,800 in 2014. As a result of this and other factors affecting most older urban centers, the City has seen a significant population loss (22% from 2000 to 2015); a significant increase in housing vacancies (from 8.2% in 1990 to 21.1% in 2010 to 15.87% in 2016); a decrease in owner occupied housing (73% in 1960 to 45% in 2010 to 36.4% in 2016); an increase in unemployment (16% in 1990 to 23% in 2010), and median income that is 32% less than surrounding Genesee County as a whole.

While the City of Flint's economy was strongly tied to the automobile industry, it has diversified over the last ten years. Most notable is the expansion of higher education, where it is estimated that over 30,000 students attend Kettering University, the University of Michigan-Flint, Mott Community College, and Baker College. Aggressive efforts continue by many entities within the Flint/Genesee area to encourage new development, including the redevelopment of the 452 acre vacant "Buick City" property. The City and regional Chamber of Commerce were recently awarded a \$197,416 grant from the Economic Development Administration (EDA) for the site. The funding will provide a Market Study, a Site Plan, and a Business Plan, that will determine the justification for constructing a business accelerator facility at the Buick City site.

In addition to the repurposing of Buick City, the City has seen a tremendous amount of new development over the past few years. Creation of the Health and Wellness district (located downtown) has resulted in \$36 million worth of private and public investment. This area includes rehabilitated and new builds and includes the Flint Farmers Market, Hurley children's pediatric center, the Genesys PACE center and the MSU School of Human Medicine. \$21 million worth of investment is currently underway on the iconic Capitol Theater, will result in a complete remodel. Additionally, local developers have repurposed a number of buildings into both commercial, retail, office and residential space to the tune of over \$20 million. These projects include the Oak Senior Apartments, Swayze Court housing, the Dryden Building redevelopment and the Ferris Fur's building.

The City also continues to deal with blight and abandonment. There are over 22,000 vacant properties in the City of Flint, with over 14,000 of them being vacant lots, with no structure on the parcel. (1 out of every 4 parcels in the city is a vacant lot). The City has taken aggressive measures to combat this blight by creating the Beyond Blight: Blight Elimination Framework. This document identified the cost to eliminate blight over the next 5 years, resulting in a \$90 million dollar price tag. The plan has been critical however to the continued support for

neighborhood stabilization funds. Since 2012, the City has been awarded over \$32 million in funds to combat residential blight through demolition, resulting in nearly 2,300 blighted and abandoned homes being demolished.

Property taxes. Overall, property values within the City have continued to decline. Property tax values were \$1.804 billion in 2002 and have since declined to \$1.192 in 2011 and \$786 million for FY15 generating approximately \$16.7 million in tax revenues across all operating funds. Further, tax value declined to \$750 million for FY 2016. The \$750 Million in taxable value generated approximately \$15.6 million in tax revenue across all operating funds.

Cash management policies and practices. Cash flow for the City has been a concern for several years, but in 2016 it continues to improve. It is closely monitored and is currently sufficient for operations. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5 years. Additional information on the City of Flint's deposits and investments can be found within Note four of the June 30, 2016 Audited Financial Statements.

Risk Management. The City of Flint has established a comprehensive Risk Management program in order to protect the assets of the City from the risk of loss. This is accomplished through a combination of risk financing and loss control activities, which are designed to avoid, reduce or transfer various risk exposures. The City utilizes a combination of commercial insurance and self-insurance to finance these exposures. The risk of loss is reduced through the use of various control techniques, such as contract review, safety training and site inspections.

The Workers' Compensation function resides in the Human Resources Department, which allows for a coordinated effort to minimize accident-related losses. Additional information on the City of Flint's risk management activities can be found within Note 14 of the June 30, 2016 Audited Financial Statements.

Pension and other post-employment benefits. The City of Flint is a member of the Municipal Employees Retirement System, (MERS) is a statewide multiple employer pension system which administers various defined benefit and defined contribution pension plans for its public safety and most non-public safety employees. New non-public safety employees hired after FY13 will be enrolled in a hybrid plan administered by MERS, similar plans for new public safety employees were made effective in FY14.

Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes monthly contributions to the system in accordance with the contribution rate determined by the independent actuary. Despite the City of Flint's funding activities, the overall retirement system as of December 31, 2015 (the latest actuarial report) was 43% funded along with taking into consideration four new actuarial assumptions. Those new actuarial assumptions that are effective within the December 31,

2015 valuation are a change in the mortality tables to reflect longer lifetimes, a lowering of the annual rate of investment return from 8% to 7.75%, smoothing of assets from ten years to five years and moving the amortization period to a fixed period. Currently, there are 1,800 retirees and beneficiaries receiving pension benefits from the City of Flint. Additional information on the City of Flint's Retirement Plan can be found in Section 4-4 of the Required Supplementary Information of the June 30, 2016 Audited Financial Statements.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of FY16, there were 1,592 retired employees and beneficiaries receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2016, the City paid \$16.7 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$273 million at June 30, 2016. Beginning in FY15, new employees are not eligible for retiree health care but are, instead, enrolled in a retiree medical savings account. This program will eventually eliminate retiree health care liabilities for the City. Currently, there are a number of lawsuits pending that deal with the retiree health care program.

The Flint Water Crisis. The full force and effect of the Flint Water Crisis was felt throughout the City in FY16. Cash flows fell significantly in the City's Water Fund. The State of Michigan and the Charles Stewart Mott Foundation provided funding to pay for the City's water supply through June, 2016. The State also started funding a water credit program for the City's residential and commercial water customers whereby the State pays 65% of a water bill for a resident and pays 20% of a commercial customers account. The first \$29 million installment was paid to the City in June 2016. The Mayor initiated and established, and the City Council appropriated dollars for the "Fast Start Initiative", which is a lead line infrastructure replacement program. Thirty-Nine (39) homes had lead lines replaced in FY16. An additional \$2 million is appropriated for lead line replacement in FY17. Further details of the Flint Water Crisis can be read within the City's Management's Discussion and Analysis section of this report.

Awards and Acknowledgements

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flint for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The City has now received this award thirteen years in a row. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance administration department and City. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Most importantly, we would like to acknowledge the contributions and sacrifices made by

taxpayers, employees, and the public necessary for the City of Flint to regain its financial solvency and to become an effective force in making Flint an attractive place to live, learn, visit and conduct business.

Respectfully submitted,



David L. Sabuda, CPA
Interim Chief Financial Officer



Dawn Steele
Deputy Finance Director

**City of Flint
GFOA Certificate of Achievement
June 30, 2016**



Government Finance Officers Association

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

Presented to

**City of Flint
Michigan**

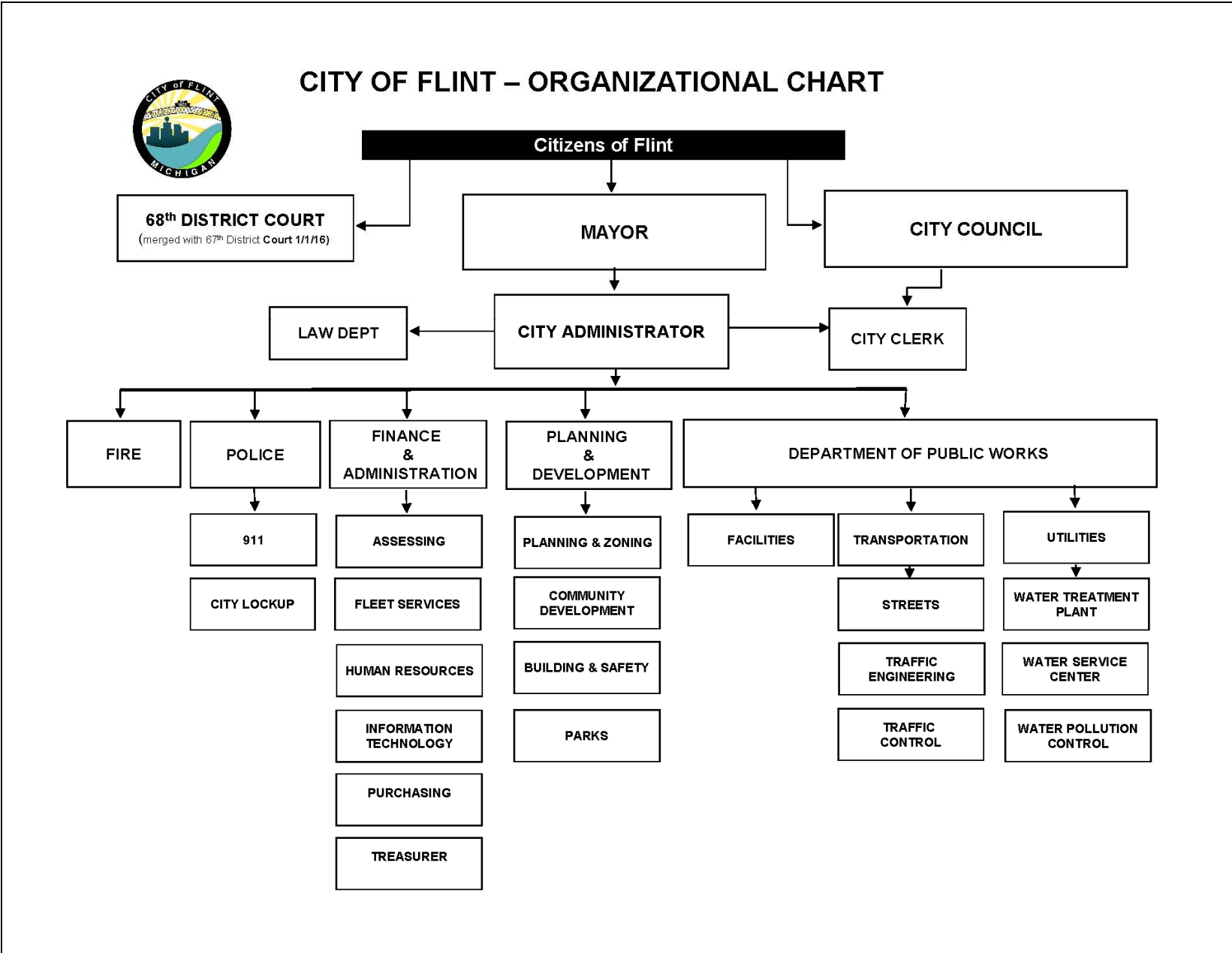
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey P. Egan".

Executive Director/CEO

**City of Flint
Organizational Chart
June 30, 2016**



City of Flint
List of Elected, Civil Service, and Appointed Officials
June 30, 2016

Elected Officials

Dr. Karen W. Weaver – Elected Mayor November 2015

City Council

(Elected November 4, 2013, for four-year terms)

Eric Mays – First Ward

Jacqueline Foster Poplar – Second Ward

Kerry Nelson – Third Ward

Kate Fields – Fourth Ward

Wantwaz D. Davis – Fifth Ward

Herbert Winfrey – Sixth Ward

Monica Galloway – Seventh Ward

Vicki VanBuren – Eighth Ward

Scott Kincaid – Ninth Ward

City of Flint
List of Elected, Civil Service, and Appointed Officials
June 30, 2016

Appointed and Other City Officials

Raymond Barton – Fire Chief

Rob Bincsik – Water Service Center Supervisor

Douglas Bingaman – City Treasurer

Rodney S. Branch – Chief of Staff Inez M. Brown - City Clerk

Gerard Burnash – Chief Operating Officer, Downtown Development Authority

Robert Case – Water Pollution Control Supervisor

William Fowler – City Assessor

Timothy Johnson – Chief of Police

Derrick Jones – Purchasing Manager

Sylvester Jones – City Administrator

Paul Knific – Information Technology Services Administrator

Charley McClendon –Director of Human Resources & Labor Relations

JoLisa McDay – Water Plant Supervisor/Utilities Administrator

Kristin Moore – Public Relations Director

Kay Muhammad – Transportation Director

Stacy Erwin Oakes – Chief Legal Officer

Michael Rule – Fleet & Yards Superintendent

Suzanne Wilcox – Planning & Development Director

Independent Auditors' Report

To the Honorable Mayor, Receivership Transition Advisory Board, and Members of the City Council
City of Flint, 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 Flint (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of Hurley Medical Center, which represent 96.4 percent, 88.6 percent, and 99.6 percent, respectively, of the assets, net position, and revenues of the total component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for total component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hurley Medical Center, the Downtown Development Authority, and the Flint Area Enterprise Community were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Flint, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, and Municipal Employees Retirement System schedules, and other postemployment benefit information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Flint's basic financial statements. The introductory section, other supplementary information, and statistical section, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 on our consideration of the City of Flint'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 City of Flint's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
December 15, 2016

City of Flint, Michigan
Management's Discussion and Analysis
June 30, 2016

The following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2016 fiscal year, which began on July 1, 2015 and ended on June 30, 2016. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

The City provides a full range of municipal services, including police and fire protection, construction and maintenance of streets, sidewalks, and other infrastructure, maintenance and operation of water and sewer systems, maintenance of parks, and solid waste collection. These activities comprise the majority of the City's governmental and business-type activities.

In addition to governmental and business-type activities, the financial statements include the activities of Hurley Medical Center, Flint Downtown Development Authority, Flint Economic Development Corporation, and Flint Area Enterprise Community. While part of the City government, these entities are presented as "discrete component units" because of their independent management authority. In previous years, Hurley Medical Center has been included as a business-type activity of the City government, but a review of its status has concluded that it can be more appropriately presented as a discrete component unit.

Financial Highlights

The City of Flint was returned to local government control in April 2015. The return to local control requires a State appointed, Receivership Transition Advisory Board (RTAB) to oversee and approve City operational decisions. (The City had been in state receivership under an Emergency Manager since December 1, 2011.)

The City has adopted a two year operating budget and new ordinances addressing the achievement and maintenance of financial stability. These ordinances include requirements for creating and maintenance of a strategic plan; adoption of biennial budget and five year financial projections; establishment of a fund balance reserve, including establishment of a budget stabilization fund; establishment of a requirement to begin funding of OPEB liabilities; and an update of the City's Purchasing ordinance. The budget continues with the reduction in staffing levels. The General Fund continues to budget \$1 million less in expenditures than revenues for FY 2015-16 and in future years. This is done to accumulate fund balance reserve levels as approved by the Mayor and City Council and create financial stability in this operating fund.

The City ended the year in compliance with State of Michigan, Public Act 2 of 1968 as amended (the State Budget act) which includes no individual City governmental operating fund in a deficit at year end. The City's General Fund ended FY 2015/16 with a fund balance of \$10 million. The City's cash on hand at June 30, 2016 totaled more than \$119.7 million compared to \$86.9 million in FY 2014/15 across all governmental and business type activities.

In FY 2015/16, the City billed \$164.7 million in taxes, fees, and grants for governmental and business-type activities, and spent \$148.7 million to provide City services. During the course of the year, the City's capital assets decreased by \$7.7 million in governmental activities. The City's capital assets also decreased by \$1.8 million in building improvements and equipment in business-type activities. These decreases can be attributed to the City acquiring a new capital assets software program and disposing of obsolete capital items.

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The City's Statement of Net Position at 6/30/2016, highlights primary government assets both governmental and business-type activities including deferred outflows totaling \$440.1 million and liabilities totaling \$581 million, for a total net position of a negative \$140.3 million. Unrestricted net position totaled a negative (\$335.9) million in the governmental activity and negative (\$23.1) in the business-type activities and this amount was netted against positive restricted net position and positive net investment in capital assets to reach the negative \$140.3 million negative total net position on the Statement of Net Position.

The City has a 1 percent income tax for residents and a ½ percent income tax for non-residents, who do not live in the City but work in the City of Flint. In FY 2015/16, the City saw a 10 percent increase in income tax revenue collected. The increase was due largely to the City initiating an income tax collection program that locates residents and non-residents who failed to file Flint income tax returns in prior years through the state income tax process.

For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2015. The City's annual Other Post Employment Benefit (OPEB) cost as of June 30, 2016 was \$15,569,923. The city made OPEB contributions of \$16,701,699, on a pay-as-you-go basis for the fiscal year. The payment increase of the estimated liability amounted to \$1,131,776. The increased pay-as-you-go amount of \$1,131,776 reduced the overall OPEB obligation from \$151,416,390 at June 30, 2015 to \$150,284,614 as of June 30, 2016. The City also recorded a \$308,836 reduction in OPEB expense in the Water and Sewer Funds. The \$308,836 is a component of the \$1,131,776 overall OPEB reduction.

The City adopted Governmental Accounting Standards Board (GASB) Statements 68 & 71 effective June 30, 2015. These GASB statements required the City to recognize the long-term obligation for pension benefits as a liability and to measure the annual costs of the pension benefits. Although these items existed prior to implementation of the statements, they were not required to be reported. Additional information regarding the City's \$345 million net pension liability and \$150.3 million net other postemployment benefits obligation may be found in Section 4-4 and Note 16.

The City has taken action to reduce these legacy costs associated with health care and pensions. Actions taken since FY12/13 with respect to healthcare benefits for current employees and retirees have had a significant impact on current costs and long-term liabilities. The City's unfunded actuarial accrued liability for OPEB is \$273.6 million, which is an increase from 2015 due to two actuarial assumption updates for the mortality table and health care trend rates. In addition a pension plan provision was changed effective January 1, 2016 whereby surviving spouses and eligible dependents of a sworn City of Flint Police Officer or Firefighter killed in the line of duty will be eligible to participate in the City of Flint healthcare plan at no cost for life. Restructuring health benefits has involved consolidating and updating plans, imposing premium sharing, limiting access of spouses and dependents, and eliminating the promise of retiree health care for new employees. Similar changes have taken place with respect to retirement benefits, with increased contributions, changes in multipliers, and enrollment of new employees into hybrid pension plans in lieu of the traditional defined benefits plans.

Administration of the pension system has been transferred to the Municipal Employees' Retirement System, a state wide multi-employer system in FY 12/13.

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The city continues to follow budgetary and financial best practices and continues to look for ways to increase revenues and decrease expenditures. In FY 2015/16, The City, along with support from the State of Michigan restructured the City's long-term debt Drinking Water Revolving Loan Fund (DWRLF) obligations so that principal payments were deferred 5 years to 2021 and the interest payments were eliminated. This refinancing saved the City approximately \$2,249,733. Another cost saving measure moved emergency 911 police/fire operations from the City to the County in August 2015. Further, the City and the County agreed to merge the 68th and the 67th District Court operations on 1/2/2016. These two operational changes saved the City approximately \$840,000 annually.

The City has continued their Partnerships with local organizations for the maintenance of its parks. During the fiscal year seven new playgrounds were built in seven of the city's parks with the help and support of the community with no cost to the City. Senior Centers continue to be run by independent non-profit organizations, with very minimal appropriation from the City; and the City golf courses continue to be leased to private operators. The Charter Revision Commission established by the voters of the City of Flint continues to meet and focus on updating the City's Charter.

The City continues to achieve financial stability by following the ordinances that were enacted by the City Council, with support from the Mayor. These ordinances include the requirement for creation and maintenance of a strategic plan; requirement for creation and maintenance of a biennial budget and five year financial projections; establishment of a fund balance reserve, including establishment of a budget stabilization fund; and establishment of a requirement to begin funding of OPEB liabilities.

City Water Fund – The Flint Water Crisis/State of Emergency:

From the 3/2016, Flint Water Advisory Task Force Final Report – Executive Summary – Summary Statement:

“With the City under emergency management, the Flint Water Department rushed unprepared into fulltime operation of the Flint Water Treatment Plant, drawing water from a highly corrosive source without the use of corrosion control. Though the Michigan Department of Environmental Quality (MDEQ) was delegated primacy (authority to enforce federal law), the United States Environmental Protection Agency (EPA) delayed enforcement of the Safe Drinking Water Act (SDWA) and Lead and Copper Rule (LCR), thereby prolonging the calamity. Neither the Governor nor the Governor's office took steps to reverse poor decisions by MDEQ and state-appointed emergency managers until October 2015, in spite of mounting problems and suggestions to do so by senior staff members in the Governor's office, in part because of continued reassurances from MDEQ that the water was safe”. “The Flint water crisis occurred when state-appointed emergency managers replaced local representative decision-making in Flint, removing the checks and balances and public accountability that come with public decision-making. Emergency managers made key decisions that contributed to the crisis, from the use of the Flint River to delays in reconnecting to DWSD once water quality problems were encountered”.

City Water Fund:

In October 2015, the City reconnected to the DWSD (now the Great Lakes Water Authority) (GLWA) at a cost of \$2 million. In March 2016, the State awarded the City a \$2 million Financially Distressed Cities Villages and Township (FDCVT) grant as reimbursement to the City for its \$2 million re-connection payment to DWSD/GLWA.

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Also, in October 2015 with the financial support of the State of Michigan and the Charles Stewart Mott Foundation, the City reached an agreement with GLWA for a monthly water supply charge. Monthly water charges are prepaid to GLWA at a cost of approximately \$12 million through June 30, 2016. The State of Michigan provided \$6 million to the City, the Charles Stewart Mott Foundation provided another \$4 million to the City and the City utilized approximately \$2 million in prepaid credits on hand at GLWA to cover this cost. As of June 30, 2016 the State committed an additional \$7.8 million to the City to continue receiving GLWA water for FY 2016/17.

Further, in October 2015, the State Legislature responded to the water crisis by introducing House Bill 4102, a supplemental budget bill that provides funding to test Flint water samples, purchase water filters, support childhood lead and support programs and add 3 positions with the MDEQ to help oversee Flint's water system. These funds were paid directly by the State of Michigan to providers of these goods and services.

In December 2015, the newly elected Mayor of Flint declared a City of Flint State of Emergency. Genesee County also declared a state of emergency in the City due to the water crisis. In January 2016 the State of Michigan and Federal Government also declared a State of emergency in the City with the federal declaration to stay in effect until August 2016.

In January 2016, the Federal Government sent the National Guard to the City to set up water distribution centers to provide residents with bottled water, water filters and water cartridge replacements. During this period, donated support came to the City from all over the country. Donations included bottled water, water filters, monetary donations, and free labor and water cartridges. The City did not directly accept donations from private citizens and corporations. City Administration recommended and the City Council adopted a resolution establishing the Community Foundation of Greater Flint. This entity is a separate private non-profit responsible for accepting monetary donations made by concerned citizens and corporations on behalf of the City. Further, other non-profits in the region received these types of donations directly and then delivered these supplies directly to the Flint citizenry through the distribution centers. Federal funding for the purchase of bottled water, water filters and water cartridge replacements is scheduled to end in August 2016. The State of Michigan has committed to continue the water delivery program by bringing in bottled water and water filter supplies to the distribution sites and hiring local residents to run these sites. Further, the Governor has committed to support Flint and its citizenry needs concerning the water crisis until the water crisis is declared over.

With the declared water emergency, residential and commercial water customer collections for water and sewer usage dropped significantly seriously affecting cash flow in the City's Water and Sewer operating funds. Due to the water crisis and various lawsuits regarding water collection and rates, the City initiated a spending and hiring freeze in the Water and Sewer Fund and across all other City operating funds.

In February 2016, the State initiated PA 24 of 2016, a water credit program whereby the State set aside \$31,080,157 to pay 65% of resident's water charges and 20% of commercial water charges dating from April 2014 through February 2016. The MDEQ also committed \$528,000 to cover 100% of the water and sewer bills (May 2016) for residents as part of the "Flushing Program" which encouraged residents to run their faucets for 15 minutes a day to help clear out the pipes and develop the necessary protective pipe coating to prevent further lead leaching into the water distribution system. In June 2016, The City actually received \$29.1 million dollars in the City's Water Fund to support water credits that were actually applied to residential and commercial water customer accounts for the period of April 2014 through February 2016. It is anticipated that the flush credit payment in the amount of \$568,000 will be made to the City in December 2016.

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The State has committed through Public Act 268 of 2016, another \$12.7 million to continue the 65% residential / 20% commercial water usage credits from March 1, 2016 through December 31, 2016. It is anticipated that \$12.7 million in water credit funds will be received by the City between July and December 2016 in order to meet state law requirements. Although significant improvements have been made to water quality, water quality still has not been cleared for consumption without a water filter being used. Currently, residents are encouraged to only drink bottled water and filtered water until the Federal Environmental Protection Agency (EPA) and the State of Michigan determine that the water is safe for consumption.

In early spring 2016, the City of Flint initiated the Mayor's "Fast Start Initiative" which is a "lead line replacement" program to remove lead lines in City of Flint homes. The first phase of the program that commenced in the spring of 2016 had the City of Flint replace 6 homes who had lead lines and the State of Michigan replacing an additional 33 homes. Costs for this initial program were borne by the State of Michigan.

The Mayor recommended and the City Council appropriated an additional \$2.0 million to continue this lead line replacement initiative in FY 2016/17. This capital replacement program is funded through the \$2.0 million FDCVT grant pipe connection reimbursement the City received from the State in October 2015. The next (Third) phase of lead line replacement is scheduled to start in mid-September 2016. The State of Michigan Department of Environmental Quality (MDEQ) has committed an additional \$25 million (Including a \$5 million advance) to supplement the program. The program is estimated to replace approximately 5,000 lead lines that carry drinking water to single family homes and multi-residential complexes. The program must be complete by September 2017 in accordance with State law.

The City received a \$120,000 grant from the Charles Stewart Mott Foundation to fund a contractual consultant position to oversee all of the "Fast Start Program-Lead Line Replacement" programs. The State of Michigan has also provided engineering personnel assistance at no cost to the City to assist in implementing the lead line replacement initiatives. The federal government has also provided a staff person to assist in this program.

The MDEQ also committed an additional \$816,987 in June 2016, for an engineering contract that analyzes the City's municipal water distribution system and water treatment protocols at the City water plant. Specifically, engineers will assess how operating, maintenance, monitoring, water quality, and other water distribution practices are functioning. From this study, improvements will be made to the water quality and water distribution systems to insure compliance with the federal EPA and MDEQ water treatment and water distribution guidelines and rules. As of 6/30/16, the City has incurred no costs and has not received any state funds in relation to this contract.

In May 2016, the City was informed that they were the recipients of a three (3) year grant from the Ford Foundation through the Community Foundation of Greater Flint, to fund the position "Chief Public Health Advisor" (CPHA). This position works under the guidance of the Mayor to provide increased capacity for the City to enhance the health, wellness and resilience of its residents by providing crucial advice and support to the Mayor and City Council on all matters affecting the health of City residents. The CPHA will serve as the go to convener and liaison for the City with the County, State, and national bodies engaged in the health and human services work supporting City residents. As of 6/30/2016, the City has not incurred any expenses or received any private foundation funds in relation to this grant. It is anticipated this person will be on staff with the City in October 2016.

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Continuing Challenges

Although significant work has been accomplished to resolve the conditions which put the City of Flint into State Receivership, there are still major challenges which will require continued work on the part of City leaders. Water issues will be a continuing concern for all and the effects will be felt for many years to come even after the water is deemed to be safe for consumption without a water filter.

In order to control costs and water quality, the City is committed to switching to the Karegnondi Water Authority (KWA) as the City's primary water source. KWA raw water will be sent to the City water treatment facility where it will be treated and then the treated water will be delivered to all City water customers. This operation is scheduled to be implemented and operational in November 2017.

Although the City has received State funding of approximately \$25 million for lead line replacements, funding for water plant improvements, water plant staffing/training, water transmission line replacement, water plant operational issues and more lead line replacement is a growing concern and will be an administration focus going into FY 2016/17.

The City will need voter support for special millages for public safety and recreation that are due to expire in June 2017. Without this millage renewal, the resulting level of public safety services and recreational services, will decline. It is estimated that the City could lose approximately \$750,000 to \$850,000 annually if the three millage renewals fail.

The City's December 2015 actuarial report delivered to the City in at the end of June 2016 disclosed a significant employer pension contribution for FY 2017/18. The City's employer pension contribution is requested to be \$42 million in FY 2017/18 as compared to \$18.5 million in FY 2016/17. The City is currently working with the City's pension administrator to reduce this obligation to insure an affordable employer pension contribution in FY 2017/18 and continue to maintain the fiscal integrity of the City pension plan now and into the future.

Property tax taxable values continue to decline from \$795 million in tax value in 2015 to under \$750 million in tax value in 2016. Administration will continue to seek community development opportunities as well as to work with the Genesee County Land Bank to bring vacant property back onto the City tax rolls.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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Table 1 – Major Features of the City of Flint, Michigan's Government-wide and Fund Financial Statements

| Type of Statements | Government-wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
|--|--|--|---|---|
| Scope | Entire City government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks | Activities the City operates similar to private businesses: the water and sewer system | Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City employees |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short term and long term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included | All assets and liabilities, both financial and capital, and short term and long term | All assets and liabilities, both short term and long term; the City's funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

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Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, transportation, public works, parks and recreation, and community enrichment and development. The business-type activities of the City include the water system and sewer system. The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate component units of Hurley Medical Center, Downtown Development Authority, Economic Development Corporation, Atwood Stadium Building Authority, and the Flint Area Enterprise Community, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found starting with pages 3-1 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Flint, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Federal Grants Fund. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-4 through 3-9 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's funds. The City uses internal service funds to account for its data processing, central maintenance garage, fringe benefits, and self-insurance activities. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and the Sewer Funds, both of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 3-10 through 3-15 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 3-16 through 3-17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3-21 through 3-58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 4-1 through 4-10 of this report.

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The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 5-1 through 5-23 of this report.

Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. Total assets including deferred outflows of the City are \$440 million. Total liabilities are \$580.5 million, of which the largest portion of \$555.2 million reflects its long-term liabilities. As stated earlier, the City adopted Governmental Accounting Standards Board (GASB) Statements 68 & 71 effective for the fiscal year ended June 30, 2016. These GASB statements required the City to recognize the long-term obligation for pension benefits as a liability and to measure the annual costs of the pension benefits.

Total net position (total assets less total liabilities) is a negative \$140.3 million, this includes \$196 million of net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining portion of the City's total net position, \$22.7 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was a negative \$359.0 million, which is down from FY 2014-15 deficit of \$382.1 million. There is no remaining balance of unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors. Net position is divided between governmental activities and business-type activities. Governmental activities show a \$336 million deficit in unrestricted net position. The \$336 million deficit results from the increase in the pension and OPEB liabilities.

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Table 2 – City of Flint's Net Position

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Primary Government</u> | |
|----------------------------------|--------------------------------|-------------------------|---------------------------------|----------------------|---------------------------------|-------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Current assets | \$ 85,139,538 | \$ 74,383,724 | \$ 95,439,219 | \$ 70,943,373 | \$ 180,578,757 | \$ 145,327,097 |
| Capital assets | 122,280,530 | 130,020,196 | 97,764,744 | 99,576,488 | 220,045,274 | 229,596,684 |
| Total assets | <u>207,420,068</u> | <u>204,403,920</u> | <u>193,203,963</u> | <u>170,519,861</u> | <u>400,624,031</u> | <u>374,923,781</u> |
| Deferred outflows | <u>30,020,566</u> | <u>8,838,046</u> | <u>9,516,594</u> | <u>2,801,682</u> | <u>39,537,160</u> | <u>11,639,728</u> |
| Current liabilities | 13,144,489 | 14,858,063 | 12,117,427 | 4,901,914 | 25,261,916 | 19,759,977 |
| Long-term liabilities | <u>422,433,816</u> | <u>380,520,785</u> | <u>132,841,921</u> | <u>119,409,843</u> | <u>555,275,737</u> | <u>499,930,628</u> |
| Total liabilities | <u>435,578,305</u> | <u>395,378,848</u> | <u>144,959,348</u> | <u>124,311,757</u> | <u>580,537,653</u> | <u>519,690,605</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 120,193,431 | 127,601,188 | 75,805,935 | 77,042,464 | 195,999,366 | 204,643,652 |
| Restricted | 17,600,308 | 38,525,638 | 5,113,523 | 5,848,116 | 22,713,831 | 44,373,754 |
| Unrestricted (deficit) | <u>(335,931,410)</u> | <u>(348,263,708)</u> | <u>(23,158,249)</u> | <u>(33,880,794)</u> | <u>(359,089,659)</u> | <u>(382,144,502)</u> |
| Total net position | <u>\$ (198,137,671)</u> | <u>\$ (182,136,882)</u> | <u>\$ 57,761,209</u> | <u>\$ 49,009,786</u> | <u>\$ (140,376,462)</u> | <u>\$ (133,127,096)</u> |

Governmental Activities

Changes in net position provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities decreased by \$16.0 million. Total assets & deferred outflows increased by \$24.2 million, however total liabilities increased by \$40.2 million. The decrease in total net position can be attributed to the increase in long term liabilities. Revenues in FY 2015-16 were \$6.9 million higher than in FY 2014-15. The increase in revenue is mainly due to an increase in grant revenue and income tax revenue. The FY 2015-16 expenses were \$18.6 million higher than in FY 2014-15. The increase in expenses is attributable to an increase in Public Safety and General Government.

Business-type Activities – Business-type activities have \$57.8 million of total net position. Business-type activities do not encumber at year end and normally do not appropriate net position as part of the budget process. Total net position for business type activities increased by \$8.7 million. This was due to the \$29.4 million increase in current assets and deferred outflows and only a \$20.6 million increase in total liabilities. Expenses increased by \$8.7 million in FY 2015-16 from FY 2014-15, while revenues increased by \$5.6 million.

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Table 3 – City of Flint's Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|-------------------------|--------------------------|----------------------|--------------------------|-------------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 14,689,966 | \$ 13,756,606 | \$ 61,386,955 | \$ 64,213,357 | \$ 76,076,921 | \$ 77,969,963 |
| Operating grants and contributions | 18,497,749 | 16,880,612 | - | - | 18,497,749 | 16,880,612 |
| Capital grants and contributions | 6,240,235 | 1,924,929 | 8,374,748 | - | 14,614,983 | 1,924,929 |
| General revenues: | | | | | | |
| Property taxes | 18,429,084 | 19,757,581 | - | - | 18,429,084 | 19,757,581 |
| Income taxes | 15,540,594 | 14,012,171 | - | - | 15,540,594 | 14,012,171 |
| State shared revenue | 14,451,256 | 14,458,731 | - | - | 14,451,256 | 14,458,731 |
| Cable franchise fees | - | - | - | - | - | - |
| Unrestricted investments earnings | 1,113,097 | 742,426 | 613,207 | 247,722 | 1,726,304 | 990,148 |
| Gain on sale of capital assets | - | 500 | - | 225,465 | - | 225,965 |
| Miscellaneous | 1,028,723 | 1,567,571 | 37,051 | 123,224 | 1,065,774 | 1,690,795 |
| Total revenues | <u>89,990,704</u> | <u>83,101,127</u> | <u>70,411,961</u> | <u>64,809,768</u> | <u>160,402,665</u> | <u>147,910,895</u> |
| Expenses: | | | | | | |
| General government | 14,042,753 | 10,540,197 | - | - | 14,042,753 | 10,540,197 |
| Judicial | 5,143,547 | 5,032,427 | - | - | 5,143,547 | 5,032,427 |
| Public safety | 51,070,022 | 36,224,195 | - | - | 51,070,022 | 36,224,195 |
| Building inspection | 1,254,516 | 1,282,613 | - | - | 1,254,516 | 1,282,613 |
| Public works | 25,477,531 | 26,380,580 | - | - | 25,477,531 | 26,380,580 |
| Community development | 8,988,332 | 5,617,598 | - | - | 8,988,332 | 5,617,598 |
| Facilities, parks, and recreation | 1,723,835 | 4,112,910 | - | - | 1,723,835 | 4,112,910 |
| Interest on long-term debt | 1,280,956 | 1,166,786 | - | - | 1,280,956 | 1,166,786 |
| Sewer | - | - | 24,710,771 | 22,141,176 | 24,710,771 | 22,141,176 |
| Water | - | - | 33,959,767 | 21,196,932 | 33,959,767 | 21,196,932 |
| Total expenses | <u>108,981,492</u> | <u>90,357,306</u> | <u>58,670,538</u> | <u>43,338,108</u> | <u>167,652,030</u> | <u>133,695,414</u> |
| Excess (deficiency) before transfers | (18,990,788) | (7,256,179) | 11,741,423 | 21,471,660 | (7,249,365) | 14,215,481 |
| Transfers | 2,990,000 | 2,990,000 | (2,990,000) | (2,990,000) | - | - |
| Increase (decrease) in net position | (16,000,788) | (4,266,179) | 8,751,423 | 18,481,660 | (7,249,365) | 14,215,481 |
| Net position, beginning of year (restated) | (182,136,882) | (177,870,703) | 49,009,786 | 30,528,126 | (133,127,096) | (147,342,577) |
| Net position, end of year | <u>\$ (198,137,670)</u> | <u>\$ (182,136,882)</u> | <u>\$ 57,761,209</u> | <u>\$ 49,009,786</u> | <u>\$ (140,376,461)</u> | <u>\$ (133,127,096)</u> |

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Analysis of Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds show an operating surplus (or fund balance) of \$ 38.3 million as of June 30, 2016. This is an increase of \$8.7 million compared to fund balance of \$29.6 million at the end of FY 2014-15. One significant factor is the continuing emphasis on containing expenses wherever possible. The City initiated a spending and hiring freeze in FY 2015-16 due to the water rate lawsuit and the water crisis. Finally, the financial impact of changes in active and retiree health care benefits began to be seen. The City was able to collect premiums from the retirees in amount of \$1.9 million in FY2015-16.

The non-major governmental funds have a fund balance of \$26.7 million, of which virtually all is invested in infrastructure and equipment or restricted for specific purposes. The largest fund balances among the governmental funds are the public improvement, \$7.9 million, and the major street fund, \$9.5 million. Other special revenue funds are maintained primarily to demonstrate accountability. Federal and state laws place restrictions on how these funds can be spent.

State law requires the preparation of a deficit elimination plan for all fund deficits, unless current assets of the fund exceed current liabilities. The Economic Development Corporation will be filing its own deficit elimination plan to address its \$90,864 deficit.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position in the Water Fund is \$15.8 million, an increase of \$5.6 million from the previous year. Net operating income was a negative \$1.4 million a decrease from \$13.1 million in previous year. The decrease is due to the City implementing a hiring and spending freeze. All major capital improvement projects were put on hold. The Water Fund has a bond reserve account of \$2.0 million and an equipment reserve account of \$3 million. Net position in the Sewer Fund is \$39.8 million, an increase of \$1.3 million from FY 2014-15. Net operating income was a positive \$2.9 million.

Because of the age of the system, and the significant loss of customer base over the past years, water and sewer rates are high in comparison to other municipalities in the area. As stated earlier, the City is working to obtain financial support for its infrastructure upgrades and the continued replacement of lead service lines which will eventually become assets of the water system. Capital Assets and Debt Administration.

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Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$220.0 million (net of accumulated depreciation), a net decrease of \$9.6 million. This net investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City's capital assets can be found in Note 8.

Table 4 City of Flint's Capital Assets – Net of Depreciation

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|-----------------------|--------------------------|----------------------|--------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 14,409,836 | \$ 14,409,836 | \$ 762,394 | \$ 762,394 | \$ 15,172,230 | \$ 15,172,230 |
| Construction in progress | 436,576 | - | - | 4,661,681 | 436,576 | 4,661,681 |
| Land improvements | 2,702,171 | 2,955,605 | 3,117,755 | 3,281,808 | 5,819,926 | 6,237,413 |
| Infrastructure | 97,010,693 | 104,560,875 | - | - | 97,010,693 | 104,560,875 |
| Buildings, additions, and improvements | 4,771,676 | 4,500,611 | 10,343,314 | 15,109,700 | 15,114,990 | 19,610,311 |
| Machinery and equipment | 3,259,578 | 3,593,269 | 83,541,281 | 75,760,905 | 86,800,859 | 79,354,174 |
| Total | \$ 122,590,530 | \$ 130,020,196 | \$ 97,764,744 | \$ 99,576,488 | \$ 220,355,274 | \$ 229,596,684 |

Debt Administration

Debt is administered through three debt service funds and the Public Improvement Fund. In addition, the Water Fund services debt for bonds issued for plant improvements. In FY 2015-16 the State restructured the City's Drinking Water Revolving Loan Fund due to the water crisis. As stated earlier, the principal payments were deferred five years and the interest was removed. **(see Table 5).**

General Obligation Bonds

The City issued \$10 million in General Obligation Bonds in fiscal year 2008 on behalf of the Flint Downtown Development Authority for construction of the new Rutherford parking structure. The City has pledged a portion of state-shared revenue as security for the bond. The DDA has pledged net revenue from the parking operations for the repayment of the bond. However, in the City's approved deficit elimination plan, it was determined by the City that the DDA's commitment to funding its portion of the debt service for the parking ramp was unrealistic given the decline in property values and revenues expected to be received through operations were not realized. The City as the guarantor is making the debt service payments.

Long-term Debt

At year end, the City had \$36.6 million in bonds and notes and compensated absences outstanding for governmental activities and \$22.5 million in bonds and notes and compensated absences outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 12.

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Table 5 – City of Flint's Long-term Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| General obligation debt | \$ 8,355,000 | \$ 8,665,000 | \$ - | \$ - | \$ 8,355,000 | \$ 8,665,000 |
| Local government loan | 7,210,000 | 7,420,000 | - | - | 7,210,000 | 7,420,000 |
| Emergency loan | 6,610,000 | 7,000,000 | - | - | 6,610,000 | 7,000,000 |
| Revenue bonds and notes | - | - | 20,770,336 | 20,770,336 | 20,770,336 | 20,770,336 |
| Other notes | 10,715,451 | 11,465,073 | - | - | 10,715,451 | 11,465,073 |
| Capital leases | 597,648 | 818,935 | 1,188,473 | 1,763,688 | 1,786,121 | 2,582,623 |
| Accrued annual and sick pay | 3,168,787 | 3,923,155 | 524,910 | 579,744 | 3,693,697 | 4,502,899 |
| Total | \$ 36,656,886 | \$ 39,292,163 | \$ 22,483,719 | \$ 23,113,768 | \$ 59,140,605 | \$ 62,405,931 |

Limitations on Debt

The State limits the amount of general obligation debt the City can issue to 7 percent of the assessed value of all taxable property within the City's corporate limits. The City's legal debt limit is \$115.4 million. The amount of debt available to the City (unused portion of the debt limitation) is \$102.6 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state-shared revenue program. This program may require a pledge of the City's future state-shared revenues.

Bond Ratings

There are no current ratings for the City. Prior ratings were withdrawn as the City's financial position led to consideration of the City being placed into receivership. Moody's Investors Service last rated the City's general obligation unlimited bonds at Ba1, with a stable outlook in February 2006.

The City of Flint, Michigan Funds

The City's Governmental funds include the General Fund, Grants & Nonmajor Governmental Funds. The General Fund pays for most of the City's governmental services. The General Fund recorded \$46.5 million in expenses to provide city services in fiscal year FY 2015-16. The most significant expenses were for Public Safety (police & fire). Public Safety must account for at least 55% of the General Fund Budget per Ordinance.

Public Safety services are partially supported by two special millages, a Public Safety Millage and a Neighborhood Policing Millage. These millages are recorded in separate special revenue funds. The Neighborhood Policing Fund had expenditures of \$1.2 million and the Public Safety Fund had expenditures of \$4.4 million. The Public Safety Fund includes both police and fire.

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A combined \$9.7 million was spent in fiscal year 2015-16 on major and local road repairs. The Local Street Fund received an operating transfer from the Major Street Fund in fiscal year 2015-16 of \$568,703. In the City's Garbage Collection Fund, the City spent \$4.5 million to collect and dispose of the City's solid waste, recyclables, and leaves in fiscal year 2015-16. The City spent \$2.4 million in the Street Lights Assessment Fund to cover the expense of the street lights and upgrades in the City of Flint.

Budgets

The placement of the City into state receivership twice in the past 12 years emphasizes the City's precarious and long standing financial position. Flint still has one of the highest unemployment rates in the nation; the change from homeownership to rentals as substantially increased over the years; crime continues to grow even with the support from the State; and our infrastructure continues to age.

The City reviews its budgets on a monthly basis and makes various amendments to address unexpected operating events throughout the year. The total amount of revenue appropriation adjustments reflected a net increase of \$21.8 million. The major adjustments were in the grant funds of \$14.4 million and the Water Fund of \$12.8 million. The increase in the Water Fund was for the revenue received from the State of Michigan and the Charles Stewart Mott Foundation for the purchase of water from the DWSD/GLWA. The General Fund revenue budget was decreased by \$5.5 million. When comparing the City's General Fund amended revenue appropriation to actual revenues, the actual revenue received is 105 percent of the amended revenue appropriation, or \$53.2 million.

The total amount of expenditure appropriation adjustments amounted to \$21.8 million increase across all operating funds. The Water Fund accounted for \$21.8 million of the overall expenditure increase. The increase was to purchase water from the DWSD. The General Fund expenditure budget was decreased by \$6.4 million. When comparing the City's General Fund amended expenditure appropriation to actual expenditures, the City spent 93 percent of the total appropriation or \$46.5 million.

Economic Factors and Next Year's Budgets and Rates

The City will be challenged for several more years as it works to rebuild financial stability while providing a future vision and basic level of services. A sound vision for the provision of quality services while remaining solvent is crucial to redevelop the City of Flint as an attractive place to live, play, study, work, and visit.

In summary, challenges include:

- Declining Property values.
- Uncertain renewal of essential public safety special millages
- An aging and reduced workforce, resulting in an increase in the ratio of retirees to active employees, affecting pension and health care costs
- Aging sewer, water, street, and sidewalk infrastructure
- Providing safe and affordable drinking water
- Combating high levels of crime
- Higher water and sewer rates
- A shrinking population

There are, however, many positive steps being taken by the City to insure the path of financial solvency, including:

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- Ongoing commitment to new policies, practices, and organizational changes focused on financial stability.
- Taking steps to improve and maintain long-term financial solvency, including seeking innovative ways to reduce costs and improve efficiencies within City operations
- Working collaboratively with other municipalities to share services, as evidenced by the consolidation of 911 with Genesee County as of August 2015 and the consolidation of the 68th District court with the 67th District Court as of January 2, 2016
- Strong partnership with entities such as the Greater Regional Flint Chamber of Commerce and the State of Michigan to promote economic development
- Strong support – financial and otherwise – from the Mott Foundations to support a variety of activities and programs in Flint
- Diversification of Flint's economic base, especially in higher education and health care
- Continuing financial support from the State of Michigan to assist the City with Public Safety, clean drinking water and assisting financially in keeping the City's lockup open.

Long Term Financial Planning

- The City will continue to carefully manage resources that are available for operations and improvements.
- The City will continue to monitor all operating programs in order to determine if the program provides a quality level of service at a fair cost.
- The City will continue to evaluate revenues to ensure that fees charged meet program expenses.
- The City will continue to follow newly adopted Ordinances including the adoption of a biennial budget with a five year projection. Through this long term planning, the City will continue to evaluate and monitor its budgets. Adjustments will be made to address changes in economic conditions and other events as they present themselves.
- The Capital Improvement Plan was developed, reviewed by the Public, and approved by the Planning Commission and the City Council and is updated on a yearly basis.
- The City of Flint has a Master Plan. The plan paints a new vision for the City and is focused on making Flint an attractive place to live, work, learn, and play.
- The City continues to receive valuable support in the form of grants from local organizations including the Ruth Mott Foundation, Charles Stewart Mott and the Community Foundation; the State of Michigan and the Federal Government. For FY 2015-16 the City received grants from these organizations that totaled over \$16.7 million. This does not include the support the City receives from HUD for its Community Development Block Grant, Home Investment Partnerships Program (HOME) and Emergency Shelter Grants, which included an additional \$4.6 million.
- There have been ongoing repairs and improvements to the City's water treatment and distribution system. The City continues to work with the State of Michigan and the EPA in evaluating and improving the water plant and the city's infrastructure.

Requests for Information

This financial report is designed to provide a general overview of the City of Flint's finances for all those with an interest in the financial position of the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Flint, 1101 South Saginaw Street, Room #203, Flint, Michigan 48502.

City of Flint
Statement of Net Position
June 30, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,203,469 | \$ - | \$ 2,203,469 | \$ 78,590,739 |
| Pooled cash and investments | 53,842,642 | 65,873,241 | 119,715,883 | - |
| Investments | 1,006,576 | - | 1,006,576 | 88,884,206 |
| Receivables, net of allowance | | | | |
| Property taxes receivable | 2,320,753 | - | 2,320,753 | - |
| Customers | - | 14,711,575 | 14,711,575 | 61,942,705 |
| Other receivables | 2,546,028 | 387 | 2,546,415 | 78,238 |
| Accrued interest | 238,163 | 63,817 | 301,980 | 366,527 |
| Due from other units of government | 7,754,305 | 4,332,407 | 12,086,712 | - |
| Internal balances | (2,067,245) | 2,067,245 | - | - |
| Due from component unit, net of allowance | 6,695,686 | - | 6,695,686 | - |
| Notes and leases receivable, net | 9,226,964 | - | 9,226,964 | 427,560 |
| Inventories | 113,844 | 897,179 | 1,011,023 | 5,916,011 |
| Prepaid items | 875,327 | 1,645,252 | 2,520,579 | 3,798,490 |
| Restricted assets | | | | |
| Cash and cash equivalents | 383,026 | 5,848,116 | 6,231,142 | 13,466,970 |
| Investments | - | - | - | 23,179,609 |
| Other assets | - | - | - | 954,963 |
| Investment in joint venture | - | - | - | 6,509,401 |
| Capital assets not being depreciated | 14,846,412 | 762,394 | 15,608,806 | 17,626,799 |
| Capital assets, net of accumulated depreciation | <u>107,434,118</u> | <u>97,002,350</u> | <u>204,436,468</u> | <u>100,877,744</u> |
| Total assets | <u>207,420,068</u> | <u>193,203,963</u> | <u>400,624,031</u> | <u>402,619,962</u> |
| Deferred outflows of resources | | | | |
| Deferred amount relating to net pension liability | 30,020,566 | 9,516,594 | 39,537,160 | 66,145,613 |
| Deferred amount on refunding | - | - | - | 1,117,059 |
| Total deferred outflows of resources | <u>30,020,566</u> | <u>9,516,594</u> | <u>39,537,160</u> | <u>67,262,672</u> |
| Total assets and deferred outflows of resources | <u>237,440,634</u> | <u>202,720,557</u> | <u>440,161,191</u> | <u>469,882,634</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Statement of Net Position
June 30, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Liabilities | | | | |
| Accounts payable | \$ 8,652,007 | \$ 897,036 | \$ 9,549,043 | \$ 20,056,747 |
| Checks written against future deposits | 35,867 | - | 35,867 | - |
| Accrued and other liabilities | 2,423,726 | 8,380,529 | 10,804,255 | 32,249,239 |
| Due to primary government | - | - | - | 8,450,686 |
| Due to other units of government | 552,342 | - | 552,342 | - |
| Deposits payable | 575,053 | 839,862 | 1,414,915 | - |
| Claims payable | 393,055 | - | 393,055 | 1,175,972 |
| Payable from restricted assets | - | - | - | 480,713 |
| Unearned revenue | 512,439 | 2,000,000 | 2,512,439 | 9,798 |
| Noncurrent liabilities | | | | |
| Claims payable | 787,288 | - | 787,288 | 26,025,399 |
| Other noncurrent liabilities | - | - | - | 25,805,886 |
| Net pension liability | 262,006,510 | 83,056,720 | 345,063,230 | 195,363,024 |
| Debt due within one year | 2,788,059 | 417,685 | 3,205,744 | 6,212,047 |
| Debt due in more than one year | 33,868,827 | 22,066,034 | 55,934,861 | 86,104,364 |
| Other postemployment benefit obligations | 122,983,132 | 27,301,482 | 150,284,614 | - |
| Total liabilities | <u>435,578,305</u> | <u>144,959,348</u> | <u>580,537,653</u> | <u>401,933,875</u> |
| Deferred inflows of resources | | | | |
| Deferred amount on net pension liability | - | - | - | 227,846 |
| Total liabilities and deferred inflows of resources | <u>435,578,305</u> | <u>144,959,348</u> | <u>580,537,653</u> | <u>402,161,721</u> |
| Net position | | | | |
| Net investment in capital assets | 120,193,431 | 75,805,935 | 195,999,366 | 23,649,867 |
| Restricted for: | | | | |
| Community development | - | - | - | 770,921 |
| Economic development | 765,442 | - | 765,442 | - |
| Revolving loan program | - | - | - | 1,103,179 |
| Capital projects | 8,167,520 | - | 8,167,520 | - |
| Building inspection | 3,059,471 | - | 3,059,471 | - |
| Public safety | 4,493,102 | - | 4,493,102 | - |
| Public works | 484,165 | - | 484,165 | - |
| Street lighting | 619,856 | - | 619,856 | - |
| Debt service | 10,752 | 2,077,033 | 2,087,785 | - |
| Capital replacement | - | 3,036,490 | 3,036,490 | - |
| Donor restricted and other | - | - | - | 7,563,239 |
| Unrestricted (deficit) | (335,931,410) | (23,158,249) | (359,089,659) | 34,633,707 |
| Total net position | <u>\$ (198,137,671)</u> | <u>\$ 57,761,209</u> | <u>\$ (140,376,462)</u> | <u>\$ 67,720,913</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Statement of Activities
For the Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|-----------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business-type Activities | | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 13,143,025 | \$ 8,466,185 | \$ 454,135 | \$ - | \$ (4,222,705) | \$ - | \$ (4,222,705) | \$ - |
| Judicial | 5,143,547 | 680,908 | - | - | (4,462,639) | - | (4,462,639) | - |
| Public safety | | | | | | | | |
| Police | 36,643,951 | 1,617,058 | 3,020,369 | - | (32,006,524) | - | (32,006,524) | - |
| Fire | 11,273,474 | 499,512 | - | - | (10,773,962) | - | (10,773,962) | - |
| Building inspection | 1,254,516 | 3,149,559 | - | - | 1,895,043 | - | 1,895,043 | - |
| Emergency dispatch | 1,489,666 | 168,666 | - | - | (1,321,000) | - | (1,321,000) | - |
| Public works | 13,767,495 | 23,446 | 1,024,399 | - | (12,719,650) | - | (12,719,650) | - |
| Legislative | 899,728 | - | - | - | (899,728) | - | (899,728) | - |
| Community development | 8,988,332 | 523 | 149,327 | 4,706,381 | (4,132,101) | - | (4,132,101) | - |
| Facilities, parks, and recreation | 1,723,835 | 1,236 | 3,897,780 | 1,128,112 | 3,303,293 | - | 3,303,293 | - |
| Transportation | 13,372,967 | 82,873 | 9,951,739 | 405,742 | (2,932,613) | - | (2,932,613) | - |
| Interest on long-term debt | 1,280,956 | - | - | - | (1,280,956) | - | (1,280,956) | - |
| Total governmental activities | <u>108,981,492</u> | <u>14,689,966</u> | <u>18,497,749</u> | <u>6,240,235</u> | <u>(69,553,542)</u> | <u>-</u> | <u>(69,553,542)</u> | <u>-</u> |
| Business-type activities | | | | | | | | |
| Sewer | 24,710,771 | 29,031,074 | - | - | - | 4,320,303 | 4,320,303 | - |
| Water | 33,959,767 | 32,355,881 | - | 8,374,748 | - | 6,770,862 | 6,770,862 | - |
| Total business-type activities | <u>58,670,538</u> | <u>61,386,955</u> | <u>-</u> | <u>8,374,748</u> | <u>-</u> | <u>11,091,165</u> | <u>11,091,165</u> | <u>-</u> |
| Total primary government | <u>\$ 167,652,030</u> | <u>\$ 76,076,921</u> | <u>\$ 18,497,749</u> | <u>\$ 14,614,983</u> | <u>(69,553,542)</u> | <u>11,091,165</u> | <u>(58,462,377)</u> | <u>-</u> |
| Component Units | | | | | | | | |
| Downtown Development Authority | \$ 1,868,153 | \$ 1,063,753 | \$ - | \$ - | - | - | - | (804,400) |
| Economic Development Corporation | 412,283 | 133,380 | 182,197 | - | - | - | - | (96,706) |
| Flint Area Enterprise Community | 64,459 | - | - | - | - | - | - | (64,459) |
| Hurley Medical Center | 451,423,362 | 494,976,082 | - | - | - | - | - | 43,552,720 |
| Total component units | <u>\$ 453,768,257</u> | <u>\$ 496,173,215</u> | <u>\$ 182,197</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,587,155</u> |
| General revenues | | | | | | | | |
| Property taxes | | | | | 18,429,084 | - | 18,429,084 | 417,572 |
| Income taxes | | | | | 15,540,594 | - | 15,540,594 | - |
| State shared revenue | | | | | 14,451,256 | - | 14,451,256 | - |
| Unrestricted investment earnings | | | | | 1,113,097 | 613,207 | 1,726,304 | 2,969,681 |
| Gain on extinguishment of debt | | | | | - | - | - | 373,783 |
| Miscellaneous | | | | | 1,028,722 | 37,051 | 1,065,773 | 912,527 |
| Transfers | | | | | 2,990,000 | (2,990,000) | - | - |
| Total general revenues | | | | | <u>53,552,753</u> | <u>(2,339,742)</u> | <u>51,213,011</u> | <u>4,673,563</u> |
| Change in net position | | | | | (16,000,789) | 8,751,423 | (7,249,366) | 47,260,718 |
| Net position – beginning of year | | | | | <u>(182,136,882)</u> | <u>49,009,786</u> | <u>(133,127,096)</u> | <u>20,460,195</u> |
| Net position – end of year | | | | | <u>\$ (198,137,671)</u> | <u>\$ 57,761,209</u> | <u>\$ (140,376,462)</u> | <u>\$ 67,720,913</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Governmental Funds
Balance Sheet
June 30, 2016

| | General | Federal Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 107,099 | \$ 446,775 | \$ 553,874 |
| Pooled cash and investments | 11,490,648 | 188,108 | 20,561,720 | 32,240,476 |
| Investments | - | 1,006,576 | - | 1,006,576 |
| Receivables | | | | |
| Property taxes receivable | 1,045,393 | - | 1,275,360 | 2,320,753 |
| Other receivables | 2,343,804 | - | - | 2,343,804 |
| Accrued interest and other | - | - | 238,163 | 238,163 |
| Due from other units of government | 2,636,489 | 3,270,616 | 1,847,200 | 7,754,305 |
| Due from component unit, net of allowance | 95,686 | - | 6,600,000 | 6,695,686 |
| Notes and leases receivable | - | 8,918,762 | 308,202 | 9,226,964 |
| Restricted assets | | | | |
| Cash and cash equivalents | - | 383,026 | - | 383,026 |
| Total assets | <u>\$ 17,612,020</u> | <u>\$ 13,874,187</u> | <u>\$ 31,277,420</u> | <u>\$ 62,763,627</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,105,745 | \$ 1,237,272 | \$ 1,090,633 | \$ 3,433,650 |
| Checks written against future deposits | 35,867 | - | - | 35,867 |
| Deposits and advances | - | - | 575,053 | 575,053 |
| Accrued and other liabilities | 622,926 | 47,085 | 1,392,012 | 2,062,023 |
| Due to other funds | 4,216,455 | - | - | 4,216,455 |
| Due to other units of government | 552,342 | - | - | 552,342 |
| Unearned revenue | 1,817 | 509,988 | 634 | 512,439 |
| Total liabilities | <u>6,535,152</u> | <u>1,794,345</u> | <u>3,058,332</u> | <u>11,387,829</u> |
| Deferred inflows of resources | | | | |
| Property taxes | 1,039,287 | - | 1,198,866 | 2,238,153 |
| Notes and leases receivable | - | 8,918,762 | 318,987 | 9,237,749 |
| Grants | - | 1,582,664 | - | 1,582,664 |
| Total deferred inflows of resources | <u>1,039,287</u> | <u>10,501,426</u> | <u>1,517,853</u> | <u>13,058,566</u> |
| Total liabilities and deferred inflows of resources | <u>7,574,439</u> | <u>12,295,771</u> | <u>4,576,185</u> | <u>24,446,395</u> |

See Accompanying Notes to the Financial Statements

**City of Flint
Governmental Funds
Balance Sheet
June 30, 2016**

| | <u>General</u> | <u>Federal Grants</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---------------------------|--|---|
| Fund balances | | | | |
| Restricted for: | | | | |
| Roads | \$ - | \$ - | \$ 9,585,105 | \$ 9,585,105 |
| Police | - | 398,463 | 772,618 | 1,171,081 |
| Community Development | - | 1,179,953 | - | 1,179,953 |
| Economic development | - | - | 446,455 | 446,455 |
| Debt service | - | - | 10,752 | 10,752 |
| Capital projects | - | - | 7,945,030 | 7,945,030 |
| Recreation and culture | - | - | 63,139 | 63,139 |
| Building inspection | - | - | 3,059,305 | 3,059,305 |
| Public safety | - | - | 4,306,640 | 4,306,640 |
| Public works | - | - | 48,315 | 48,315 |
| Street lighting | - | - | 463,876 | 463,876 |
| Unassigned | <u>10,037,581</u> | <u>-</u> | <u>-</u> | <u>10,037,581</u> |
| Total fund balances | <u>10,037,581</u> | <u>1,578,416</u> | <u>26,701,235</u> | <u>38,317,232</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 17,612,020</u> | <u>\$ 13,874,187</u> | <u>\$ 31,277,420</u> | <u>\$ 62,763,627</u> |

City of Flint
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2016

| | |
|---|--------------------------------|
| Total fund balances for governmental funds | \$ 38,317,232 |
| Total net position for governmental activities in the statement of net position is different because: | |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. | 105,919,325 |
| Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds. | 14,846,412 |
| Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. | 13,058,566 |
| Certain liabilities are not due and payable in the current period and are not reported in the funds. | |
| Accrued interest | (275,459) |
| Compensated absences | (3,168,787) |
| Net pension liability | (262,006,510) |
| Net other post employment obligation | (122,983,132) |
| Deferred outflows (inflows) of resources | |
| Deferred outflow of resources resulting from net pension liability | 30,020,566 |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. | (32,890,451) |
| Internal service funds are included as part of governmental activities. | <u>21,024,567</u> |
| Net position of governmental activities | <u>\$ (198,137,671)</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

| | General | Federal Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 4,647,677 | \$ - | \$ 10,933,422 | \$ 15,581,099 |
| Income taxes | 15,864,085 | - | - | 15,864,085 |
| Licenses, permits and cable franchise fees | 1,154,277 | - | - | 1,154,277 |
| Federal grants | - | 6,970,641 | 36,399 | 7,007,040 |
| State revenue | 17,924,175 | 3,634,383 | 14,489,288 | 36,047,846 |
| Charges for services | 8,297,110 | 5,730 | 87,758 | 8,390,598 |
| Fines and forfeitures | 815,822 | - | 2,265,424 | 3,081,246 |
| Investment income | 460,798 | 283,075 | 239,964 | 983,837 |
| Local contributions | - | 275,028 | - | 275,028 |
| Miscellaneous | 301,559 | 429,475 | 729,948 | 1,460,982 |
| Total revenues | <u>49,465,503</u> | <u>11,598,332</u> | <u>28,782,203</u> | <u>89,846,038</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 10,771,374 | - | - | 10,771,374 |
| Judicial - 68th District Court | 3,783,089 | - | - | 3,783,089 |
| Police department | 20,645,326 | 912,042 | 1,332,702 | 22,890,070 |
| Combined public safety department | - | - | 6,126,344 | 6,126,344 |
| Fire | 7,646,511 | - | - | 7,646,511 |
| Building inspection | - | - | 1,792,099 | 1,792,099 |
| Emergency dispatch | 225,844 | - | - | 225,844 |
| Public works | - | 1,662,931 | 4,492,967 | 6,155,898 |
| Legislative | 841,240 | - | - | 841,240 |
| Community development | 964,038 | 6,776,277 | 4,897 | 7,745,212 |
| Facilities maintenance | 1,661,747 | - | - | 1,661,747 |
| Parks and recreation | - | - | 358,444 | 358,444 |
| Transportation | - | - | 12,012,988 | 12,012,988 |

See Accompanying Notes to the Financial Statements

City of Flint
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

| | General | Federal Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| Debt service | | | | |
| Principal retirement | \$ - | \$ 639,000 | \$ 1,020,622 | \$ 1,659,622 |
| Interest and fiscal charges | - | 316,289 | 976,692 | 1,292,981 |
| Total expenditures | <u>46,539,169</u> | <u>10,306,539</u> | <u>28,117,755</u> | <u>84,963,463</u> |
| Excess of revenues over expenditures | <u>2,926,334</u> | <u>1,291,793</u> | <u>664,448</u> | <u>4,882,575</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 3,777,998 | 13,078 | 1,294,916 | 5,085,992 |
| Transfers out | <u>(13,078)</u> | <u>-</u> | <u>(1,294,916)</u> | <u>(1,307,994)</u> |
| Total other financing sources and uses | <u>3,764,920</u> | <u>13,078</u> | <u>-</u> | <u>3,777,998</u> |
| Net change in fund balance | 6,691,254 | 1,304,871 | 664,448 | 8,660,573 |
| Fund balance – beginning of year | <u>3,346,327</u> | <u>273,545</u> | <u>26,036,787</u> | <u>29,656,659</u> |
| Fund balance – end of year | <u>\$ 10,037,581</u> | <u>\$ 1,578,416</u> | <u>\$ 26,701,235</u> | <u>\$ 38,317,232</u> |

See Accompanying Notes to the Financial Statements

City of Flint
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, 2016

| | |
|---|-------------------------------|
| Net change in fund balances - Total governmental funds | \$ 8,660,573 |
| 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 | (11,545,363) |
| Capital outlay | 4,486,120 |
| Sale of capital assets (net book value) | (129,871) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Grants | 342,271 |
| Property taxes | 350,555 |
| Notes and leases receivable | (727,345) |
| Expenses are recorded when incurred in the statement of activities | |
| Accrued interest | 12,025 |
| Compensated absences | 754,368 |
| Net other post employment obligation | 822,941 |
| 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 | (45,333,903) |
| Net change in the deferred outflow of resources related to the net pension liability | 21,182,520 |
| 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 | 1,659,622 |
| Internal service funds are also included as governmental activities | 3,464,698 |
| Change in net position of governmental activities | <u>\$ (16,000,789)</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Net Position
June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|------------------|------------|-------------|---------------------------|
| | Sewer | Water | Total | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 1,649,595 |
| Pooled cash and investments | 37,081,909 | 28,791,332 | 65,873,241 | 21,602,166 |
| Receivables | | | | |
| Other | 155 | 232 | 387 | - |
| Customers | 7,578,775 | 7,132,800 | 14,711,575 | 202,224 |
| Due from other units of government | - | 4,332,407 | 4,332,407 | - |
| Due from other funds | - | - | - | 4,216,455 |
| Inventories | 573,887 | 323,292 | 897,179 | 113,844 |
| Prepaid items | - | 1,645,252 | 1,645,252 | 875,327 |
| Total current assets | 45,234,726 | 42,225,315 | 87,460,041 | 28,659,611 |
| Noncurrent assets | | | | |
| Restricted assets | | | | |
| Cash and cash equivalents | - | 5,848,116 | 5,848,116 | - |
| Accrued interest receivable | 63,817 | - | 63,817 | - |
| Capital assets not being depreciated | 38,077 | 724,317 | 762,394 | - |
| Capital assets, net of accumulated depreciated | 52,299,480 | 44,702,870 | 97,002,350 | 1,514,793 |
| Total noncurrent assets | 52,401,374 | 51,275,303 | 103,676,677 | 1,514,793 |
| Total assets | 97,636,100 | 93,500,618 | 191,136,718 | 30,174,404 |
| Deferred Outflows of Resources | | | | |
| Deferred amount of pension expense related to net pension liability | 5,124,016 | 4,392,578 | 9,516,594 | - |
| Total assets and deferred outflows of resources | 102,760,116 | 97,893,196 | 200,653,312 | 30,174,404 |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Net Position
June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|--|------------------|---------------|---------------|---------------------------|
| | Sewer | Water | Total | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 573,675 | \$ 323,361 | \$ 897,036 | \$ 5,218,357 |
| Accrued and other liabilities | 658,508 | 7,722,021 | 8,380,529 | 86,244 |
| Claims payable - current | - | - | - | 393,055 |
| Deposits payable | - | 839,862 | 839,862 | - |
| Unearned revenue | - | 2,000,000 | 2,000,000 | - |
| Current portion of noncurrent liabilities | 197,541 | 220,144 | 417,685 | 162,884 |
| Total current liabilities | 1,429,724 | 11,105,388 | 12,535,112 | 5,860,540 |
| Noncurrent liabilities | | | | |
| Claims payable | - | - | - | 787,288 |
| Other postemployment benefit | 16,049,131 | 11,252,351 | 27,301,482 | - |
| Net pension liability | 44,720,195 | 38,336,525 | 83,056,720 | - |
| Long-term debt net of current portion | 722,528 | 21,343,506 | 22,066,034 | 434,764 |
| Total noncurrent liabilities | 61,491,854 | 70,932,382 | 132,424,236 | 1,222,052 |
| Total liabilities | 62,921,578 | 82,037,770 | 144,959,348 | 7,082,592 |
| Net position | | | | |
| Net investment in capital assets | 51,635,261 | 24,170,674 | 75,805,935 | 917,145 |
| Restricted for: | | | | |
| Debt service | - | 2,077,033 | 2,077,033 | - |
| Capital replacement | - | 3,036,490 | 3,036,490 | - |
| Unrestricted (deficit) | (11,796,723) | (13,428,771) | (25,225,494) | 22,174,667 |
| Total net position | \$ 39,838,538 | \$ 15,855,426 | 55,693,964 | \$ 23,091,812 |
| Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities | | | 2,067,245 | |
| Net position of business-type activities | | | \$ 57,761,209 | |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|--|-------------------|--------------------|-------------------|---------------------------|
| | Sewer | Water | Total | |
| Operating revenue | | | | |
| User charges | \$ 29,031,074 | \$ 32,355,881 | \$ 61,386,955 | \$ 54,832,088 |
| Other revenue | 10,255 | 26,796 | 37,051 | 444,118 |
| Total operating revenue | <u>29,041,329</u> | <u>32,382,677</u> | <u>61,424,006</u> | <u>55,276,206</u> |
| Operating expenses | | | | |
| Salaries and benefits | 16,513,018 | 14,718,861 | 31,231,879 | 2,145,422 |
| Supplies | 998,309 | 1,152,454 | 2,150,763 | 883,996 |
| Contractual services | 1,325,223 | 2,758,907 | 4,084,130 | 3,736,538 |
| Claims | - | - | - | 349,144 |
| Utilities | 1,904,223 | 625,506 | 2,529,729 | 28,030 |
| Equipment operation | 244,783 | 1,130,071 | 1,374,854 | - |
| Repairs and maintenance | 346,206 | 644,958 | 991,164 | 239,047 |
| Insurance | - | - | - | 649,985 |
| Other expenses | 720,326 | 1,447,906 | 2,168,232 | 438,691 |
| Costs of materials and services rendered | - | 8,354,748 | 8,354,748 | 40,914,058 |
| Depreciation | 4,060,966 | 2,979,025 | 7,039,991 | 582,435 |
| Total operating expenses | <u>26,113,054</u> | <u>33,812,436</u> | <u>59,925,490</u> | <u>49,967,346</u> |
| Operating income (loss) | <u>2,928,275</u> | <u>(1,429,759)</u> | <u>1,498,516</u> | <u>5,308,860</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|----------------------|----------------------|----------------------|---------------------------|
| | Sewer | Water | Total | |
| Nonoperating revenue (expenses) | | | | |
| State grant | \$ - | \$ 6,000,000 | \$ 6,000,000 | \$ 100,800 |
| Local grants | - | 2,374,748 | 2,374,748 | - |
| Investment income | 317,048 | 296,159 | 613,207 | 179,184 |
| Gain on sale of assets | - | - | - | 120,844 |
| Miscellaneous expense | (5,981) | - | (5,981) | - |
| Interest expense | (22,970) | (147,331) | (170,301) | (25,758) |
| Total nonoperating revenues (expenses) | <u>288,097</u> | <u>8,523,576</u> | <u>8,811,673</u> | <u>375,070</u> |
| Income before transfers | 3,216,372 | 7,093,817 | 10,310,189 | 5,683,930 |
| Transfers out | <u>(1,860,000)</u> | <u>(1,130,000)</u> | <u>(2,990,000)</u> | <u>(787,998)</u> |
| Change in net position | 1,356,372 | 5,963,817 | 7,320,189 | 4,895,932 |
| Net position – beginning of year | <u>38,482,166</u> | <u>9,891,609</u> | <u>48,373,775</u> | <u>18,195,880</u> |
| Net position – end of year | <u>\$ 39,838,538</u> | <u>\$ 15,855,426</u> | <u>55,693,964</u> | <u>\$ 23,091,812</u> |
| Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities | | | <u>1,431,234</u> | |
| Change in net position of business-type activities | | | <u>\$ 8,751,423</u> | |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|----------------------|----------------------|----------------------|---------------------------|
| | Sewer | Water | Total | |
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 30,186,306 | \$ 33,368,835 | \$ 63,555,141 | \$ 55,279,053 |
| Payments to suppliers | (5,993,455) | (12,044,831) | (18,038,286) | (46,498,438) |
| Payments to employees | (12,556,908) | (11,327,756) | (23,884,664) | (2,145,422) |
| Claims paid | - | - | - | (293,153) |
| Net cash provided by operating activities | <u>11,635,943</u> | <u>9,996,248</u> | <u>21,632,191</u> | <u>6,342,040</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers to other funds | (1,860,000) | (1,130,000) | (2,990,000) | (787,998) |
| State grant | - | 6,000,000 | 6,000,000 | - |
| Local grant | - | 2,374,748 | 2,374,748 | 100,800 |
| Net cash provided (used) by noncapital financing activities | <u>(1,860,000)</u> | <u>7,244,748</u> | <u>5,384,748</u> | <u>(687,198)</u> |
| Cash flows from capital and related financing activities | | | | |
| Purchases/construction of capital assets | (2,729,053) | (2,499,194) | (5,228,247) | (164,534) |
| Principal and interest paid on long-term debt | (349,638) | (395,878) | (745,516) | (247,045) |
| Proceeds from sale of capital assets | - | - | - | 253,495 |
| Net cash used by capital and related financing activities | <u>(3,078,691)</u> | <u>(2,895,072)</u> | <u>(5,973,763)</u> | <u>(158,084)</u> |
| Cash flows from investing activities | | | | |
| Interest received | <u>313,345</u> | <u>296,159</u> | <u>609,504</u> | <u>179,184</u> |
| Net change in cash and cash equivalents | 7,010,597 | 14,642,083 | 21,652,680 | 5,675,942 |
| Cash and cash equivalents – beginning of year | <u>30,071,312</u> | <u>19,997,365</u> | <u>50,068,677</u> | <u>17,575,819</u> |
| Cash and cash equivalents – end of year | <u>\$ 37,081,909</u> | <u>\$ 34,639,448</u> | <u>\$ 71,721,357</u> | <u>\$ 23,251,761</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|----------------------|----------------------|----------------------|---------------------------|
| | Sewer | Water | Total | |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | |
| Operating income (loss) | \$ 2,928,275 | \$ (1,429,759) | \$ 1,498,516 | \$ 5,308,860 |
| Adjustments to reconcile operating income to net cash from operating activities | | | | |
| Depreciation and amortization expense | 4,060,966 | 2,979,025 | 7,039,991 | 582,435 |
| Changes in assets and liabilities | | | | |
| Receivables (net) | 1,144,977 | 3,440,882 | 4,585,859 | 2,847 |
| Due from other units of government | - | (4,332,407) | (4,332,407) | - |
| Inventories | 4,023 | (26,433) | (22,410) | 4,245 |
| Prepaid items | - | (1,645,252) | (1,645,252) | 130,622 |
| Deferred outflows | (3,615,507) | (3,099,405) | (6,714,912) | - |
| Accounts payable | (568,641) | (1,029,393) | (1,598,034) | 234,465 |
| Accrued and other liabilities | 161,233 | 6,774,631 | 6,935,864 | 22,575 |
| Unearned revenue | - | 2,000,000 | 2,000,000 | - |
| Customer deposits payable | - | (122,317) | (122,317) | 55,991 |
| Other post employment benefit obligation | (166,134) | (142,701) | (308,835) | - |
| Net pension liability | 7,737,751 | 6,633,211 | 14,370,962 | - |
| Compensated absences | (51,000) | (3,834) | (54,834) | - |
| Net cash provided by operating activities | <u>\$ 11,635,943</u> | <u>\$ 9,996,248</u> | <u>\$ 21,632,191</u> | <u>\$ 6,342,040</u> |
| Reconciliation of cash and cash equivalents | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 1,649,595 |
| Pooled cash and investments | 37,081,909 | 28,791,332 | 65,873,241 | 21,602,166 |
| Restricted cash and cash equivalents | - | 5,848,116 | 5,848,116 | - |
| Cash and cash equivalents – end of year | <u>\$ 37,081,909</u> | <u>\$ 34,639,448</u> | <u>\$ 71,721,357</u> | <u>\$ 23,251,761</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

| | <u>Pension and Benefit Trust Funds</u> | <u>Agency Funds</u> |
|--|--|-------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,899,719 | \$ 1,278,279 |
| Pooled cash and investments | 138,008 | 1,115,115 |
| Investments: | | |
| U.S government obligations | 5,666,925 | - |
| Agency securities | 11,652,142 | - |
| Corporate stocks | 18,962,472 | - |
| Corporate bonds | 14,159,265 | - |
| Receivables | | |
| Taxes | - | 4,209,223 |
| Accrued interest and other | 201,827 | 396,387 |
| Contribution | <u>3,963,664</u> | <u>-</u> |
| Total assets | <u>57,644,022</u> | <u>6,999,004</u> |
| Liabilities | | |
| Accounts payable | - | 5,559,361 |
| Checks written against future deposits | 3,500 | - |
| Due to other units of government | - | 1,439,643 |
| Accrued expenses | <u>3,940,798</u> | <u>-</u> |
| Total liabilities | <u>3,944,298</u> | <u>\$ 6,999,004</u> |
| Net position | | |
| Net position restricted for pensions | <u>\$ 53,699,724</u> | |

See Accompanying Notes to the Financial Statements

City of Flint
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

| | Pension and Other Employee Benefit Trust Funds |
|----------------------------------|---|
| Additions | |
| Contributions | |
| Employer | \$ 5,613,665 |
| Retiree | 2,114,107 |
| Total contributions | 7,727,772 |
| Investment earnings (expenses) | |
| Interest and dividends | 970,478 |
| Change in fair value | (709,258) |
| Investment related expenses | (316,546) |
| Total investment losses | (55,326) |
| Total additions | 7,672,446 |
| Deductions | |
| Benefits | 6,054,907 |
| Change in net position | 1,617,539 |
| Net position – beginning of year | 52,082,185 |
| Net position – end of year | \$ 53,699,724 |

See Accompanying Notes to the Financial Statements

City of Flint
Combining Statement of Net Position
Component Units
June 30, 2016

| | Downtown Development Authority | Economic Development Corporation | Flint Area Enterprise Community | Hurley Medical Center | Total |
|--|--------------------------------------|--|---------------------------------------|--------------------------|--------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 348,891 | \$ 415,887 | \$ 1,047,877 | \$ 76,778,084 | \$ 78,590,739 |
| Investments | - | - | - | 88,884,206 | 88,884,206 |
| Receivables | | | | | |
| Customers | 127,055 | - | - | 61,815,650 | 61,942,705 |
| Accrued interest receivable | - | - | - | 366,527 | 366,527 |
| Other | - | - | 1,266 | 76,972 | 78,238 |
| Notes and leases receivable, net | - | 333,917 | 93,643 | - | 427,560 |
| Inventories | - | - | - | 5,916,011 | 5,916,011 |
| Prepaid items | 17,269 | 12,803 | - | 3,768,418 | 3,798,490 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 105,033 | 480,713 | - | 12,881,224 | 13,466,970 |
| Investments | - | - | - | 23,179,609 | 23,179,609 |
| Other assets | - | - | - | 954,963 | 954,963 |
| Investment in joint ventures | - | - | - | 6,509,401 | 6,509,401 |
| Capital assets not being depreciated | 4,878,067 | 93,860 | - | - | 4,971,927 |
| Capital assets, net of accumulated depreciation | 8,625,279 | 344,610 | - | 104,562,727 | 113,532,616 |
| Total assets | <u>14,101,594</u> | <u>1,681,790</u> | <u>1,142,786</u> | <u>385,693,792</u> | <u>402,619,962</u> |
| Deferred outflows of resources | | | | | |
| Deferred amount of pension expense related to net pension liability | - | - | - | 66,145,613 | 66,145,613 |
| Deferred amount on refunding | - | - | - | 1,117,059 | 1,117,059 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>67,262,672</u> | <u>67,262,672</u> |
| Total assets and deferred outflows of resources | <u>14,101,594</u> | <u>1,681,790</u> | <u>1,142,786</u> | <u>452,956,464</u> | <u>469,882,634</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Combining Statement of Net Position
Component Units
June 30, 2016

| | Downtown Development Authority | Economic Development Corporation | Flint Area Enterprise Community | Hurley Medical Center | Total |
|--|--------------------------------------|--|---------------------------------------|--------------------------|----------------------|
| Liabilities | | | | | |
| Accounts payable | \$ 54,620 | \$ 12,754 | \$ - | \$ 19,989,373 | \$ 20,056,747 |
| Accrued and other liabilities | 80,967 | 4,027 | - | 32,138,945 | 32,223,939 |
| Claims payable | - | - | - | 1,175,972 | 1,175,972 |
| Due to primary government | 8,355,000 | 95,686 | - | - | 8,450,686 |
| Deposits and advances | 25,300 | - | - | - | 25,300 |
| Payable from restricted assets | - | 480,713 | - | - | 480,713 |
| Unearned revenue | - | 9,798 | - | - | 9,798 |
| Noncurrent liabilities | | | | | |
| Net pension liability | - | - | - | 195,363,024 | 195,363,024 |
| Due within one year | 34,301 | - | - | 6,177,746 | 6,212,047 |
| Due in more than one year | 37,500 | - | - | 86,066,864 | 86,104,364 |
| Claims payable | - | - | - | 26,025,399 | 26,025,399 |
| Other noncurrent liabilities | - | - | - | 25,805,886 | 25,805,886 |
| Total liabilities | <u>8,587,688</u> | <u>602,978</u> | <u>-</u> | <u>392,743,209</u> | <u>401,933,875</u> |
| Deferred inflows of resources | | | | | |
| Deferred amount of pension expense related to net pension liability | <u>-</u> | <u>-</u> | <u>-</u> | <u>227,846</u> | <u>227,846</u> |
| Total liabilities and deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>392,971,055</u> | <u>402,161,721</u> |
| Net position | | | | | |
| Net investment in capital assets | 5,181,578 | 438,470 | - | 18,029,819 | 23,649,867 |
| Restricted | | | | | |
| Community development | - | 731,414 | 39,507 | - | 770,921 |
| Revolving loan program | - | - | 1,103,179 | - | 1,103,179 |
| Donor restricted and other | - | - | - | 7,563,239 | 7,563,239 |
| Unrestricted (deficit) | <u>332,328</u> | <u>(91,072)</u> | <u>100</u> | <u>34,392,351</u> | <u>34,633,707</u> |
| | <u>\$ 5,513,906</u> | <u>\$ 1,078,812</u> | <u>\$ 1,142,786</u> | <u>\$ 59,985,409</u> | <u>\$ 67,720,913</u> |

See Accompanying Notes to the Financial Statements

City of Flint
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2016

| Functions/Programs | Expenses | Charges for services | Operating grants and contributions | Net (expense) revenue |
|--|-----------------------|-----------------------|------------------------------------|-----------------------|
| DDA activities | \$ 1,868,153 | \$ 1,063,753 | \$ - | \$ (804,400) |
| Economic Development Corporation | 412,283 | 133,380 | 182,197 | (96,706) |
| Flint Area Enterprise Community | 64,459 | - | - | (64,459) |
| Hurley Medical Center | 451,423,362 | 494,976,082 | - | 43,552,720 |
| Total component unit activities | \$ 453,768,257 | \$ 496,173,215 | \$ 182,197 | \$ 42,587,155 |

| | Component Units | | | | Total |
|---------------------------------------|------------------------|---|--|----------------------------------|----------------------|
| | DDA activities | Economic development corporation activities | Flint area enterprise community activities | Hurley Medical Center activities | |
| Changes in net position | | | | | |
| Net expense | \$ (804,400) | \$ (96,706) | \$ (64,459) | \$ 43,552,720 | \$ 42,587,155 |
| General revenues: | | | | | |
| Property taxes | 417,572 | - | - | - | 417,572 |
| Unrestricted investment earnings | 244 | 16,867 | 27,771 | 2,924,799 | 2,969,681 |
| Miscellaneous | - | - | 685 | 911,842 | 912,527 |
| Gain (loss) on extinguishment of debt | 373,783 | - | - | - | 373,783 |
| Total general revenues | 791,599 | 16,867 | 28,456 | 3,836,641 | 4,673,563 |
| Change in net position | (12,801) | (79,839) | (36,003) | 47,389,361 | 47,260,718 |
| Net position beginning of year | 5,526,707 | 1,158,651 | 1,178,789 | 12,596,048 | 20,460,195 |
| Net position, end of year | \$ 5,513,906 | \$ 1,078,812 | \$ 1,142,786 | \$ 59,985,409 | \$ 67,720,913 |

See Accompanying Notes to the Financial Statements

City of Flint
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Flint, Michigan (the "City") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the City of Flint:

Reporting Entity

As of the end of April 2015, the City moved from being under the control of the Emergency Manager (EM) to the transitional state of oversight by a Receivership Transition Advisory Board (RTAB), as defined by Public Act 436. The City remains under state receivership.

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 legal 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).

Blended Component Units

The City of Flint Retirees Health Care Plan and Trust is a defined benefit plan that provides retiree healthcare benefits to certain City retirees. The Health Care Plan and Trust was established and is governed by City ordinance, with the board of trustees comprised of City officials and two members from each participating collective bargaining unit. The plan is reported as a Benefit Trust Fiduciary Fund.

Discretely Presented Component Units

The component unit column in the government-wide financial statements include the financial data of the City's four component units. These units are reported in a separate column to emphasize that they are legally separate from the City. Separately issued financial statements are prepared for all of the discretely presented component units.

The Flint Downtown Development Authority (the "DDA") was created under state law to promote and rehabilitate the downtown area. The DDA sponsors downtown events and manages parking facilities. State law provides for a specific tax levy for the operations of the DDA. The City appoints the board and has to approve the annual budget and the issuance of any debt. Any surplus funds remaining at the termination of the DDA vest to the City. The DDA has both governmental and business-type activities.

The City of Flint Economic Development Corporation (the "Corporation") was created under state law to provide financing and development opportunities for businesses located within the City. The City appoints the board. The Corporation provides loans to start-up or expanding businesses and manages rental property that leases space to commercial and light industrial manufacturing companies. Surplus funds existing at the termination of the Corporation vest to the City. The Corporation has both governmental and business-type activities.

The Flint Area Enterprise Community (FAEC) is a non-profit organization, established under state law. FAEC is responsible for coordinating and implementing a strategic plan to advocate and develop business and community development in a federally designated zone that includes portions of Mt. Morris Township and the City of Flint. The City appoints a majority of the board of directors, provides the majority of its funding for operations, and any assets remaining at the cessation of its operating activities would be returned to the City of Flint. The FAEC is presented as a governmental activity. The FAEC plans to cease operations during the fiscal year ending

City of Flint
Notes to the Financial Statements
June 30, 2016

2017. They are currently working with the State to determine which organization will take over the loans.

Hurley Medical Center (HMC or the "Medical Center") provides inpatient, outpatient, and emergency care services in Genesee and surrounding counties. The financial statements present HMC and its wholly owned subsidiary, Hurley Health Services, Inc., on a consolidated basis. HMC is the sole member of Hurley Health Services, Inc. (HHS), a municipal support organization organized on a non-profit, non-stock membership basis. HHS, on a consolidated basis, is comprised of two non-profit entities (HHS and The Hurley Clinics, THC) and one "for-profit" corporation (Hurley Practice Management Services). HHS began operations January 1, 1998. The City appoints the board of directors and there is an ongoing financial benefit/burden relationship between the City and Hurley Medical Center. HMC is presented as a governmental activity.

Complete financial statements for Atwood Stadium Building Authority are not available. Complete financial statements for the following individual component units may be obtained at the entity's administrative offices:

Flint Downtown Development Authority
Suite 206
412 S. Saginaw Street
Flint, Michigan 48502

Flint Economic Development Corporation
1101 S. Saginaw Street
Flint, Michigan 48502

Flint Area Enterprise Community
805 Welch Boulevard
Flint, Michigan 48504

Hurley Medical Center
One Hurley Plaza
Flint, MI 48503

Joint Ventures

Hurley Medical Center participates in a privately held joint venture. The corporate joint venture is recorded in the financial statements under the equity method of accounting. Joint venture financial statement can be obtained by contacting the Medical Center. The Medical Center is unaware of any circumstances that would cause an additional financial benefit or burden to the Medical Center in the near future. Genesys Hurley Cancer Institute (GHCI) is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001 to provide outpatient oncology services, including laboratory and radiation oncology. The Medical Center's net investment at June 30, 2016 was \$6,474,901. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. The equity income to the Medical Center from this joint venture was \$353,000 for the year ending June 30, 2016. A total of \$450,000 was distributed to the Medical Center during the year ended June 30, 2016. GHCI paid the Medical Center \$697,000 for leased employees for the year ended June 30, 2016. The following is a summary of financial position and results of operations of GHCI as of and for the year ended June 30, 2016 (in thousands):

| | | |
|---------------------------------|----|--------|
| Total assets | \$ | 23,389 |
| Total liabilities | | 10,439 |
| Net assets | \$ | 12,950 |
| Operating revenue | \$ | 9,540 |
| Operating expenses | | 8,339 |
| Operating income | | 1,201 |
| Nonoperating expense | | (91) |
| Excess of revenue over expenses | \$ | 1,110 |

City of Flint
Notes to the Financial Statements
June 30, 2016

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 for property taxes and within 90 days for all other sources. 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, franchise taxes, licenses, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Flint
Notes to the Financial Statements
June 30, 2016

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 Federal Grants Fund accounts for entitlement and specific purpose grants received from the U.S. Department of Housing and Urban Development and other grantors.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the government's water distribution and treatment system.

The Sewer Fund accounts for the activities of the government's sewage disposal and treatment system.

Additionally, the government reports the following:

The Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements. These include the major and local streets, neighborhood policing, State Act 251 – forfeiture, EDA revolving loan, public improvement, parks and recreation, senior citizen centers, building department, garbage collection, street light, and public safety funds.

The Debt Service Funds account for the accumulation of resources for, and payment of governmental activities principal, interest, and related cost.

Internal service funds account for data processing, self-insurance, central maintenance garage, and fringe benefit provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The pension and other employee benefits trust funds account for the activities of the three different funds utilized to pay death and healthcare benefits for the City of Flint and Hurley Medical Center retirees, which accumulate resources for pension and health benefit payments for qualified employees.

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

Pension and other employee benefits trust funds and agency funds are reported as fiduciary funds and are not included in the government-wide statement of net position and statement of activities.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally 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 internal service funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new

City of Flint
Notes to the Financial Statements
June 30, 2016

customers to the system. Operating expenses for sewer and water 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.

Property Tax Revenue

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

Taxes on the operating, public improvement, parks, public safety, and neighborhood police levies are billed July 1 and may be paid in three equal installments due by July 31, October 31, and February 28, following the levy date. Taxes on the paramedic service levy are billed on December 1 and due in one installment by February 28. Property tax receivables are recorded as a receivable and offsetting deferred revenue when levied and due. Property taxes are recognized as revenues when collected or when considered measurable and available. The City considers property taxes as available if they are collected within 60 days after year end.

The 2016 taxable valuation of the City totaled \$750 million. Taxes were levied as follows:

| Purpose | Millage Rate | Revenue |
|----------------------|--------------|----------------------|
| General operating | 7.5 | \$ 4,639,294 |
| Public improvement | 2.5 | 1,596,139 |
| Parks and recreation | 0.5 | 318,758 |
| Public safety | 6.0 | 3,822,269 |
| Neighborhood police | 2.0 | 1,276,885 |
| Total | <u>18.5</u> | <u>\$ 11,653,345</u> |

Assets, Liabilities, and Net Position or Equity

Cash and cash equivalents – The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Pooled cash and investments – Cash resources of certain individual funds are combined to form a pool of cash and investments which is managed by the city treasurer. Investments in the pooled cash and investments account consist primarily of certificates of deposit with a maturity date greater than three months from the date acquired by the City, top grade commercial paper and government securities, and money market funds, and are carried at fair value.

At June 30, 2016, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as checks written against future deposits.

Interest income earned as a result of pooling cash and investments is distributed to the participating funds monthly utilizing a formula based on the average daily balance of each fund's share of the total pooled cash and investments. Funds that have overdrawn their share of pooled cash and investments are charged interest costs.

For the purpose of the statement of cash flows, pooled cash and investments have been considered as cash and cash equivalents.

Investments – Investments for the City, as well as for its component units, are stated at fair market value (national or international exchange rates). Investments that do not have an established market are reported at estimated fair market value. Gains or losses on investments sold or exchanged are recognized when the transactions are completed (settlement date). Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

City of Flint
Notes to the Financial Statements
June 30, 2016

Receivables and payables – All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to / from other funds” (i.e., the current portion of interfund loans) or “advances to / from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

Inventories and prepaid items – Inventories are valued at cost (Special Revenue Funds) or at the lower of cost or market using the first-in/first out method (Enterprise and Internal Service Funds). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Restricted assets – These assets are restricted through bond or grant agreements or represent donated assets whose disposition is specified by the donor. Restricted assets recorded in the Federal Grants Fund are restricted through grant agreements.

Restricted assets recorded in the Hurley Medical Center discretely presented component unit consist of (1) proceeds of debt issues and funds of HMC deposited with a trustee and limited to use in

accordance with the requirements of an indenture (2) assets restricted by outside donors.

Restricted assets recorded in the Water Fund consist of amounts set aside for equipment replacement and debt service as required by the Drinking Water Revolving Fund Revenue Bonds.

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

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

City of Flint
Notes to the Financial Statements
June 30, 2016

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

| | |
|-----------------------------------|---------------|
| Buildings | 50 years |
| Building improvements | 40 – 50 years |
| Improvements other than buildings | 5 – 50 years |
| Land improvements | 5 – 50 years |
| Public domain infrastructure | 10 – 50 years |
| Water and sewer infrastructure | 10 – 75 years |
| Machinery and equipment | 3 – 20 years |
| Other furnishings | 5 – 7 years |

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

Compensated absences – The City’s policy concerning compensated absences changed as of July 1, 2014. All time off including vacation, personal time as well as health, maternity leave and FMLA was reclassified to Paid Time off (PTO). All employees had up to 200 hours of their accumulated annual bank placed in the employee’s Maximum Accumulation Hours Bank. PTO time in excess of 200 hours was placed in a holding bank to be paid out at retirement, death, termination of employment at the rate of 100% of the employee’s straight time hourly rate in effect as of July 1, 2014. Such payment shall not be included as final average compensation for the purpose of computing retirement benefits. PTO time is computed and accrued on a basis of each payroll period that a regular employee has at least 72 straight time hours or a part time employee has at least 29 straight time hours. PTO time is based on City Seniority as defined in the Article entitled Seniority of this Agreement.

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.

City of Flint
Notes to the Financial Statements
June 30, 2016

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

Pension and Retiree Healthcare Benefits – The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual determined contribution necessary to fund the obligations over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the annual determined contribution” on the beginning of year underpaid amount, if any. The net pension obligation and the net OPEB obligation will be liquidated from the funds that the individual employee’s salaries are paid from, the general fund and certain special revenue funds.

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

Non-spendable – amounts 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 by the government’s highest level decision-makers, the Mayor/City Council/City Administrator, subject to the approval of the RTAB. A fund balance commitment may be established, modified, or rescinded by a resolution, subject to approval of the RTAB.

Assigned – amounts intended to be used for specific purposes. The City Council may assign fund balance for a specific purpose, subject to the approval of the RTAB. 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, restrictions, commitments and assignments.

While the City remains under state receivership, emergency manager orders remain in effect and any actions taken by the Mayor/City Council must comply with Public Act 436 and emergency manager orders, and receive approval by the RTAB.

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

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Notes to the Financial Statements
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reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Hurley Medical Center – Cost-based Reimbursement

Patient accounts receivable at June 30, 2016 and revenues for the year then ended include estimated amounts due from various third-party payors which are computed in accordance with their respective reimbursement formulas.

In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$15,000,000 for 2016.

Hurley Medical Center – Revenues and Expenses Accounting Policy

Net patient service revenue – Net patient service revenue is reported at the estimated net realized amounts from patients and third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Approximately 85 percent of the Medical Center's revenues are based on participation in the Blue Cross/Blue Shield, Medicare, and Medicaid programs for the year ended June 30, 2016.

Charity care – The Medical Center provides care without charge to patients who meet certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The eligibility criteria are based on levels of income.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 provides guidance for accounting and financial reporting

issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. Statement 72 is effective for the year ending June 30, 2016.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the 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 transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending June 30, 2016.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. Statement 79 is effective for the year ending June 30, 2016.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial*

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Reporting for Pensions, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending June 30, 2016.

Upcoming Accounting and Reporting Changes

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

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

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

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

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

On June 29, 2015, the City Council approved adopting the operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included expenditures and the means of financing them for the General and Special Revenue Funds (these funds are required to have budgets per Michigan law). Informational

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Notes to the Financial Statements
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summaries of projected revenue and expenditures/expenses were provided for all City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

Department heads are authorized to transfer budgeted amounts with departmental appropriation accounts, except as those designated by the City's newly adopted "Amendment of Adopted Budgets" ordinance. Revisions that require Council approval must be adopted by resolution, and confirmed by the RTAB.

Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the Grant Funds, were adopted on a basis consistent with generally accepted accounting principles. The Grant budgets were rolled from the prior year based on the budget balances of the grants at year end.

Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end 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.

State Construction Code Act

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

Note 3 - Pooled Cash and Investments

The pooled cash and investments account at June 30, 2016 is comprised of the following:

| | |
|-----------------------------------|----------------|
| Cash deposits and restricted cash | \$ 34,466,503 |
| Investments | 85,249,380 |
| Total | \$ 119,715,883 |

Note 4 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations, of the United States, or any agency or instrumentality of the United States, repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, 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 investment policy adopted by the City Council, in accordance with Public Act 196 of 1997, is in accordance with statutory authority. The City's investment policy authorizes the City and its component units to invest in obligations of the U.S. Treasury and obligation of U.S. agencies, where the principal and interest are fully guaranteed by the United States, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase agreements secured by obligations of the U.S. Government and U.S. Agencies, banker's acceptances of U.S. banks, and mutual funds comprised of the above authorized investments. The City's investment policy further requires that investments held in

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Notes to the Financial Statements
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the pooled investment fund be limited by the investment type and financial institution. The City's pooled cash investments are limited as follows:

- Negotiable certificates of deposit cannot exceed 25% of investment holdings
- Commercial paper cannot exceed 50% of investment holdings
- Bankers acceptances cannot exceed 10% of investment holdings
- Mutual funds cannot exceed 15% of the investment holdings
- Banker acceptances cannot exceed a maturity of 270 days
- Bankers acceptances in one financial institution cannot exceed 10% of investment holdings
- Commercial paper holdings of any one corporation cannot exceed 10% of investment holdings

The City was in compliance with all aspects of its investment policy at June 30, 2016.

Hurley Medical Center's Chief Financial Officer controls the Medical Center Enterprise Fund's investing. Hurley limits any single investment to 10% (except cash or US Treasuries), and combined mortgage-backed securities to less than 50% of holdings. Hurley also must adhere to donor restrictions on the investing of any restricted funds received.

The City deals only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. The City's cash and investments are subject to several types of risk, which are examined in more detail below. Amounts noted as the City's for each type of risk that follows also include Hurley Medical Center, unless otherwise noted.

No single investment of the City or Hurley exceeded 5% of the investment portfolio at June 30, 2016.

Custodial Credit Risk of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's bank deposits (certificates of deposit, checking, and savings) in the name of the City totaling \$139,465,415 were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits its funds, and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. Hurley does have a deposit policy for custodial credit risk that requires the investments be held by a nationally chartered custodian bank. The chief investment officer shall select the custodian bank based on various factors including bank stability.

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The balance of investment securities that were uninsured and unregistered held by the counterparty or by its trust department is as follows:

| Investment Type | Carrying Value | How Held |
|--|-----------------------|--------------------------|
| Primary government: | | |
| U.S government or agency bonds | \$ 14,285,868 | Counterparty trust dept. |
| Commercial paper | 20,728,928 | Counterparty trust dept. |
| Corporate bonds | 3,488,640 | Counterparty trust dept. |
| Total | <u>\$ 38,503,436</u> | |
| Fiduciary fund - corporate stocks | <u>\$ 439,613</u> | Counterparty trust dept. |
| Component unit: | | |
| U.S government or agency bonds | \$ 92,681,910 | Counterparty trust dept. |
| Corporate stocks | 18,522,478 | Counterparty trust dept. |
| Corporate bonds | 18,670,166 | Counterparty trust dept. |
| Repurchase agreements | 10,031 | Counterparty |
| Total | <u>\$ 129,884,585</u> | |

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy for investment of general City monies limits investments in securities with maturities greater than five years to 15% of the balance available to invest. Hurley Medical Center's investment policy indicates that each investment account should approximate the duration of its specific benchmark within a range of 80 to 120 percent.

As of June 30, 2016, the following securities were subject to interest rate risk:

| Investment | Fair Value | Weighted Average Maturity (Years) |
|--|-----------------------|-----------------------------------|
| Primary government: | | |
| U.S. government or agency bonds | \$ 14,285,868 | 6.26 |
| Money market funds | 26,514,476 | < 1 year |
| Certificates of deposit | 15,577,804 | 1.03 |
| Total | <u>\$ 56,378,148</u> | |
| Fiduciary fund: | | |
| Money market funds | <u>\$ 380</u> | < 1 year |
| Component unit: | | |
| U.S. government or agency bonds | \$ 92,681,910 | 3.70 |
| GNMA pool | 4,435,278 | 15.31 |
| U.S. government mortgage backed securities | 27,754,793 | 19.11 |
| Corporate bonds | 18,670,166 | 5.65 |
| Money market funds | 19,081,165 | < 1 year |
| Repurchase agreement | 10,031 | < 1 year |
| Total | <u>\$ 162,633,343</u> | |

Credit Risk

Credit risk is the risk that the government will not be able to recover the value of its securities. The City follows state law, which limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices for general City funds.

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Notes to the Financial Statements
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As of June 30, 2016, the following are credit quality ratings of the City's debt securities subject to credit risk:

| Investment | Fair Value | Rating | Rating Organization |
|--|----------------------|-----------|---------------------|
| Primary government: | | | |
| U.S. government bonds | \$ 13,416,588 | AA+ | S&P |
| U.S. government bonds | 869,280 | AAA | S&P |
| Money market funds | 383,026 | A1/A2 | S&P |
| Money market funds | 24,016,816 | AAA | S&P |
| Money market funds | 614,634 | AAA/AA | S&P |
| Commercial paper | 2,988,871 | A3 | S&P |
| Commercial paper | 995,528 | A2 | S&P |
| Commercial paper | 20,233,170 | A1 | S&P |
| Total | <u>\$ 63,517,913</u> | | |
| Fiduciary fund: | | | |
| Money market funds | \$ 380 | AAA/AA | S&P |
| Component unit: | | | |
| U.S. agency bonds | \$ 8,122,841 | AA+ | S&P |
| U.S. government mortgage backed securities | 27,754,793 | Not rated | Not rated |
| Corporate bonds | 8,451,092 | AA+/A- | S&P |
| Corporate bonds | 2,366,308 | AAA | S&P |
| Corporate bonds | 4,624,756 | BBB+/B- | S&P |
| Corporate bonds | 99,151 | CCC+ | S&P |
| Corporate bonds | 3,128,859 | Not rated | Not rated |
| Money market funds | 19,081,165 | Not rated | Not rated |
| Repurchase agreements | 10,031 | Not rated | Not rated |
| Total | <u>\$ 73,638,996</u> | | |

The City of Flint Economic Development Corporation's (EDC) cash is subject to one type of risk, which is examined in more detail below.

Custodial credit risk is the risk that in the event of a bank failure, EDC's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, EDC had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Flint Area Enterprise Community's (FAEC) cash is subject to one type of risk, which is examined in more detail below:

Custodial credit risk is the risk that in the event of a bank failure, FAEC's deposits may not be returned to it. FAEC has a deposit policy for custodial credit risk. At year end, FAEC had \$547,868 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. FAEC believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, FAEC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Flint Downtown Development Authority's (DDA) cash and investments are subject to various types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, DDA's deposits may not be returned to it. DDA does not have a deposit policy for custodial credit risk. At year end, DDA had \$212,344 that was uninsured and uncollateralized.

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Credit Risk

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

| Investment | Fair Value | Rating |
|--------------|------------|---------------|
| Money market | \$ 105,033 | Not Available |

Note 5 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- U.S. governmental and agency securities of \$14,285,868 and money markets of \$997,660 are valued using quoted market prices (Level 1 inputs).
- The local government investment pool (Michigan CLASS) of \$24,016,816 are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The Downtown Development Authority has the following recurring fair value measurements as of June 30, 2016:

- Money market mutual funds of \$105,033 are valued using quoted market prices (Level 1 inputs).

Hurley Medical Center has the following recurring fair value measurements as of June 30, 2016:

- Domestic equity securities of \$14,406,438 and money market mutual funds of \$19,081,165 are valued using quoted market prices (Level 1 inputs).
- The U.S. treasury securities of \$92,681,910, government mortgage-backed securities of \$32,190,071, corporate bonds or \$18,670,166, and international private equity funds of \$4,116,040 were determined based on other observable inputs. The Medical Center estimates the fair value of these estimates by automatic methods using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. (Level 2 inputs).

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Note 6 - Receivables

Receivables as of year-end for the City's governmental and business-type activities in the aggregate, are as follows:

| | Governmental Activities | Business Type Activities | Component Units |
|--|----------------------------|-----------------------------|----------------------|
| Primary government | | | |
| Income taxes, net of allowance of \$3,801,580 | \$ 2,528 | \$ - | \$ - |
| Accounts receivable, net of allowance of \$94,272 | - | 14,711,575 | 61,942,705 |
| Property taxes | 2,318,225 | - | - |
| Other receivables, net of allowance of \$555,075 | 2,546,028 | 387 | 78,238 |
| Accrued interest and other | 238,163 | 63,817 | 366,527 |
| Due from other units of governments, net of allowance of \$1,755,000 | 14,449,991 | 4,332,407 | - |
| Notes | | | |
| Due within one year | 674,200 | - | - |
| Due after one year | 8,552,764 | - | 427,560 |
| Total receivables, net | \$ 28,781,899 | \$ 19,108,186 | \$ 62,815,030 |

Note 7 - 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, the components of unearned revenue are as follows:

| | |
|---|---------------------|
| Primary government | |
| Grants received prior to meeting eligibility requirements | <u>\$ 2,512,439</u> |
| Component Units | |
| Other revenue | <u>\$ 9,798</u> |

Note 8 - Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|-----------------------|-------------------|-----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 14,409,836 | \$ - | \$ - | \$ 14,409,836 |
| Construction in progress | - | 436,576 | - | 436,576 |
| Total capital assets not being depreciated | 14,409,836 | 436,576 | - | 14,846,412 |
| Capital assets being depreciated | | | | |
| Land improvements | 14,605,010 | 114,436 | - | 14,719,446 |
| Infrastructure | 376,577,749 | 2,785,406 | 129,871 | 379,233,284 |
| Buildings, additions and improvements | 21,074,460 | 612,378 | - | 21,686,838 |
| Machinery and equipment | 23,495,290 | 701,283 | 1,059,743 | 23,136,830 |
| Total capital assets being depreciated | 435,752,509 | 4,213,503 | 1,189,614 | 438,776,398 |
| Less accumulated depreciation for | | | | |
| Land improvements | 11,649,405 | 367,870 | - | 12,017,275 |
| Infrastructure | 272,016,874 | 10,205,717 | - | 282,222,591 |
| Buildings, additions and improvements | 16,573,849 | 341,313 | - | 16,915,162 |
| Machinery and equipment | 19,902,021 | 1,212,898 | 927,667 | 20,187,252 |
| Total accumulated depreciation | 320,142,149 | 12,127,798 | 927,667 | 331,342,280 |
| Net capital assets being depreciated | 115,610,360 | (7,914,295) | 261,947 | 107,434,118 |
| Governmental activities capital assets, net | \$ 130,020,196 | \$ (7,477,719) | \$ 261,947 | \$ 122,280,530 |

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| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------------|----------------------|----------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 762,394 | \$ - | \$ - | \$ 762,394 |
| Construction in progress | 4,661,681 | - | 4,661,681 | - |
| Total capital assets not being depreciated | 5,424,075 | - | 4,661,681 | 762,394 |
| Capital assets being depreciated | | | | |
| Land improvements | 5,406,197 | 26,400 | - | 5,432,597 |
| Buildings, additions and improvements | 63,084,883 | 5,176,775 | 8,795,518 | 59,466,140 |
| Machinery and equipment | 220,398,576 | 14,900,997 | 2,118,496 | 233,181,077 |
| Total capital assets being depreciated | 288,889,656 | 20,104,172 | 10,914,014 | 298,079,814 |
| Less accumulated depreciation for | | | | |
| Land improvements | 2,124,389 | 190,453 | - | 2,314,842 |
| Buildings, additions and improvements | 47,975,183 | 1,338,183 | 190,540 | 49,122,826 |
| Machinery and equipment | 144,637,671 | 5,511,355 | 509,230 | 149,639,796 |
| Total accumulated depreciation | 194,737,243 | 7,039,991 | 699,770 | 201,077,464 |
| Net capital assets being depreciated | 94,152,413 | 13,064,181 | 10,214,244 | 97,002,350 |
| Business-type capital assets, net | <u>\$ 99,576,488</u> | <u>\$ 13,064,181</u> | <u>\$ 14,875,925</u> | <u>\$ 97,764,744</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Component Units | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 9,357,770 | \$ 15,985 | \$ 26,344 | \$ 9,347,411 |
| Construction in progress | 8,172,485 | 16,826,552 | 16,719,649 | 8,279,388 |
| Total capital assets not being depreciated | 17,530,255 | 16,842,537 | 16,745,993 | 17,626,799 |
| Capital assets being depreciated | | | | |
| Land improvements | 13,417,161 | 448,221 | - | 13,865,382 |
| Office furnishings | 1,187,428 | 481,455 | 22,797 | 1,646,086 |
| Buildings, additions and improvements | 168,322,140 | 5,973,692 | 2,920,352 | 171,375,480 |
| Machinery and equipment | 111,259,699 | 10,921,792 | 7,213,261 | 114,968,230 |
| Leasehold improvements | 6,852,037 | 94,111 | 17,478 | 6,928,670 |
| Vehicles | 355,105 | 50,656 | 91,552 | 314,209 |
| Total capital assets being depreciated | 301,393,570 | 17,969,927 | 10,265,440 | 309,098,057 |
| Less accumulated depreciation for | | | | |
| Land improvements | 3,852,783 | 490,300 | - | 4,343,083 |
| Office furnishings | 554,146 | 79,022 | 22,796 | 610,372 |
| Buildings, additions and improvements | 114,346,298 | 4,374,290 | 2,688,001 | 116,032,587 |
| Machinery and equipment | 74,035,784 | 13,616,596 | 6,955,129 | 80,697,251 |
| Leasehold improvements | 6,314,204 | 24,426 | 13,523 | 6,325,107 |
| Vehicles | 284,393 | 19,073 | 91,553 | 211,913 |
| Total accumulated depreciation | 199,387,608 | 18,603,707 | 9,771,002 | 208,220,313 |
| Net capital assets being depreciated | 102,005,962 | (633,780) | 494,438 | 100,877,744 |
| Component unit capital assets, net | <u>\$ 119,536,217</u> | <u>\$ 16,208,757</u> | <u>\$ 17,240,431</u> | <u>\$ 118,504,543</u> |

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

Governmental activities

| | |
|--|----------------|
| General government | \$ 109,567 |
| Police | 35,438 |
| Judicial | 2,536 |
| Fire | 18,857 |
| Transportation | 12,393 |
| Emergency dispatch | 718 |
| Parks and recreation | 461,785 |
| Public works | 10,837,423 |
| Community enrichment and development | 66,646 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>582,435</u> |

Total governmental activities

12,127,798

Business-type activities

| | |
|-------|------------------|
| Sewer | 4,060,966 |
| Water | <u>2,979,025</u> |

Total business-type activities

7,039,991

Total primary government

\$ 19,167,789

Component unit activities

| | |
|----------------------------------|---------------|
| Downtown Development Authority | \$ 364,253 |
| Hurley Medical Center | 18,203,199 |
| Economic Development Corporation | <u>36,255</u> |

\$ 18,603,707

City of Flint
Notes to the Financial Statements
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Note 9 - Construction Commitments

The city had active construction projects as of June 30, 2016. The projects and City commitments with contractors were as follows:

| | Spent to Date | Remaining Commitment |
|--------------------------------|-------------------|-------------------------|
| Bridge Work | \$ 75,312 | \$ 29,289 |
| Road Rehabilitation | 361,264 | 2,395,932 |
| Traffic Signal Adaptive System | - | 10,000 |
| Intersection Improvements | - | 6,026 |
| | <u>\$ 436,576</u> | <u>\$ 2,441,247</u> |

Note 10 - Interfund Receivables, Payable, and Transfers

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|----------------------|---------------------|
| Due to/from other funds | | |
| Internal service funds | General Fund | <u>\$ 4,216,455</u> |
| Receivable Fund | Payable Entity | Amount |
| Due to/from primary government and component units | | |
| Nonmajor governmental funds | Component unit - DDA | \$ 8,355,000 |
| General fund | Component unit - EDC | <u>95,686</u> |
| Total | | <u>\$ 8,450,686</u> |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. At June 30, 2016, there was an allowance related to the due from DDA of \$1,755,000, which reduces the total due from DDA to \$6,600,000.

The above contractual obligations to the City of Flint (the "City") for the James Rutherford Parking Deck are the result of the City's issuance of bonds on the Authority's behalf. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2016, principal and interest to be paid on the bonds is a total of \$12,408,972.

The details for interfund transfers are as follows:

| Funds Transferred From | Funds Transferred To | Amount |
|-----------------------------|-----------------------------|---------------------|
| General fund | Federal grants fund | \$ 13,078 |
| Sewer fund | General fund | 1,860,000 |
| Water fund | General fund | 1,130,000 |
| Nonmajor governmental funds | Nonmajor governmental funds | 1,294,916 |
| Internal service funds | General fund | <u>787,998</u> |
| Total | | <u>\$ 5,085,992</u> |

Transfers between funds were primarily for operating purposes or to cover operating deficits. The transfer from General Fund to the Federal Grants fund was to cover the interest on debt reported under the Federal grants fund. The transfers from the Public Improvement Fund to the Debt Service Fund was for the payment of principal and interest on the parking deck debt, the Fiscal Stabilization Loan and the emergency loan note. The transfers from the Water & Sewer Funds to the general fund represent a return on equity.

City of Flint
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Note 11 - Leases

Capital Leases

The City has a capital lease for computer equipment, Vector trucks, street sweepers, and vehicles. The interest rates range from 2.665% and 3.333%. The computer equipment leases mature in 2016, all other leases mature in 2020. The future minimum lease payments are as follows:

| <u>Year ending June 30,</u> | |
|---|---------------------|
| 2017 | \$ 502,644 |
| 2018 | 502,644 |
| 2019 | 519,093 |
| 2020 | <u>389,554</u> |
| Total minimum lease payments | 1,913,935 |
| Less amount representing interest | <u>(127,814)</u> |
| Present value of minimum lease payments | <u>\$ 1,786,121</u> |
| Assets | |
| Machinery and equipment | \$ 3,331,329 |
| Less accumulated depreciation | <u>(1,628,827)</u> |
| Total | <u>\$ 1,702,502</u> |

The leases are recorded in both governmental and business-type funds.

Operating Leases

Hurley Medical Center and Hurley Health Services lease office space under various operating leases. Certain operating leases contain rental escalation clauses that are based on prime rate at a future date and purchase options at fair market value. The future minimum rental payments are as follows:

| <u>Year ending June 30,</u> | |
|-----------------------------|----------------------|
| 2017 | \$ 1,938,252 |
| 2018 | 1,866,643 |
| 2019 | 1,800,670 |
| 2020 | 1,521,629 |
| 2021 | 1,099,642 |
| Thereafter | <u>2,239,309</u> |
| Total | <u>\$ 10,466,145</u> |

Total rent expense under these leases was \$1,970,218 for the year ended June 30, 2016.

City of Flint
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Note 12 - Long-Term Debt

The City 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 City. City contractual agreements, capital leases, and installment purchase agreements are also general obligations of the City. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity is summarized as follows:

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------------|---------------------------------|----------------------|------------------|---------------------|----------------------|------------------------|
| Governmental activities | | | | | | | |
| Section 108 loan | 0.56 – 2.66% | \$150,000 – 154,000 | \$ 304,000 | \$ - | \$ 150,000 | \$ 154,000 | \$ 154,000 |
| Section 108 loan – 500 Block | 1.34 – 4.13% | 295,000 – 296,000 | 3,250,000 | - | 295,000 | 2,955,000 | 295,000 |
| Section 108 loan – Ok Industries | 2.38 – 5.67% | 21,000 – 22,000 | 43,000 | - | 21,000 | 22,000 | 22,000 |
| Section 108 loan – Guaranteed Funds | 0.56 – 4.28% | 75,000 – 2,416,000 | 4,880,000 | - | 75,000 | 4,805,000 | 115,000 |
| Section 108 loan – W. Carpenter Rd | LIBOR + 1.5% | 54,745 – 100,000 | 1,388,000 | - | 98,000 | 1,290,000 | 98,000 |
| General obligation Capital Improvements | | | | | | | |
| Capital Improvements Bonds | 4.00 – 6.00% | 310,000 – 710,000 | 8,665,000 | - | 310,000 | 8,355,000 | 330,000 |
| Local government loan program | 3.50 – 6.00% | 200,000 – 585,000 | 7,420,000 | - | 210,000 | 7,210,000 | 220,000 |
| SIB 3rd avenue reconstruction loan | 0.50% | 110,072 – 118,032 | 1,600,073 | - | 110,622 | 1,489,451 | 111,175 |
| Emergency Loan – General Obligation | | | | | | | |
| Limited Tax 2014-15 Series I | 2.09% | 390,000 – 540,000 | 7,000,000 | - | 390,000 | 6,610,000 | 410,000 |
| Total bond payable | | | 34,550,073 | - | 1,659,622 | 32,890,451 | 1,755,175 |
| Accrued sick and vacation payable | | | 3,923,155 | 43,770 | 798,138 | 3,168,787 | 870,000 |
| Capital leases | | | | | | | |
| Enterprise vehicles | | | 424,661 | - | 100,543 | 324,118 | 102,281 |
| Street sweepers | | | 331,799 | - | 58,269 | 273,530 | 60,603 |
| Dell equipment | | | 62,475 | - | 62,475 | - | - |
| Total governmental activities | | | <u>\$ 39,292,163</u> | <u>\$ 43,770</u> | <u>\$ 2,679,047</u> | <u>\$ 36,656,886</u> | <u>\$ 2,788,059</u> |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities.

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| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------------|---------------------------------|----------------------|-----------|------------|-------------------|------------------------|
| Business-type activities | | | | | | | |
| General obligation bonds | | | | | | | |
| 2001 MMBA Drinking Water Revolving Fund Revenue Bonds | 0.00% | \$395,000 – 448,994 | \$ 2,543,994 | \$ - | \$ - | \$ 2,543,994 | \$ - |
| 2002 MMBA Drinking Water Revolving Fund Revenue Bonds | 0.00% | 435,000 – 505,000 | 3,275,000 | - | - | 3,275,000 | - |
| 2003 MMBA Drinking Water Revolving Fund Revenue Bonds | 0.00% | 485,000 – 581,408 | 4,256,408 | - | - | 4,256,408 | - |
| 2004 MMBA Drinking Water Revolving Fund Revenue Bonds | 0.00% | 905,000 – 1,504,934 | 10,694,934 | - | - | 10,694,934 | - |
| Total bonds payable | | | 20,770,336 | - | - | 20,770,336 | - |
| Capital leases | | | | | | | |
| Vector trucks | | | 643,187 | - | 83,884 | 559,303 | 86,119 |
| Enterprise vehicles | | | 824,344 | - | 195,174 | 629,170 | 201,566 |
| John Deere equipment | | | 296,157 | - | 296,157 | - | - |
| Accrued sick and vacation payable | | | 579,744 | - | 54,834 | 524,910 | 130,000 |
| Total business-type activities | | | \$ 23,113,768 | \$ - | \$ 630,049 | \$ 22,483,719 | \$ 417,685 |

City of Flint
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For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------------|---------------------------------|----------------------|------------|--------------|-------------------|------------------------|
| Component unit activities | | | | | | | |
| Bonds payable | | | | | | | |
| Series 1998B | 5.38% | 635,000 – 670,000 | \$ 670,000 | \$ - | \$ 670,000 | \$ - | \$ - |
| Series 2003 | 6.00% | 2,500,000 – 2,650,000 | 2,650,000 | - | 2,650,000 | - | - |
| Series 2010 | 5.84 – 7.50% | 500,000 – 3,555,000 | 33,215,000 | - | 500,000 | 32,715,000 | 500,000 |
| Series 2011 | 4.19% | 707,513 – 802,103 | 2,722,892 | - | 737,734 | 1,985,158 | 769,245 |
| Series 2013A | 5.00 – 5.25% | 15,000 – 930,000 | 21,940,000 | - | - | 21,940,000 | - |
| Series 2013B | 3.50 – 5.00% | 1,235,000 – 1,305,000 | 36,035,000 | - | 1,235,000 | 34,800,000 | 4,810,000 |
| Total bonds payable | | | 97,232,892 | - | 5,792,734 | 91,440,158 | 6,079,245 |
| Mortgage payable | | | 625,587 | 540,000 | 86,414 | 1,079,173 | 98,501 |
| Key State Bank loan - Kearsly Street Lights | | | - | 75,000 | 12,500 | 62,500 | 25,000 |
| Special assessment obligations | | | - | 9,301 | - | 9,301 | 9,301 |
| Unamortized bond premium | | | 733,632 | - | 115,237 | 618,395 | - |
| Unamortized bond discount | | | (946,359) | 53,243 | - | (893,116) | - |
| Total component unit activities | | | \$ 97,645,752 | \$ 677,544 | \$ 6,006,885 | \$ 92,316,411 | \$ 6,212,047 |

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

| Year Ending June 30, | Governmental Activities | | Business-type Activities | | Component Unit | |
|-------------------------|-------------------------|---------------|--------------------------|----------|----------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 1,755,175 | \$ 1,226,727 | \$ - | \$ - | \$ 6,079,245 | \$ 4,846,492 |
| 2018 | 1,654,731 | 1,178,004 | - | - | 6,282,103 | 4,610,134 |
| 2019 | 1,695,290 | 1,131,169 | - | - | 6,078,810 | 4,356,472 |
| 2020 | 1,735,851 | 1,081,023 | - | - | 6,380,000 | 4,051,700 |
| 2021 | 1,770,416 | 1,027,069 | 254,399 | - | 7,025,000 | 3,710,225 |
| 2022 – 2026 | 9,929,642 | 4,189,160 | 5,681,554 | - | 13,585,000 | 16,537,225 |
| 2027 – 2031 | 10,359,342 | 2,125,820 | 10,130,769 | - | 14,730,000 | 12,527,975 |
| 2032 – 2036 | 3,990,004 | 478,900 | 4,703,614 | - | 15,035,000 | 7,916,901 |
| 2037 – 2041 | - | - | - | - | 16,245,000 | 1,809,975 |
| | \$ 32,890,451 | \$ 12,437,872 | \$ 20,770,336 | \$ - | \$ 91,440,158 | \$ 60,367,099 |

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The City has an agreement with Karegnondi Water Authority (KWA) to purchase water. As a part of this agreement, KWA issued bonds for which the City will be paying a portion. Payments begin in 2017. The debt is recorded on the books of the Genesee County Drain Commission.

Future Revenues Pledged for Debt Payments:

Revenue Bond – In February 2016, the MDEQ restructured the City’s outstanding DWRLF as follows: The loan terms would be extended to 30 years from the original issue date for each of the loans; the interest rate would be 0 percent retroactive to October 1, 2015; and the loan repayments would cease until April 1, 2021. The remaining principal to be paid on the bonds is \$20,770,336.

Revenues Pledged in Connection with Component Unit Debt – The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City’s state-shared revenues. The bonds issued during 2008 in the amount of \$10,000,000 were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2016, principal and interest to be paid on the bonds total \$12,408,972. During the current year, the net loss from the parking operations was \$326,644. Cash flow projections indicate that the DDA’s annual debt service to the City for repayment of the bonds will not coincide with the City’s annual debt service obligation. During the current year, the City has forgiven a portion of the debt payment made by the City on behalf of the DDA.

Section 108 Loans – The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The

proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the programs are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Programs were \$3,904,140 as compared to the annual debt requirements of \$639,000.

Hurley Medical Center Revenue Refunding Bonds – The net revenues of the Medical Center are pledged for payment of principal and interest on the variable rate demand revenue rental and revenue refunding bonds. Accordingly, the financial statements of the Medical Center include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center. Section 7-302 of the City Charter, adopted November 4, 1975, limits “net” debt to 7 percent of the assessed value of all real and personal property in the City, but does not define “net” debt. The following computation is based on previous practice and is consistent with the requirements of the State of Michigan Public Act 279 of 1909.

| | | |
|---|----------------|----------------|
| Assessed valuation at May 27, 2014 | | \$ 749,945,990 |
| Legal debt limit (7 percent of assessed valuation) | | 52,496,219 |
| Total bonded debt at June 30, 2016 | \$ 127,175,494 | |
| Less debt not subject to limitation under City charter and State statute: | | |
| Revenue bonds and notes | 112,210,494 | |
| Debt subject to limitation | | 14,965,000 |
| Unused debt limitation | | \$ 37,531,219 |

Hurley Medical Center Mortgage Payable – During 2015, Hurley Medical Center entered into a mortgage note payable to acquire real property and a building in Lapeer, Michigan. The mortgage payable is due in monthly installments of \$7,135, including interest of 5.75 percent. The mortgage note payable is collateralized by the building and real property and is due on December 1, 2024.

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During 2016, Hurley entered into a mortgage note payable to acquire real property and a building in Lapeer, Michigan. The mortgage note payable is due in monthly installment of \$5,728, including interest of 5 percent. The mortgage note payable is collateralized by the building and real property and is due on August 3, 2025.

The following is a schedule of the future principal and interest payments to the recorded liability:

| Year Ending June 30, | Component Units | |
|-------------------------|---------------------|-------------------|
| | Principal | Interest |
| 2017 | \$ 98,501 | \$ 55,849 |
| 2018 | 103,967 | 50,384 |
| 2019 | 109,735 | 44,615 |
| 2020 | 115,827 | 38,524 |
| 2021 | 122,258 | 32,093 |
| 2022 - 2026 | 528,885 | 57,161 |
| | <u>\$ 1,079,173</u> | <u>\$ 278,626</u> |

During 2016, the Flint Downtown Development Authority entered into a bank loan to fund street lights. The loan is due in monthly installments of \$2,083. The loan was issued with a 0% interest rate and is due on October 25, 2018. The following is a schedule of the future principal payments to the recorded liability:

| Year Ending June 30, | Component Units |
|-------------------------|------------------|
| | Principal |
| 2017 | \$ 25,000 |
| 2018 | 25,000 |
| 2019 | <u>12,500</u> |
| | <u>\$ 62,500</u> |

Note 13 - Restricted Assets

The balances of the restricted assets accounts in the governmental, business-type activities, and component units are as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|--|----------------------------|-----------------------------|----------------------|
| Section 108 business loan proceeds | \$ 383,026 | \$ - | \$ - |
| Equipment replacement and improvement | - | - | 640,629 |
| Self-insurance | - | - | 18,536,885 |
| Revenue bond indenture held by trustee | - | - | 16,883,319 |
| Unspent bond proceeds | - | - | 585,746 |
| Revenue bond equipment replacement account – pooled cash | - | 3,771,082 | - |
| Debt service reserve – pooled cash | - | 2,077,034 | - |
| | <u>\$ 383,026</u> | <u>\$ 5,848,116</u> | <u>\$ 36,646,579</u> |

Note 14 - Risk Management

The City is a defendant in various civil and administrative legal actions arising during the normal course of its activities. In accordance with FASB Statement 5, *Accounting for Contingencies*, the City accrues for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The city is exposed to various risks of loss related to property loss torts, errors and omissions, employee injuries, unemployment benefits, as well as medical and worker's compensation benefits provided to employees. The City has purchased commercial insurance for fleet equipment and tort claims, boiler and machinery, certain property and equipment damage and theft, employee theft, and limited tort claims

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for specific City facilities or events. See separate disclosures below for Hurley Medical Center.

The City Attorney protects the legal interests of the City by vigorously defending these actions. The City has estimated the claims that have been incurred through the end of the year, including both those claims that have been reported as well as those that have not yet been reported to the City. The estimate is based on legal counsel's recommendation and past settlement history. Often, the City Attorney negotiates expedient settlements on behalf of the City in amounts substantially less than the amount sought by the claimants. The City does not admit liability, however, in any of the cases settled.

The City has a commercial insurance policy that covers certain general tort liability. The per claim limit is \$10,000,000 with a \$3,000,000 deductible per occurrence and a \$10,000,000 aggregate claim annually. The commercial policy covers public officials, employment practices, employee benefits, law enforcement, and commercial auto.

Risk Management of Component Units

The Flint Economic Development Corporation 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 government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Flint Downtown Development Authority 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 government has purchased commercial insurance for all claims.

The Flint Area Enterprise Community is exposed to various risks of loss related to property loss and torts. The FAEC has purchased commercial insurance for tort claims and certain property damage and theft. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There was no reduction in coverage obtained through commercial insurance during the year.

The Medical Center is exposed to various risks of loss, including hospital professional and patient general liability claims. The Medical Center has established an irrevocable trust to assist in accumulating resources to fund excess insurance premiums and to pay claims.

Conditional Asset Retirement Obligation

The Medical Center has an obligation related to the removal of asbestos within various buildings on campus upon reconstruction, demolition, or abandonment of the buildings. The Medical Center has not recorded a liability related to the potential costs associated with the asbestos abatement, as the amount of the liability cannot currently be reasonably estimated. In addition, the range of time over which the Medical Center may settle the obligation is unknown and cannot be estimated. The Medical Center currently has no plans or expectation of plans to undertake a major renovation that would require significant removal of asbestos or demolition of the buildings. The Medical Center will recognize a liability in the period sufficient information is available to reasonably estimate the amount of liability.

Note 15 - Self-Insurance

General Liability

The self-insurance program for general liability is accounted for in the self-insurance internal service fund for claims not covered by the commercial insurance policy. The revenues for this fund's operation are reimbursements from various funds and a transfer from the general fund. Funds are charged for general liability insurance based on total budget. Losses, deductibles, legal and administrative fees are

City of Flint
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paid from this fund. The liability for known claims is estimated by the City as determined by the City Attorney.

The changes in the claims liability for the fiscal years ended June 30, 2016 and 2015 are as follows:

| June 30, | Beginning Claims Liability | Current Year Claims and Changes in Reserves | Claims Paid | Ending Claims Liability |
|----------|----------------------------------|--|----------------|-------------------------------|
| 2015 | \$ 1,020,004 | \$ 561,177 | \$ (456,829) | \$ 1,124,352 |
| 2016 | 1,124,352 | 274,785 | (218,794) | 1,180,343 |

As of June 30, 2016, general liability insurance has \$393,055 of current claims payable, and the remaining \$787,288 is classified as long-term. Other types of risk are covered by commercial insurance. There were no insurance settlements that exceeded coverage in the last three years.

Health, Dental and Eye Insurance

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay-as-you-go basis. Claims are being paid out of the fringe benefits internal service fund for active employee claims and out of the retiree health care trust fund for retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and HealthPlus of Michigan. Once the individual contract or aggregate stop-loss amount is reached. Reinsurance provides the remaining benefits. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$175,000 self-insured retention (SIR). The City did not have any claims in excess of the stop-loss deductible during the year. The self-insured coverages provided through BCBSM were protected by specific stop-loss coverage, which provided an unlimited excess with a \$175,000

deductible. No City also provides fully insured HMO health insurance coverage to a limited number of employees.

The changes in the claims liability for the fiscal years ended June 30, 2016 and 2015 are as follows:

| June 30, | Beginning Claims Liability | Current Year Claims and Changes in Reserves | Claims Paid | Ending Claims Liability |
|----------|----------------------------------|--|----------------|-------------------------------|
| 2015 | \$ 1,302,285 | \$ 18,368,219 | \$(18,157,388) | \$ 1,513,116 |
| 2016 | 1,513,116 | 10,633,731 | (10,797,197) | 1,349,650 |

The claims payable as of June 30, 2016 are included in accounts payable on the financial statements.

The City is self-insured for active employee dental and eye care benefits on a pay-as-you-go basis. The self-insurance program is administered by a third-party administrator. All claims and benefits are paid out of the fringe benefits internal service fund. The amount of estimated claims payable at June 30, 2016 was not material.

Workers' Compensation

The City is self-insured for worker's compensation on a pay-as-you-go basis for claims up to \$1,000,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self-insurance program is administered by a third-party administrator. All workers' compensation benefits are paid out of the fringe benefits internal service fund. The claims liability for fiscal year ended June 30, 2016 was not material.

City of Flint
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The changes in the claims liability for the fiscal years ended June 30, 2016 are as follows:

| June 30, | Beginning Claims Liability | Current Year Claims and Changes in Reserves | Claims Paid | Ending Claims Liability |
|----------|----------------------------------|--|----------------|-------------------------------|
| 2015 | \$ 847,994 | \$ 649,209 | \$ (323,534) | \$ 1,173,669 |
| 2016 | 1,173,669 | 242,014 | (284,386) | 1,131,297 |

The claims payable as of June 30, 2016 are included in accounts payable on the financial statements.

Hurley Medical Center

The Medical Center's self-insurance retention is \$6 million per occurrence annually with excess claims-made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

Changes in the aggregate liabilities for claims and defense costs payable for the fiscal years ended June 30, 2016 and 2015 are as follows:

| | 2016 | 2015 |
|---|----------------------|----------------------|
| Estimated liability – beginning of year | \$ 29,833,112 | \$ 33,339,343 |
| (Decrease) increase in claims liability | (1,350,545) | (180,910) |
| Defense costs and other fund expenses | (284,852) | (1,456,321) |
| Excess insurance premium payments | (1,053,166) | (1,066,000) |
| Claims paid | (1,119,150) | (803,000) |
| Estimated liability – end of year | <u>\$ 26,025,399</u> | <u>\$ 29,833,112</u> |

Professional liability for claims is reported in accrued expenses, both current and long term, on the statement of net position. The long-term portion of the accrual on June 30, 2016 and 2015 is \$26,025,399 and \$26,507,791, respectively. The carrying amount of the insurance trust assets (at market) amounted to \$15,18,924,344 and \$15,490,656 at June 30, 2016 and 2015, respectively.

The Medical Center is self-insured for workers' compensation claims. As of June 30, 2016 and 2015, the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,175,972 and \$1,093,257, respectively.

Note 16 - Employee Retirement And Benefit Systems

Michigan Municipal Employees' Retirement System

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 1.50% to 2.60%. Vesting periods range from 10 to 15 years. Normal retirement age ranging from 55 to 60 years with early retirement ranging from 50 to 60 with 10 to 30 years of service, including some plans that have 23 to 25 years and out options. Final average compensation is calculated based on 3 years. Member contributions range from 0% to 12%.

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Employees covered by benefit terms – At the December 31, 2015 valuation date, the following employees were covered by benefit terms:

| | |
|--|-------|
| Inactive employees or beneficiaries currently receiving benefits | 1,800 |
| Inactive employees entitled to but not yet receiving benefits | 95 |
| Active employees | 347 |

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. The City is required to contribute an amount equal to a percentage of covered payroll, which is based on a flat rate as determined by the actuary. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2015, 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, 2015 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 2014 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.

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| 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% |

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

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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.

| Schedule of changes in net pension liability and related ratios | 2016 |
|--|----------------|
| Total Pension Liability | |
| Service cost | \$ 2,240,734 |
| Interest on the total pension liability | 41,160,626 |
| Experience differences | (3,016,376) |
| Change in actuarial assumptions | 24,031,996 |
| Other changes | 1,705,992 |
| Benefit payments and refunds | (50,963,762) |
| Net change in total pension liability | 15,159,210 |
| Total pension liability – beginning | 538,869,339 |
| Total pension liability – ending (a) | \$ 554,028,549 |
| Plan Fiduciary Net Position | |
| Employer contributions | \$ 8,119,213 |
| Employee contributions | 2,128,481 |
| Pension plan net investment income | (3,316,770) |
| Benefit payments and refunds | (50,963,762) |
| Pension plan administrative expense | (512,817) |
| Net change in plan fiduciary net position | (44,545,655) |
| Plan fiduciary net position – beginning | 253,510,974 |
| Plan fiduciary net position – ending (b) | \$ 208,965,319 |
| Net pension liability (a-b) | \$ 345,063,230 |
| Plan fiduciary net position as a percentage of total pension liability | 37.72% |
| Covered employee payroll | \$ 18,783,674 |
| Net pension liability as a percentage of covered employee payroll | 1,837% |

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------|----------------|--------------------------|----------------|
| Total pension liability | \$ 604,661,080 | \$ 554,028,549 | \$ 510,609,921 |
| Fiduciary net position | 208,965,319 | 208,965,319 | 208,965,319 |
| Net pension liability | \$ 395,695,761 | \$ 345,063,230 | \$ 301,644,602 |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2016, the employer recognized pension expense of \$16,598,425. 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 | \$ - | \$ 1,508,188 |
| Differences in assumptions | 12,015,998 | - |
| Excess investment returns | 20,315,270 | - |
| Contributions subsequent to the measurement date* | 8,714,080 | - |
| Total | \$ 41,045,348 | \$ 1,508,188 |

*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 2017.

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

| Year Ended, | |
|-------------|---------------|
| 2017 | \$ 15,816,335 |
| 2018 | 5,308,525 |
| 2019 | 5,308,523 |
| 2020 | 4,389,697 |
| | \$ 30,823,080 |

Hurley Medical Center Municipal Employees' Retirement System

In an effort to control future costs, effective January 1, 2014, the Medical Center amended the existing defined benefit plans. The significant plan provisions prior to January 1, 2014 were as follows:

Plan Description – The Medical Center participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS of Michigan) that covers all employees of the Medical Center. MERS of Michigan was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine member retirement board. MERS of Michigan issues a publicly available financial report which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS of Michigan at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided – The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS of Michigan. The MERS of Michigan plan covers all bargaining and non-bargaining unit employees.

The Medical Center offers a defined benefit plan (the "Plan") that was established by City of Flint ordinances, which includes three benefit options. The basic plan option, the Old Contributory Pension Plan (OCP), provides for employer contributions and requires employee contributions. Under OCP, employees may retire with 25 years of credited service or at age 55 with 10 years of credited service. The monthly retirement benefit is 2.2 percent of final average compensation (FAC) for the first 25 years of credited service and 1 percent for every year thereafter.

The second plan option, the Modified Contributory Pension Plan (MCP), provides for employer contributions and requires a higher rate of employee contributions. Benefits fully vest after 15 years of service or at age 55 with 10 years of service. Employees may retire any time after completion of 25 years of credited service or at age 55 with 10 years of credited service. The monthly retirement benefit is 2.2 percent of the FAC for the first 15 years of credited service, plus 2.4 percent of the next 10 years, and 1 percent of every year beyond year 25.

The third plan option, the Hurley Alternative Pension Plan (HAPP), provides for employer contributions. Benefits fully vest after 10 years of credited service and a normal retirement age of 60. There are provisions for early retirement at age 55 with a reduced benefit. The monthly retirement benefit is 1.7 percent of FAC for the first 25 years of credited service and 1.7 percent for every year thereafter.

Bargaining unit employees may participate in either the MCP or HAPP option. Employees may participate in any of the three plan options (MCP, HAPP, or OCP).

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Employees Covered by Benefit Terms – At the June 30, 2016 measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 1,863 |
| Inactive employees entitled to but not yet receiving benefits | 296 |
| Active employees | <u>1,920</u> |
| | <u><u>4,079</u></u> |

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employee contributions are as follows:

| | First \$4,200 of Wages | Over \$4,200 |
|--------|---------------------------|--------------|
| OCP | 3.75% | 5.75% |
| MCP: | | |
| Exempt | 4.50% | 6.50% |
| Others | 7.00% | 7.00% |
| HAAP | None | None |

Any earned benefit under the prior plans remained in effect. After January 1, 2014, all plans are contributory and the multiplier was reduced; service after January 1, 2014 accrues benefits as follows:

| | Contributory | Noncontributory Plan A | Noncontributory Plan B |
|----------------------------|--|--|--|
| Bridged multiplier | 1.50% | 1.50% | 1.00% |
| Employee contributions | 7.00% | 5.00% | 3.00% |
| Compensation | 2,080 hours | 2,080 hours | 2,080 hours |
| Final average compensation | Best of 3 of last 5 years/504 hours of vacation | Best of 3 of last 5 years/504 hours of vacation | Best of 3 of last 5 years/504 hours of vacation |
| Vesting | 15 years | 10 years | 10 years |
| Retirement | 25 years of service or age 55 with 10 years | Age 60 with 10 years | Age 60 with 10 years |

All new hires after January 1, 2014 will be enrolled in the Plan B noted above.

Payable to the Pension Plan – At June 30, 2016, the Medical Center reported a payable of \$2,126,156 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2016.

Net Pension Liability – The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016.

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

| | |
|--|-----------------------|
| Schedule of changes in net pension liability and related ratios | <u>2016</u> |
| Total Pension Liability | |
| Service cost | \$ 7,442,132 |
| Interest on the total pension liability | 42,384,435 |
| Experience differences | (303,795) |
| Other changes | (1,010) |
| Changes in assumptions | 29,164,128 |
| Benefit payments and refunds | <u>(37,836,677)</u> |
| Net change in total pension liability | 40,849,213 |
| Total pension liability – beginning | <u>528,948,005</u> |
| Total pension liability – ending (a) | <u>\$ 569,797,218</u> |
| Plan Fiduciary Net Position | |
| Employer contributions | \$ 14,609,493 |
| Employee contributions | 6,197,682 |
| Pension plan net investment income | (5,694,176) |
| Benefit payments and refunds | (37,836,677) |
| Pension plan administrative expense | (854,403) |
| Net change in plan fiduciary net position | (23,578,081) |
| Plan fiduciary net position – beginning | <u>398,012,275</u> |
| Plan fiduciary net position – ending (b) | <u>\$ 374,434,194</u> |
| Net pension liability (a-b) | <u>\$ 195,363,024</u> |
| Plan fiduciary net position as a percentage of total pension liability | 65.71% |
| Covered employee payroll | 109,316,532 |
| Net pension liability as a percentage of covered employee payroll | 179% |

Pension Expense and Deferred Outflows of Resources Related to Pensions – For the year ended June 30, 2016, the Medical Center recognized pension expense of \$28,586,835. At June 30, 2016, the Medical Center reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences in experience | \$ - | \$ 227,846 |
| Differences in assumptions | 21,873,096 | - |
| Excess investment returns | 34,521,821 | - |
| Contributions subsequent to the measurement date* | <u>9,750,696</u> | <u>-</u> |
| Total | <u>\$ 66,145,613</u> | <u>\$ 227,846</u> |

*Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$9,750,696), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

| Year Ended, | |
|-------------|----------------------|
| 2017 | \$ 16,202,858 |
| 2018 | 16,202,858 |
| 2019 | 16,202,858 |
| 2020 | <u>7,558,497</u> |
| | <u>\$ 56,167,071</u> |

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

- Inflation 3.75%
- Salary increases 2.5%
- Investment rate of return 8.00% Gross of pension plan investment expense

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

- RP-2014 healthy annuitant mortality tables, with rates multiplied by 105 percent
- RP-2014 employee mortality tables
- RP-2014 juvenile mortality tables

For disabled retirees, the mortality rates were based on the 50 percent male – 50 percent female blend of the RP-2014 disabled retiree mortality tables.

Discount Rate – The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

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

| Asset class | Target allocation | Long-term expected real rate of return |
|-------------------------|----------------------|--|
| Global equity | 58.0% | 5.00% |
| Global fixed income | 20.0% | 2.20% |
| Real assets | 12.0% | 4.20% |
| Diversifying strategies | 10.0% | 6.60% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Medical Center, calculated using the discount rate of 8.00 percent, as well as what the Medical Center's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

| | 1% decrease | Current discount rate | 1% increase |
|-----------------------|----------------|--------------------------|----------------|
| Net pension liability | \$ 254,595,469 | \$ 195,363,024 | \$ 144,746,099 |

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources

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related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Charter Retirement Plan

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a monthly benefit. The current membership of the plan at June 30, 2016 is three members. The City intends to pay retirement benefits as they become due from future years' General Fund revenue. The City's contribution to the plan for the year ended June 30, 2016 was \$33,680 and was calculated based on actual current pension benefits due to be paid. The present value of vested benefits has not been determined. The City has not requested an actuarial valuation of the plan since 1985 because of the decreasing nature and the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net position available for pension benefits at June 30, 2016 was \$0.

I.C.M.A. 401A Plan and AFSCME Local 1600 and Local 1799 401 Pension Plan

As of July 1, 2014 employees hired on or after July 1, 2013 and current employees in the defined contribution plan were provided with the MERS hybrid pension plan. All amounts were transferred to the MERS hybrid plan as of June 30, 2016.

Hurley Medical Center Defined Contribution Plan

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension expense included in the statements was \$1,216,520. This plan is no longer offered to employees hired after January 1, 2014.

Hurley Medical Center Profit Sharing and 403(b) Plan

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit-sharing plan for Hurley Practice Management Services (HPMS) employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to the federal pension law limitations. HHS may make a discretionary contribution. The contribution to the plan for the year ended June 30, 2016 amounted to \$46,337.

HHS also maintains two qualified deferred compensation plans under Section 403(b) of the Internal Revenue Code. Under the plans, HHS and The Hurley Clinics (THC) may elect to defer a percentage of their salary, subject to the Internal Revenue Service's limits. HHS may make a discretionary contribution. The contribution to the plans for the year ended June 30, 2016 amounted to \$402,055.

Retiree Death Benefit Plan

The City provides postretirement death benefits to certain retirees who retired after July 1, 1978, under the terms of collective bargaining agreements with two employee unions. If the retiree was a member of one of the bargaining units at the time of retirement, his or her designated beneficiary will receive a death benefit at the time of the retiree's death. The death benefit ranges from \$2,000 to \$10,000 depending on the retirement date. As of June 30, 2012, this benefit is no longer offered to active employees.

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As of June 30, 2016, there were 1,022 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2016 were \$0. Net position available for benefits, reported at fair value, was \$436,493 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During the year ended, death benefits of \$122,000.

Other Postemployment Benefits

Plan description – The City provides retiree healthcare benefits to eligible employees and their spouses through the Retiree Health Care Trust Fund. Benefits are provided to public safety and general employees. Currently, the plan has 1,815 members, including 332 employees in active service and 1,483 retired employees and beneficiaries currently receiving benefits.

This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements of Local 1799, Local 1600, and Fire Local 352. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The plan does not cover Hurley Medical Center employees.

Funding Policy – The collective bargaining agreements require a contribution of 20% of premiums toward retiree health plan insurance. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. The City recognizes the expenses in the funds on a “pay-as-you-go” basis. The costs of administered the plan are borne by the City’s general fund.

Funding Progress – For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 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 not to exceed 28 years.

This valuations computed contribution and actual funding are summarized as follows:

| | |
|--|------------------------------|
| Annual required contribution | \$ 18,868,235 |
| Interest on net OPEB obligation | 6,435,197 |
| Adjustment to annual required contribution | <u>(9,733,509)</u> |
| Annual OPEB cost | 15,569,923 |
| Contribution made | <u>(16,701,699)</u> |
| Change in net OPEB obligation | (1,131,776) |
| Net OPEB obligation, beginning of year | <u>151,416,390</u> |
| Net OPEB obligation, end of year | <u><u>\$ 150,284,614</u></u> |

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the current year are as follows:

| Fiscal year ending June 30, | Annual OPEB cost | Percentage of annual OPEB cost contributed | Net OPEB obligation |
|-----------------------------------|---------------------|---|------------------------|
| 2008 | \$ 60,188,371 | 32.0% | \$ 40,925,931 |
| 2009 | 55,252,592 | 35.0% | 76,645,627 |
| 2010 | 55,252,592 | 37.0% | 113,615,741 |
| 2011 | 61,351,938 | 32.1% | 155,284,670 |
| 2012 | 22,105,930 | 92.4% | 156,975,216 |
| 2013 | 18,942,499 | 89.8% | 158,901,714 |
| 2014 | 13,896,769 | 139.4% | 153,431,369 |
| 2015 | 14,219,784 | 114.2% | 151,416,390 |
| 2016 | 15,569,923 | 107.3% | 150,284,614 |

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Funded Status – The funded status of the plan as of the date of the latest actuarial valuation, was as follow:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (Percent) (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|---------------------|---|
| 7/1/2009 | \$ - | \$ 774,606,738 | \$ 774,606,738 | - | \$ 41,166,662 | 1882% |
| 7/1/2010 | - | 862,302,934 | 862,302,934 | - | 36,252,274 | 2379% |
| 7/1/2011 | - | 366,832,597 | 366,832,597 | - | 37,339,842 | 982% |
| 7/1/2012 | 166,903 | 320,180,757 | 320,013,854 | 0.1% | N/A | - |
| 7/1/2013 | 14,237 | 240,539,434 | 240,525,197 | - | N/A | - |
| 7/1/2014 | 137,927 | 240,734,057 | 240,596,130 | 0.1% | N/A | - |
| 7/1/2015 | 137,998 | 273,817,859 | 273,679,861 | 0.1% | 17,892,129 | 1530% |

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

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

In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on employer’s own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent, and an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of invests over a five-year period. The UAAL is being amortized as a level percentage dollar on a closed basis. The remaining amortization period at July 1, 2015 was 26 years.

Following are the condensed financial statements for the individual pension plans and postemployment healthcare plans for the year ended June 30, 2016:

Statement of Plan Net Position

| | Death Benefit | Retiree Health Care | Hurley Medical Center Retiree Benefit Trust Fund |
|--|-------------------|---------------------|--|
| Cash and cash equivalents | \$ - | \$ - | \$ 2,899,719 |
| Pooled cash and investments | - | 138,008 | - |
| Investments, at fair value | 439,993 | - | 50,000,811 |
| Other assets | - | - | 4,165,491 |
| Liabilities | (3,500) | - | (3,940,798) |
| Net position held in trust for pension benefits | \$ 436,493 | \$ 138,008 | \$ 53,125,223 |

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Statement of Changes in Plan Net Position

| | Death Benefit | Retiree Health Care | Hurley Medical Center Retiree Benefit Trust Fund |
|----------------------------|-------------------|---------------------|--|
| Contributions | \$ - | \$ - | \$ 7,727,772 |
| Investment income (loss) | (1,990) | 10 | (53,346) |
| Benefit payments | - | - | (6,054,907) |
| Net change in net position | <u>\$ (1,990)</u> | <u>\$ 10</u> | <u>\$ 1,619,519</u> |

Other Postemployment Benefits – Hurley Medical Center

Plan Description – The Medical Center provides retiree health insurance premiums to eligible retirees and their spouses through the Retiree Health Benefit Plan (the “Plan”). Retirees receive full or partial health insurance coverage depending on the employee’s date of employment and union affiliation. During 2007, the Plan was frozen to new participants. During the year ended June 30, 2010, the Plan was amended to eliminate full coverage benefits to those eligible employees. Eligible retirees prior to December 31, 2009 were grandfathered into the Plan with full health insurance benefits. The number of participants was 531 at June 30, 2016.

The Plan’s activity is accounted for in an irrevocable trust and the activity is reported in the fiduciary fund financial statements. The Plan is a single employer defined benefit plan administered by the Medical Center. The Plan does not issue a separate stand-alone financial statement.

Funding Policy – The Medical Center expenses the cost of the Plan in its proprietary fund. The cost of providing retiree healthcare benefits is estimated through an actuarial valuation issued on April 8, 2013 based on participant data as of June 30, 2011. The valuation computes the annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The Medical Center has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis).

However, as shown below, the Medical Center has made contributions to advance fund certain benefits.

| Fiscal Year Ended | Annual OPEB Costs | Percentage OPEB Costs Contributed | Net OPEB Obligation |
|-------------------|-------------------|-----------------------------------|---------------------|
| 6/30/2009 | \$ 7,737,798 | 100% | \$ - |
| 6/30/2010 | 7,417,585 | 100% | - |
| 6/30/2011 | 7,417,585 | 100% | - |
| 6/30/2012 | 7,071,235 | 100% | - |
| 6/30/2013 | 7,011,793 | 51% | 3,432,051 |
| 6/30/2014 | 5,964,296 | 63% | 6,186,372 |
| 6/30/2015 | 5,930,118 | 204% | 55,007 |
| 6/30/2016 | 5,558,658 | 30% | 22,866 |

This valuation’s computed contribution and actual funding are summarized as follows for the year ended June 30, 2016:

| | |
|------------------------------|--------------|
| Annual required contribution | \$ 5,558,658 |
| Amount contributed | 1,650,000 |
| Percentage contributed | 29.68% |
| Net OPEB Obligation | 22,866 |

City of Flint
Notes to the Financial Statements
June 30, 2016

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.

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

In the June 30, 2011 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included an 8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the Medical Center's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 3.75 percent after 10 years. Both rates included a 3.75 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 24 years.

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

| | June 30, 2013 |
|-----------------------------|---------------|
| Actuarial value of assets | \$ 37,529,448 |
| Actuarial accrued liability | 92,812,089 |
| Unfunded AAL | (55,282,641) |
| Funded ratio | 40% |

Note 17 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Hurley Medical Center's management believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The City is currently a defendant in a lawsuit concerning allegations that the City illegally increased water rates in 2011. Subsequent to year end, the Court issued a preliminary ruling against the City and the City has appealed that ruling. However, the City is currently working with the Court to determine what numbers are to be used to determine what, if any, obligation the City will have. As of the date of this report, neither City Management nor their attorney could reasonably determine the dollar amount or any liability or any further probability as to the outcome of the case.

City of Flint
Notes to the Financial Statements
June 30, 2016

Note 18 - Related Party Transactions

As of June 30, 2016, the Medical Center had accounts receivable from Hurley Health Services (HHS) of \$350,560 and accounts payable to HHS of \$766,070.

Included in other operating revenue of HHS are management fees and marketing fees for services paid by Hurley/Binson's Medical Equipment, Inc., a related party to Hurley Practice Management Services (HPMS). HPMS and HHS purchased courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$300,000 for the year ended June 30, 2016.

City of Flint
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|---|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| Revenues | | | | |
| Taxes | \$ 5,158,400 | \$ 4,708,383 | \$ 4,647,677 | \$ (60,706) |
| Income taxes | 15,392,322 | 14,705,612 | 15,864,085 | 1,158,473 |
| Licenses, permits, and cable franchise fees | 1,396,626 | 1,163,545 | 1,154,277 | (9,268) |
| State revenue sharing | 14,702,390 | 14,278,486 | 14,451,256 | 172,770 |
| Other state grants | 2,645,329 | 3,591,226 | 3,472,919 | (118,307) |
| Charges for services | 11,956,811 | 8,225,047 | 8,297,110 | 72,063 |
| Fines and forfeitures | 1,967,000 | 706,419 | 815,822 | 109,403 |
| Interest income | 80,000 | 245,000 | 460,798 | 215,798 |
| Miscellaneous | 231,360 | 252,618 | 301,559 | 48,941 |
| Transfers in | 3,777,998 | 3,777,998 | 3,777,998 | - |
| | <u>57,308,236</u> | <u>51,654,334</u> | <u>53,243,501</u> | <u>1,589,167</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Mayor's office | 218,278 | 283,418 | 264,515 | (18,903) |
| Finance | 5,788,444 | 5,473,394 | 4,832,371 | (641,023) |
| City clerk | 931,813 | 1,081,072 | 923,929 | (157,143) |
| Law office | 953,797 | 785,222 | 720,693 | (64,529) |
| Human resources | 686,385 | 613,782 | 488,487 | (125,295) |
| General government | 8,208,895 | 3,308,176 | 3,206,772 | (101,404) |
| City administrator | 356,034 | 399,057 | 334,607 | (64,450) |
| | <u>17,143,646</u> | <u>11,944,121</u> | <u>10,771,374</u> | <u>(1,172,747)</u> |

City of Flint
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual | Actual Over (Under) Final Budget |
|--------------------------------------|------------------|--------------|---------------|---|
| | Original | Final | | |
| Judicial - 68th District Court | \$ 4,167,078 | \$ 3,385,571 | \$ 3,783,089 | \$ 397,518 |
| Public safety | | | | |
| Police department | 23,282,600 | 21,754,292 | 20,645,326 | (1,108,966) |
| Fire | 6,295,404 | 8,645,814 | 7,646,511 | (999,303) |
| Emergency dispatch | 2,540,188 | 268,234 | 225,844 | (42,390) |
| Total public safety | 32,118,192 | 30,668,340 | 28,517,681 | (2,150,659) |
| Legislative - City council | 341,080 | 868,805 | 841,240 | (27,565) |
| Community development | 692,320 | 1,115,831 | 964,038 | (151,793) |
| Facilities maintenance | 1,532,359 | 1,943,035 | 1,661,747 | (281,288) |
| Transfers out | 313,561 | - | 13,078 | 13,078 |
| Total expenditures | 56,308,236 | 49,925,703 | 46,552,247 | (3,373,456) |
| Excess of revenues over expenditures | 1,000,000 | 1,728,631 | 6,691,254 | 4,962,623 |
| Fund balance – beginning of year | 3,346,327 | 3,346,327 | 3,346,327 | - |
| Fund balance – end of year | \$ 4,346,327 | \$ 5,074,958 | \$ 10,037,581 | \$ 4,962,623 |

City of Flint
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Federal Grants
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|-------------------|---------------------|---|
| Revenues | | | | |
| Federal grants | \$ 6,096,654 | \$ 18,078,187 | \$ 6,970,641 | \$ (11,107,546) |
| Other state grants | 2,280,384 | 5,084,910 | 3,634,383 | (1,450,527) |
| Local contributions | 126,938 | 934,860 | 275,028 | (659,832) |
| Charges for services | 400 | 400 | 5,730 | 5,330 |
| Interest income | 271,225 | 271,225 | 283,075 | 11,850 |
| Miscellaneous | 345,000 | 393,696 | 429,475 | 35,779 |
| Transfers in | - | - | 13,078 | 13,078 |
| | <u>9,120,601</u> | <u>24,763,278</u> | <u>11,611,410</u> | <u>(13,151,868)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 2,705,722 | 5,229,191 | 912,042 | (4,317,149) |
| Public works | - | 2,000,000 | 1,662,931 | (337,069) |
| Community development | 6,381,964 | 16,133,157 | 6,776,277 | (9,356,880) |
| Debt service | | | | |
| Principal retirement | 639,000 | 639,000 | 639,000 | - |
| Interest and fiscal charges | 64,191 | 327,617 | 316,289 | (11,328) |
| | <u>9,790,877</u> | <u>24,328,965</u> | <u>10,306,539</u> | <u>(14,022,426)</u> |
| Excess (deficiency) of revenues over expenditures | (670,276) | 434,313 | 1,304,871 | 870,558 |
| Fund balance – beginning of year | <u>273,545</u> | <u>273,545</u> | <u>273,545</u> | <u>-</u> |
| Fund balance (deficit) – end of year | <u>\$ (396,731)</u> | <u>\$ 707,858</u> | <u>\$ 1,578,416</u> | <u>\$ 870,558</u> |

City of Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2016

| Actuarial Valuation Date | Annual Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------------------|--------------------------------------|------------------------|--|--------------------|--|
| 6/30/2014 | \$ 16,409,676 | \$ 16,409,676 | \$ - | \$ 23,285,420 | 70.47% |
| 12/31/2014 | 16,676,472 | 16,545,459 | 131,013 | 18,635,475 | 88.78% |
| 12/31/2015 | 17,194,662 | 16,598,425 | 596,237 | 18,783,674 | 88.37% |

Notes: 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 | 23 years |
| Asset valuation method | 10-year smoothed value of assets |
| Inflation | 2.50% |
| Salary increases | 3.75% |
| Investment rate of return | 7.75% |
| Retirement age | 50 - 60 years old |
| Mortality | 2014 Group annuity mortality table of 50% male and 50% female blend |

City of Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2016

| Fiscal year ended June 30, | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Total Pension Liability | | |
| Service cost | \$ 2,240,734 | \$ 2,288,673 |
| Interest on the total pension liability | 41,160,626 | 41,626,038 |
| Experience differences | (3,016,376) | - |
| Change in actuarial assumptions | 24,031,996 | - |
| Other changes | 1,705,992 | 1,293,199 |
| Benefit payments and refunds | <u>(50,963,762)</u> | <u>(51,039,410)</u> |
| Net change in total pension liability | 15,159,210 | (5,831,500) |
| Total pension liability – beginning | <u>538,869,339</u> | <u>544,700,839</u> |
| Total pension liability – ending (a) | <u>\$ 554,028,549</u> | <u>\$ 538,869,339</u> |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 8,119,213 | \$ 20,420,923 |
| Employee contributions | 2,128,481 | 2,999,208 |
| Pension plan net investment income (loss) | (3,316,770) | 16,151,453 |
| Benefit payments and refunds | (50,963,762) | (51,039,410) |
| Pension plan administrative expense | <u>(512,817)</u> | <u>(584,862)</u> |
| Net change in plan fiduciary net position | (44,545,655) | (12,052,688) |
| Plan fiduciary net position – beginning | <u>253,510,974</u> | <u>265,563,662</u> |
| Plan fiduciary net position – ending (b) | <u>208,965,319</u> | <u>253,510,974</u> |
| Net pension liability (a-b) | <u>\$ 345,063,230</u> | <u>\$ 285,358,365</u> |
| Plan fiduciary net position as a percentage of total pension liability | 37.72% | 47.04% |
| Covered employee payroll | \$ 18,783,674 | \$ 18,635,475 |
| Net pension liability as a percentage of covered employee payroll | 1,837% | 1,531% |

*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 Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
June 30, 2016

| Fiscal year ending June 30, | Total pension liability | Plan net position | Net pension liability | Plan net position as a % of total pension liability | Covered payroll | Net pension liability as a % of covered payroll |
|--------------------------------|----------------------------|----------------------|--------------------------|---|--------------------|---|
| 2015 | \$ 538,869,339 | \$ 253,510,974 | \$ 285,358,365 | 47.04% | \$ 18,635,475 | 1,531% |
| 2016 | 554,028,549 | 208,965,319 | 345,063,230 | 37.72% | 18,783,674 | 1,837% |

*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 Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan – Hurley Medical Center
Schedule of Employer Contributions
June 30, 2016

| Actuarial Valuation Date | Annual Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------------------|--------------------------------------|------------------------|--|--------------------|--|
| 6/30/2014 | \$ 9,333,014 | \$ 10,776,547 | \$ (1,443,533) | \$ 107,836,591 | 10.0% |
| 12/31/2014 | 7,720,716 | 7,087,266 | 633,450 | 103,276,871 | 6.9% |
| 12/31/2015 | 7,609,493 | 14,609,493 | (7,000,000) | 109,316,532 | 13.4% |

Notes: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Medical Center's fiscal year ended June 30, 2016 were determined based on the actuarial valuation as of December 31, 2013. The most recent valuation is as of December 31, 2015.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percent |
| Remaining amortization period | 23 years |
| Asset valuation method | 10-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.75% |
| Investment rate of return | 8.00% |
| Retirement age | Experience-based table of rates are specific to the type of eligibility condition |
| Mortality | RP-2014 Disabled Retiree Mortality Tables of 50% male and 50% female blend |

City of Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan – Hurley Medical Center
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2016

| Fiscal year ended June 30, | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Total Pension Liability | | |
| Service cost | \$ 7,442,132 | \$ 7,262,751 |
| Interest on the total pension liability | 42,384,435 | 41,412,276 |
| Experience differences | (303,795) | - |
| Change in actuarial assumptions | 29,164,128 | - |
| Other changes | (1,010) | - |
| Benefit payments and refunds | <u>(37,836,677)</u> | <u>(36,129,561)</u> |
| Net change in total pension liability | 40,849,213 | 12,545,466 |
| Total pension liability – beginning | <u>528,948,005</u> | <u>516,402,539</u> |
| Total pension liability – ending (a) | <u>\$ 569,797,218</u> | <u>\$ 528,948,005</u> |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 14,609,493 | \$ 5,979,573 |
| Employee contributions | 6,197,682 | 5,883,466 |
| Pension plan net investment income (loss) | (5,694,176) | 24,690,814 |
| Benefit payments and refunds | (37,836,677) | (36,129,561) |
| Pension plan administrative expense | <u>(854,403)</u> | <u>(901,753)</u> |
| Net change in plan fiduciary net position | (23,578,081) | (477,461) |
| Plan fiduciary net position – beginning | <u>398,012,275</u> | <u>398,489,736</u> |
| Plan fiduciary net position – ending (b) | <u>374,434,194</u> | <u>398,012,275</u> |
| Net pension liability (a-b) | <u>\$ 195,363,024</u> | <u>\$ 130,935,730</u> |
| Plan fiduciary net position as a percentage of total pension liability | 65.71% | 75.25% |
| Covered employee payroll | \$ 109,316,532 | \$ 103,276,871 |
| Net pension liability as a percentage of covered employee payroll | 179% | 127% |

*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 Flint
Required Supplementary Information
Municipal Employees Retirement System of Michigan – Hurley Medical Center
Schedule of Employers' Net Pension Liability
June 30, 2016

| Fiscal year ending June 30, | Total pension liability | Plan net position | Net pension liability | Plan net position as a % of total pension liability | Covered payroll | Net pension liability as a % of covered payroll |
|--------------------------------|----------------------------|----------------------|--------------------------|---|--------------------|---|
| 2015 | \$ 528,948,005 | \$ 398,012,275 | \$ 130,935,730 | 75.25% | \$ 103,276,871 | 127% |
| 2016 | 569,797,218 | 374,434,194 | 195,363,024 | 65.71% | 109,316,532 | 179% |

*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 Flint
Required Supplementary Information
Other Postemployment Benefits
June 30, 2016

| | | |
|---|----|---------------------------|
| Annual required contribution (recommended) | \$ | 18,868,235 |
| Interest on the prior year's net OPEB obligation | | 6,435,197 |
| Less adjustment to the annual required contribution | | <u>(9,733,509)</u> |
| Annual OPEB cost | | 15,569,923 |
| Amounts contributed - payments of current premiums | | <u>(16,701,699)</u> |
| Change in net OPEB obligation | | (1,131,776) |
| OPEB obligation – beginning of year | | <u>151,416,390</u> |
| OPEB obligation – end of year | \$ | <u><u>150,284,614</u></u> |

Schedule of Employer Contributions

| <u>Year Ended June 30,</u> | <u>Annual OPEB Costs</u> | <u>Percentage OPEB Costs Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------------|------------------------------|--|--------------------------------|
| 2008 | \$ 60,188,371 | 32.00% | \$ 40,925,931 |
| 2009 | 55,252,592 | 35.00% | 76,645,627 |
| 2010 | 55,252,592 | 37.00% | 113,615,741 |
| 2011 | 61,351,938 | 32.10% | 155,284,670 |
| 2012 | 22,105,830 | 92.40% | 156,975,216 |
| 2013 | 18,942,499 | 89.80% | 158,901,714 |
| 2014 | 13,896,769 | 139.40% | 153,431,369 |
| 2015 | 14,219,784 | 114.20% | 151,416,390 |
| 2016 | 15,569,923 | 107.30% | 150,284,614 |

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (Percent) (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|-------------------------------------|--|--|--|---|--------------------------------|--|
| 7/1/2015 | \$ 137,998 | \$ 273,817,859 | \$ 273,679,861 | 0.1% | \$ 17,892,129 | 1530% |
| 7/1/2014 | 137,927 | 240,734,057 | 240,596,130 | 0.1% | - | - |
| 7/1/2013 | 14,237 | 240,539,434 | 240,525,197 | - | - | - |
| 7/1/2012 | 166,903 | 320,180,757 | 320,013,854 | 0.1% | - | - |
| 7/1/2011 | - | 366,832,597 | 366,832,597 | - | 37,339,842 | 982% |
| 7/1/2010 | - | 862,302,934 | 862,302,934 | - | 36,252,274 | 2379% |
| 7/1/2009 | - | 774,606,738 | 774,606,738 | - | 41,166,662 | 1882% |

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

MAJOR STREETS FUNDS

The Major Streets Fund accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local government units for major street construction and maintenance.

LOCAL STREETS FUNDS

The Local Streets Fund accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local government units for local street construction and maintenance.

NEIGHBORHOOD POLICING FUND

The Neighborhood Policing Fund is used to account for a special property tax levy approved by voters to provide additional police protection for neighborhoods.

STATE ACT 251 – FOREFEITURE FUND

The State Act 251 – Forfeiture Fund is used to account for proceeds from the sale of confiscated property seized in drug-related crimes.

EDA REVOLVING LOAN FUND

The EDA Revolving Loan Fund is used to account for monies received from the U.S. Economic Development Administration. The grant was used to establish a revolving loan fund to loan money to economic development projects which meet program criteria.

PUBLIC IMPROVEMENT FUND

The Public Improvement Fund was established to account for the annual 2 1/2 mill tax levy reserved by Section 7 201 of the City Charter for capital improvements and servicing of general obligation debt.

PARKS AND RECREATION FUND

The Parks and Recreation Fund was established to account for the annual ½ mil tax levy for the purpose of providing dedicated funds for the improvement and maintenance of City parks, forestry, and recreation services. This original tax levy for a period of 10 years, from 1997 through 2006, but was renewed for an additional 10 years, from 2007 through 2017.

SENIOR CITIZEN CENTERS FUND

The Senior Citizen Centers Fund was established to account for grants received from Genesee County for senior citizens services.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

BUILDING DEPARTMENT FUND

The Building Department Fund accounts for the operational revenues and expenditures of the City's code inspection and building inspection department.

GARBAGE COLLECTION FUND

The Garbage Collection Fund accounts for a special property tax assessment allowed to provide garbage and compost collection services.

STREET LIGHT FUND

The Street Light Fund accounts for a special property tax assessment allowed to provide support for utility cost of the City's street lighting.

PUBLIC SAFETY FUND

The Public Safety Fund accounts for a special property tax levy approved by voters to provide support for public safety departments

DEBT SERVICE FUNDS

PARKING DECK DEBT SERVICE FUND

The Parking Deck Debt Service Fund was established to accumulate resources for the payment of bonds issued to construct a parking deck facility.

THE WINDMILL PLACE DEBT SERVICE FUND

The Windmill Place Debt Service Fund was established to accumulate resources for the payment of the tax increment bond issue utilized to finance the construction of Windmill Place, a festival marketplace.

BUICK CITY DEBT SERVICE FUND

The Buick City Debt Service Fund was established to accumulate resources for the payment of the tax increment bond issue utilized to finance the Buick City improvements.

City of Flint
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds

| | Major Street | Local Street | Neighborhood Policing | State Act 251- Forfeitures | EDA Revolving Loan | Public Improvement | Parks and Recreation | Senior Citizen Centers |
|--|---------------------|---------------------|--------------------------|----------------------------------|--------------------------|-----------------------|-------------------------|------------------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 60 | \$ - | \$ - | \$ - | \$ 446,665 | \$ - | \$ - | \$ - |
| Receivables | | | | | | | | |
| Property taxes | - | - | 231,097 | - | - | 222,373 | 43,573 | - |
| Accrued interest and other | - | - | - | - | 10,784 | - | - | - |
| Notes and leases receivable | - | - | - | - | 308,202 | - | - | - |
| Due from other units of government | 1,508,241 | 338,959 | - | - | - | - | - | - |
| Due from component unit | - | - | - | - | - | 6,600,000 | - | - |
| Pooled cash and investments | 5,954,872 | 2,273,435 | 287,081 | 1,076,921 | - | 1,421,216 | 141,121 | 7,235 |
| Total assets | <u>\$ 7,463,173</u> | <u>\$ 2,612,394</u> | <u>\$ 518,178</u> | <u>\$ 1,076,921</u> | <u>\$ 765,651</u> | <u>\$ 8,243,589</u> | <u>\$ 184,694</u> | <u>\$ 7,235</u> |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 339,148 | \$ 82,110 | \$ 4,119 | \$ 13,220 | \$ 209 | \$ 2,302 | \$ 75,474 | \$ - |
| Deposits and advances | 25 | - | - | 575,028 | - | - | - | - |
| Accrued and other liabilities | 45,294 | 23,251 | 70,952 | 633 | - | 73,767 | 13,927 | - |
| Unearned revenue | 634 | - | - | - | - | - | - | - |
| Total liabilities | <u>385,101</u> | <u>105,361</u> | <u>75,071</u> | <u>588,881</u> | <u>209</u> | <u>76,069</u> | <u>89,401</u> | <u>-</u> |
| Deferred inflows of resources | | | | | | | | |
| Notes and leases receivable | - | - | - | - | 318,987 | - | - | - |
| Taxes | - | - | 158,529 | - | - | 222,490 | 39,389 | - |
| Total deferred inflows | <u>-</u> | <u>-</u> | <u>158,529</u> | <u>-</u> | <u>318,987</u> | <u>222,490</u> | <u>39,389</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>385,101</u> | <u>105,361</u> | <u>233,600</u> | <u>588,881</u> | <u>319,196</u> | <u>298,559</u> | <u>128,790</u> | <u>-</u> |
| Fund balances | | | | | | | | |
| Restricted | <u>7,078,072</u> | <u>2,507,033</u> | <u>284,578</u> | <u>488,040</u> | <u>446,455</u> | <u>7,945,030</u> | <u>55,904</u> | <u>7,235</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 7,463,173</u> | <u>\$ 2,612,394</u> | <u>\$ 518,178</u> | <u>\$ 1,076,921</u> | <u>\$ 765,651</u> | <u>\$ 8,243,589</u> | <u>\$ 184,694</u> | <u>\$ 7,235</u> |

City of Flint
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

| | Special Revenue Funds | | | | Debt Service | | | Total Nonmajor Governmental Funds |
|--|------------------------|-----------------------|---------------------|---------------------|-----------------|-------------------|---------------|--|
| | Building Department | Garbage Collection | Street Light | Public Safety | Parking Deck | Windmill Place | Buick City | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 50 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 446,775 |
| Receivables | | | | | | | | |
| Property taxes | 166 | 435,709 | 155,980 | 186,462 | - | - | - | 1,275,360 |
| Accrued interest and other | - | 9,395 | - | 217,984 | - | - | - | 238,163 |
| Notes and leases receivable | - | - | - | - | - | - | - | 308,202 |
| Due from other units of government | - | - | - | - | - | - | - | 1,847,200 |
| Due from component unit | - | - | - | - | - | - | - | 6,600,000 |
| Pooled cash and investments | 3,106,179 | 948,672 | 985,780 | 4,348,456 | 3,589 | 6,520 | 643 | 20,561,720 |
| Total assets | <u>\$ 3,106,395</u> | <u>\$ 1,393,776</u> | <u>\$ 1,141,760</u> | <u>\$ 4,752,902</u> | <u>\$ 3,589</u> | <u>\$ 6,520</u> | <u>\$ 643</u> | <u>\$ 31,277,420</u> |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 32,678 | \$ 340,953 | \$ 200,416 | \$ - | \$ - | \$ - | \$ - | \$ 1,090,629 |
| Deposits and advances | - | - | - | - | - | - | - | 575,053 |
| Accrued and other liabilities | 14,246 | 568,658 | 321,488 | 259,800 | - | - | - | 1,392,016 |
| Unearned revenue | - | - | - | - | - | - | - | 634 |
| Total liabilities | <u>46,924</u> | <u>909,611</u> | <u>521,904</u> | <u>259,800</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,058,332</u> |
| Deferred inflows of resources | | | | | | | | |
| Notes and leases receivable | - | - | - | - | - | - | - | 318,987 |
| Taxes | 166 | 435,850 | 155,980 | 186,462 | - | - | - | 1,198,866 |
| Total deferred inflows | <u>166</u> | <u>435,850</u> | <u>155,980</u> | <u>186,462</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,517,853</u> |
| Total liabilities and deferred inflows of resources | <u>47,090</u> | <u>1,345,461</u> | <u>677,884</u> | <u>446,262</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,576,185</u> |
| Fund balances | | | | | | | | |
| Restricted | 3,059,305 | 48,315 | 463,876 | 4,306,640 | 3,589 | 6,520 | 643 | 26,701,235 |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,106,395</u> | <u>\$ 1,393,776</u> | <u>\$ 1,141,760</u> | <u>\$ 4,752,902</u> | <u>\$ 3,589</u> | <u>\$ 6,520</u> | <u>\$ 643</u> | <u>\$ 31,277,420</u> |

City of Flint
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|---------------------|--------------------------|----------------------------------|-----------------------|-----------------------|-------------------------|---------------------------|
| | Major Street | Local Street | Neighborhood Policing | State Act 251- Forfeitures | EDA Revolving Loan | Public Improvement | Parks and Recreation | Senior Citizen Centers |
| Revenues | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 1,276,885 | \$ - | \$ - | \$ 1,596,139 | \$ 318,758 | \$ - |
| Licenses and permits | 500 | - | - | - | - | - | - | - |
| Federal grants | 36,399 | - | - | - | - | - | - | - |
| State revenue sharing | 7,063,325 | 2,046,709 | - | - | - | - | - | - |
| Other state grants | 505,015 | 1,024,399 | 184,002 | - | - | - | - | - |
| Charges for services | 82,873 | - | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | 86,463 | - | - | - | - |
| Investment income | 54,176 | 20,683 | 2,613 | 9,796 | 13,074 | 53,122 | 1,244 | - |
| Other revenue | 193,453 | 485,870 | - | 11,490 | 31,900 | - | 7,235 | - |
| Total revenues | <u>7,935,741</u> | <u>3,577,661</u> | <u>1,463,500</u> | <u>107,749</u> | <u>44,974</u> | <u>1,649,261</u> | <u>327,237</u> | <u>-</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| Public safety | - | - | 1,183,184 | 149,518 | - | - | - | - |
| Public works | | | | | | | | |
| Transportation | 6,618,752 | 3,006,620 | - | - | - | - | - | - |
| Garbage and rubbish | - | - | - | - | - | - | - | - |
| Community development | - | - | - | - | 4,897 | - | - | - |
| Parks and recreation | - | - | - | - | - | - | 352,562 | 5,882 |
| Debt service | | | | | | | | |
| Principal retirement | 110,622 | - | - | - | - | 600,000 | - | - |
| Interest and fiscal charges | 7,998 | - | - | - | - | 552,481 | - | - |
| Total expenditures | <u>6,737,372</u> | <u>3,006,620</u> | <u>1,183,184</u> | <u>149,518</u> | <u>4,897</u> | <u>1,152,481</u> | <u>352,562</u> | <u>5,882</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,198,369</u> | <u>571,041</u> | <u>280,316</u> | <u>(41,769)</u> | <u>40,077</u> | <u>496,780</u> | <u>(25,325)</u> | <u>(5,882)</u> |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | - | 568,703 | - | - | - | - | - | - |
| Transfers out | (568,703) | - | - | - | - | (726,213) | - | - |
| Total other financing sources and uses | <u>(568,703)</u> | <u>568,703</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(726,213)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 629,666 | 1,139,744 | 280,316 | (41,769) | 40,077 | (229,433) | (25,325) | (5,882) |
| Fund balance – beginning of year | 6,448,406 | 1,367,289 | 4,262 | 529,809 | 406,378 | 8,174,463 | 81,229 | 13,117 |
| Fund balance – end of year | <u>\$ 7,078,072</u> | <u>\$ 2,507,033</u> | <u>\$ 284,578</u> | <u>\$ 488,040</u> | <u>\$ 446,455</u> | <u>\$ 7,945,030</u> | <u>\$ 55,904</u> | <u>\$ 7,235</u> |

City of Flint
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

| | Special Revenue Funds | | | | Debt Service Funds | | | Total Nonmajor Governmental Funds |
|--|------------------------|-----------------------|------------------|------------------|--------------------|-------------------|---------------|--|
| | Building Department | Garbage Collection | Street Lights | Public Safety | Parking Deck | Windmill Place | Buick City | |
| Revenues | | | | | | | | |
| Taxes | \$ - | \$ 3,919,371 | \$ - | \$ 3,822,269 | \$ - | \$ - | \$ - | \$ 10,933,422 |
| Licenses and permits | 3,039,697 | 2,120 | - | - | - | - | - | 3,042,317 |
| Federal grants | - | - | - | - | - | - | - | 36,399 |
| State revenue sharing | - | - | - | - | - | - | - | 9,110,034 |
| Other state grants | - | - | - | 552,008 | - | - | - | 2,265,424 |
| Charges for services | 48,056 | 20,826 | 2,185,182 | - | - | - | - | 2,336,937 |
| Fines and forfeitures | 1,295 | - | - | - | - | - | - | 87,758 |
| Investment income | 28,202 | 8,628 | 8,837 | 39,557 | 32 | - | - | 239,964 |
| Other revenue | - | - | - | - | - | - | - | 729,948 |
| Total revenues | 3,117,250 | 3,950,945 | 2,194,019 | 4,413,834 | 32 | - | - | 28,782,203 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| Public safety | 1,792,099 | - | - | 6,126,344 | - | - | - | 9,251,145 |
| Public works | | | | | | | | |
| Transportation | - | - | 2,387,616 | - | - | - | - | 12,012,988 |
| Garbage and rubbish | - | 4,492,967 | - | - | - | - | - | 4,492,967 |
| Community development | - | - | - | - | - | - | - | 4,897 |
| Parks and recreation | - | - | - | - | - | - | - | 358,444 |
| Debt service | | | | | | | | |
| Principal retirement | - | - | - | - | 310,000 | - | - | 1,020,622 |
| Interest and fiscal charges | - | - | - | - | 416,213 | - | - | 976,692 |
| Total expenditures | 1,792,099 | 4,492,967 | 2,387,616 | 6,126,344 | 726,213 | - | - | 28,117,755 |
| Excess (deficiency) of revenues over expenditures | 1,325,151 | (542,022) | (193,597) | (1,712,510) | (726,181) | - | - | 664,448 |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | - | - | - | - | 726,213 | - | - | 1,294,916 |
| Transfers out | - | - | - | - | - | - | - | (1,294,916) |
| Total other financing sources and uses | - | - | - | - | 726,213 | - | - | - |
| Net change in fund balance | 1,325,151 | (542,022) | (193,597) | (1,712,510) | 32 | - | - | 664,448 |
| Fund balance – beginning of year | 1,734,154 | 590,337 | 657,473 | 6,019,150 | 3,557 | 6,520 | 643 | 26,036,787 |
| Fund balance – end of year | \$ 3,059,305 | \$ 48,315 | \$ 463,876 | \$ 4,306,640 | \$ 3,589 | \$ 6,520 | \$ 643 | \$ 26,701,235 |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Major Streets Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ 500 | \$ 500 |
| Federal grants | - | - | 36,399 | 36,399 |
| State revenue sharing | 6,373,298 | 6,460,250 | 7,063,325 | 603,075 |
| Other state grants | 467,145 | 470,270 | 505,015 | 34,745 |
| Charges for services | 31,506 | 31,506 | 82,873 | 51,367 |
| Interest income | - | - | 54,176 | 54,176 |
| Other revenue | 54,050 | 184,354 | 193,453 | 9,099 |
| Total revenues | <u>6,925,999</u> | <u>7,146,380</u> | <u>7,935,741</u> | <u>789,361</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | 7,188,046 | 8,700,978 | 6,618,752 | (2,082,226) |
| Debt service | | | | |
| Principal retirement | 110,622 | 110,072 | 110,070 | (2) |
| Interest and fiscal charges | 8,000 | 8,550 | 8,550 | - |
| Transfers out | - | 568,703 | 568,703 | - |
| Total expenditures | <u>7,306,668</u> | <u>9,388,303</u> | <u>7,306,075</u> | <u>(2,082,228)</u> |
| Excess (deficiency) of revenues over expenditures | (380,669) | (2,241,923) | 629,666 | 2,871,589 |
| Fund balance – beginning of year | 6,448,406 | 6,448,406 | 6,448,406 | - |
| Fund balance – end of year | <u>\$ 6,067,737</u> | <u>\$ 4,206,483</u> | <u>\$ 7,078,072</u> | <u>\$ 2,871,589</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Local Streets Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|-------------------|---------------------|---|
| Revenues | | | | |
| State revenue sharing | \$ 1,827,772 | \$ 1,985,216 | \$ 2,046,709 | \$ 61,493 |
| Other state grants | - | 1,366,773 | 1,024,399 | (342,374) |
| Interest income | - | - | 20,683 | 20,683 |
| Other revenue | 633,150 | 630,677 | 485,870 | (144,807) |
| Transfers in | - | 568,703 | 568,703 | - |
| Total revenues | <u>2,460,922</u> | <u>4,551,369</u> | <u>4,146,364</u> | <u>(405,005)</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | <u>2,783,113</u> | <u>5,004,530</u> | <u>3,006,620</u> | <u>(1,997,910)</u> |
| Excess (deficiency) of revenues over expenditures | (322,191) | (453,161) | 1,139,744 | 1,592,905 |
| Fund balance – beginning of year | <u>1,367,289</u> | <u>1,367,289</u> | <u>1,367,289</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 1,045,098</u> | <u>\$ 914,128</u> | <u>\$ 2,507,033</u> | <u>\$ 1,592,905</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Neighborhood Policing Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Taxes | \$ 1,325,120 | \$ 1,260,588 | \$ 1,276,885 | \$ 16,297 |
| Other state grants | - | 92,450 | 184,002 | 91,552 |
| Interest income | - | - | 2,613 | 2,613 |
| Other revenue | 93,180 | - | - | - |
| Total revenues | <u>1,418,300</u> | <u>1,353,038</u> | <u>1,463,500</u> | <u>110,462</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Police department | <u>1,408,660</u> | <u>1,264,850</u> | <u>1,183,184</u> | <u>(81,666)</u> |
| Excess (deficiency) of revenues over expenditures | 9,640 | 88,188 | 280,316 | 192,128 |
| Fund balance – beginning of year | <u>4,262</u> | <u>4,262</u> | <u>4,262</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 13,902</u> | <u>\$ 92,450</u> | <u>\$ 284,578</u> | <u>\$ 192,128</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
State Act 251 – Forfeitures Special Revenue Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over (Under) Final Budget</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| Fines and forfeitures | \$ 101,000 | \$ 86,063 | \$ 86,463 | \$ 400 |
| Investment income | - | - | 9,796 | 9,796 |
| Other revenue | <u>16,500</u> | <u>9,386</u> | <u>11,490</u> | <u>2,104</u> |
| Total revenues | <u>117,500</u> | <u>95,449</u> | <u>107,749</u> | <u>12,300</u> |
| Expenditures | | | | |
| Public safety | <u>433,399</u> | <u>214,447</u> | <u>149,518</u> | <u>(64,929)</u> |
| Excess (deficiency) of revenues over expenditures | (315,899) | (118,998) | (41,769) | 77,229 |
| Fund balance – beginning of year | <u>529,809</u> | <u>529,809</u> | <u>529,809</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 213,910</u> | <u>\$ 410,811</u> | <u>\$ 488,040</u> | <u>\$ 77,229</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
EDA Revolving Loan Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|--------------------|-----------------|------------|---|
| Revenues | | | | |
| Investment income | \$ - | \$ 16,430 | \$ 13,074 | \$ (3,356) |
| Principal payments received | - | 34,500 | 31,900 | (2,600) |
| Total revenues | - | 50,930 | 44,974 | (5,956) |
| Expenditures | | | | |
| Economic development | - | 4,700 | 4,897 | 197 |
| Excess (deficiency) of revenues over expenditures | - | 46,230 | 40,077 | (6,153) |
| Fund balance – beginning of year | 406,378 | 406,378 | 406,378 | - |
| Fund balance – end of year | \$ 406,378 | \$ 452,608 | \$ 446,455 | \$ (6,153) |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Budget and Actual
Public Improvement Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 1,720,030 | \$ 1,703,000 | \$ 1,596,139 | \$ (106,861) |
| Interest income | 380,000 | 50,000 | 53,122 | 3,122 |
| Total revenues | <u>2,100,030</u> | <u>1,753,000</u> | <u>1,649,261</u> | <u>(103,739)</u> |
| Expenditures | | | | |
| Current | | | | |
| Recreation and culture | 738,930 | 700,000 | - | (700,000) |
| Debt service | | | | |
| Principal retirement | 195,000 | 600,000 | 600,000 | - |
| Interest and fiscal charges | 407,104 | 552,481 | 552,481 | - |
| Transfers out | <u>1,526,953</u> | <u>726,213</u> | <u>726,213</u> | <u>-</u> |
| Total expenditures | <u>2,867,987</u> | <u>2,578,694</u> | <u>1,878,694</u> | <u>(700,000)</u> |
| Excess (deficiency) of revenues over expenditures | (767,957) | (825,694) | (229,433) | 596,261 |
| Fund balance – beginning of year | <u>8,174,463</u> | <u>8,174,463</u> | <u>8,174,463</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 7,406,506</u> | <u>\$ 7,348,769</u> | <u>\$ 7,945,030</u> | <u>\$ 596,261</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Parks and Recreation Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|--------------------|-----------------|------------|---|
| Revenues | | | | |
| Taxes | \$ - | \$ 315,000 | \$ 318,758 | \$ 3,758 |
| Investment income | - | - | 1,244 | 1,244 |
| Other revenue | - | 4,825 | 7,235 | 2,410 |
| Total revenues | - | 319,825 | 327,237 | 7,412 |
| Expenditures | | | | |
| Recreation and culture | - | 401,054 | 352,562 | (48,492) |
| Excess (deficiency) of revenues over expenditures | - | (81,229) | (25,325) | 55,904 |
| Fund balance – beginning of year | 81,229 | 81,229 | 81,229 | - |
| Fund balance – end of year | \$ 81,229 | \$ - | \$ 55,904 | \$ 55,904 |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Senior Citizen Centers Special Revenue Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over (Under) Final Budget</u> |
|--|----------------------------|-------------------------|-----------------|---|
| Expenditures | | | | |
| Current | | | | |
| Recreation and culture | \$ - | \$ - | \$ 5,882 | \$ 5,882 |
| Deficiency of revenues over expenditures | - | - | (5,882) | (5,882) |
| Fund balance – beginning of year | <u>13,117</u> | <u>13,117</u> | <u>13,117</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 13,117</u> | <u>\$ 13,117</u> | <u>\$ 7,235</u> | <u>\$ (5,882)</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Building Department Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Licenses and permits | \$ 1,840,000 | \$ 2,854,026 | \$ 3,039,697 | \$ 185,671 |
| Charges for services | - | 47,384 | 48,056 | 672 |
| Fines and forfeitures | - | 1,295 | 1,295 | - |
| Investment income | - | - | 28,202 | 28,202 |
| Transfers in | 644,701 | - | - | - |
| Total revenues | <u>2,484,701</u> | <u>2,902,705</u> | <u>3,117,250</u> | <u>214,545</u> |
| Expenditures | | | | |
| Public safety | <u>2,484,701</u> | <u>1,966,716</u> | <u>1,792,099</u> | <u>(174,617)</u> |
| Deficiency of revenues over expenditures | - | 935,989 | 1,325,151 | 389,162 |
| Fund balance – beginning of year | <u>1,734,154</u> | <u>1,734,154</u> | <u>1,734,154</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 1,734,154</u> | <u>\$ 2,670,143</u> | <u>\$ 3,059,305</u> | <u>\$ 389,162</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Garbage Collection Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|------------------|---|
| Revenues | | | | |
| Taxes | \$ 5,450,224 | \$ 4,829,002 | \$ 3,919,371 | \$ (909,631) |
| Licenses and permits | 500 | 500 | 2,120 | 1,620 |
| Charges for services | - | - | 20,826 | 20,826 |
| Investment income | - | - | 8,628 | 8,628 |
| Total revenues | <u>5,450,724</u> | <u>4,829,502</u> | <u>3,950,945</u> | <u>(878,557)</u> |
| Expenditures | | | | |
| Public works | <u>5,450,724</u> | <u>4,829,502</u> | <u>4,492,967</u> | <u>(336,535)</u> |
| Deficiency of revenues over expenditures | - | - | (542,022) | (542,022) |
| Fund balance – beginning of year | <u>590,337</u> | <u>590,337</u> | <u>590,337</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 590,337</u> | <u>\$ 590,337</u> | <u>\$ 48,315</u> | <u>\$ (542,022)</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Public Safety Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 4,249,000 | \$ 3,700,000 | \$ 3,822,269 | \$ 122,269 |
| Other state grants | - | 334,024 | 552,008 | 217,984 |
| Investment income | - | - | 39,557 | 39,557 |
| Total revenues | <u>4,249,000</u> | <u>4,034,024</u> | <u>4,413,834</u> | <u>379,810</u> |
| Expenditures | | | | |
| Public safety | <u>7,249,000</u> | <u>6,253,741</u> | <u>6,126,344</u> | <u>(127,397)</u> |
| Excess (deficiency) of revenues over expenditures | (3,000,000) | (2,219,717) | (1,712,510) | 507,207 |
| Fund balance – beginning of year | <u>6,019,150</u> | <u>6,019,150</u> | <u>6,019,150</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 3,019,150</u> | <u>\$ 3,799,433</u> | <u>\$ 4,306,640</u> | <u>\$ 507,207</u> |

City of Flint
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Street Light Special Revenue Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|-------------------|---|
| Revenues | | | | |
| Charges for services | \$ 2,696,301 | \$ 2,718,986 | \$ 2,185,182 | \$ (533,804) |
| Interest income | - | - | 8,837 | 8,837 |
| Total revenues | <u>2,696,301</u> | <u>2,718,986</u> | <u>2,194,019</u> | <u>(524,967)</u> |
| Expenditures | | | | |
| Transportation | <u>2,696,301</u> | <u>2,824,203</u> | <u>2,387,616</u> | <u>(436,587)</u> |
| Deficiency of revenues over expenditures | - | (105,217) | (193,597) | (88,380) |
| Fund balance – beginning of year | <u>657,473</u> | <u>657,473</u> | <u>657,473</u> | <u>-</u> |
| Fund balance – end of year | <u>\$ 657,473</u> | <u>\$ 552,256</u> | <u>\$ 463,876</u> | <u>\$ (88,380)</u> |

INTERNAL SERVICE FUNDS

DATA PROCESSING FUND

The Data Processing Fund distributes the costs of central data processing services to the various user departments.

FRINGE BENEFITS FUND

The Fringe Benefits Fund is used as a clearing account for the City's payroll and related fringe benefits, and to make payments for workers' compensation and unemployment claims. Monies are accumulated in this fund as a result of payroll allocations made on a departmental and/or bargaining unit basis.

CENTRAL MAINTENANCE GARAGE FUND

The Central Maintenance Garage Fund accounts for the costs of vehicles and equipment provided to City funds.

SELF-INSURANCE FUND

The Self-Insurance Fund was established to accumulate monies which are available to settle claims against the City when no insurance coverage exists and to make insurance premium payments. The fund is reimbursed by the user departments for insurance premium payments made and monies accumulated for self-insurance.

City of Flint
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2016

| | Data Processing | Fringe Benefits | Central Maintenance Garage | Self Insurance | Total |
|---|---------------------|---------------------|----------------------------------|---------------------|----------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,342,375 | \$ 100 | \$ 307,120 | \$ 1,649,595 |
| Receivables | | | | | |
| Pooled cash and investments | 4,861,488 | 3,653,516 | 6,598,363 | 6,488,799 | 21,602,166 |
| Accounts receivable | 27,296 | 50,110 | 1,399 | 123,419 | 202,224 |
| Due from other funds | 216,455 | 1,500,000 | 2,500,000 | - | 4,216,455 |
| Inventories | - | - | 113,844 | - | 113,844 |
| Prepaid items | - | 870,015 | - | 5,312 | 875,327 |
| Total current assets | <u>5,105,239</u> | <u>7,416,016</u> | <u>9,213,706</u> | <u>6,924,650</u> | <u>28,659,611</u> |
| Noncurrent assets | | | | | |
| Capital assets, net | <u>222,027</u> | - | 1,292,766 | - | 1,514,793 |
| Total assets | <u>5,327,266</u> | <u>7,416,016</u> | <u>10,506,472</u> | <u>6,924,650</u> | <u>30,174,404</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 115,820 | 4,517,674 | 68,086 | 516,777 | 5,218,357 |
| Accrued and other liabilities | 8,507 | 64,604 | 12,012 | 1,121 | 86,244 |
| Claims payable - current | - | - | - | 393,055 | 393,055 |
| Current portion of noncurrent liabilities | - | - | 162,884 | - | 162,884 |
| Total current liabilities | <u>124,327</u> | <u>4,582,278</u> | <u>242,982</u> | <u>910,953</u> | <u>5,860,540</u> |
| Noncurrent liabilities | | | | | |
| Claims payable | - | - | - | 787,288 | 787,288 |
| Long-term debt net of current portion | - | - | 434,764 | - | 434,764 |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>434,764</u> | <u>787,288</u> | <u>1,222,052</u> |
| Total liabilities | <u>124,327</u> | <u>4,582,278</u> | <u>677,746</u> | <u>1,698,241</u> | <u>7,082,592</u> |
| Net position | | | | | |
| Net investment in capital assets | 222,027 | - | 695,118 | - | 917,145 |
| Unrestricted | <u>4,980,912</u> | <u>2,833,738</u> | <u>9,133,608</u> | <u>5,226,409</u> | <u>22,174,667</u> |
| Total net position | <u>\$ 5,202,939</u> | <u>\$ 2,833,738</u> | <u>\$ 9,828,726</u> | <u>\$ 5,226,409</u> | <u>\$ 23,091,812</u> |

City of Flint
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended June 30, 2016

| | Data Processing | Fringe Benefits | Central Maintenance Garage | Self Insurance | Total |
|---|---------------------|---------------------|----------------------------------|---------------------|----------------------|
| Operating revenue | | | | | |
| User charges | \$ 4,484,425 | \$ 42,744,196 | \$ 4,848,253 | \$ 2,755,214 | \$ 54,832,088 |
| Other revenue | - | 425,004 | 5,175 | 13,939 | 444,118 |
| Total operating revenue | <u>4,484,425</u> | <u>43,169,200</u> | <u>4,853,428</u> | <u>2,769,153</u> | <u>55,276,206</u> |
| Operating expenses | | | | | |
| Salaries and benefits | 825,340 | 127,589 | 1,018,882 | 173,611 | 2,145,422 |
| Supplies | 1,824 | 431 | 876,943 | 4,798 | 883,996 |
| Contractual services | 2,228,907 | 331,705 | 111,803 | 1,064,123 | 3,736,538 |
| Claims | - | - | - | 349,144 | 349,144 |
| Utilities | - | - | 28,030 | - | 28,030 |
| Repairs and maintenance | 41,516 | - | 197,531 | - | 239,047 |
| Insurance | - | - | - | 649,985 | 649,985 |
| Other expenses | 104,024 | 22,403 | 310,928 | 1,336 | 438,691 |
| Costs of materials or services rendered | - | 40,914,058 | - | - | 40,914,058 |
| Depreciation | 183,150 | - | 399,285 | - | 582,435 |
| Total operating expenses | <u>3,384,761</u> | <u>41,396,186</u> | <u>2,943,402</u> | <u>2,242,997</u> | <u>49,967,346</u> |
| Operating income | <u>1,099,664</u> | <u>1,773,014</u> | <u>1,910,026</u> | <u>526,156</u> | <u>5,308,860</u> |
| Nonoperating revenue (expenses) | | | | | |
| State grant | 25,800 | - | - | 75,000 | 100,800 |
| Investment income | 44,224 | 32,669 | 43,265 | 59,026 | 179,184 |
| Gain on sale of assets | - | - | 120,844 | - | 120,844 |
| Interest expense | (790) | - | (24,968) | - | (25,758) |
| Total nonoperating revenues (expenses) | <u>69,234</u> | <u>32,669</u> | <u>139,141</u> | <u>134,026</u> | <u>375,070</u> |
| Income before transfers out | 1,168,898 | 1,805,683 | 2,049,167 | 660,182 | 5,683,930 |
| Transfers out | - | (787,998) | - | - | (787,998) |
| Change in net position | 1,168,898 | 1,017,685 | 2,049,167 | 660,182 | 4,895,932 |
| Net position – beginning of year | 4,034,041 | 1,816,053 | 7,779,559 | 4,566,227 | 18,195,880 |
| Net position – end of year | <u>\$ 5,202,939</u> | <u>\$ 2,833,738</u> | <u>\$ 9,828,726</u> | <u>\$ 5,226,409</u> | <u>\$ 23,091,812</u> |

City of Flint
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

| | Data Processing | Fringe Benefits | Central Maintenance Garage | Self Insurance | Total |
|--|---------------------|---------------------|----------------------------------|---------------------|----------------------|
| Cash flows from operating activities | | | | | |
| Receipts from customers | \$ 4,458,654 | \$ 43,260,511 | \$ 4,855,749 | \$ 2,704,139 | \$ 55,279,053 |
| Payments to suppliers | (2,540,533) | (40,984,880) | (1,622,919) | (1,350,106) | (46,498,438) |
| Payments to employees | (825,340) | (127,589) | (1,018,882) | (173,611) | (2,145,422) |
| Claims paid | - | - | - | (293,153) | (293,153) |
| Net cash provided by operating activities | <u>1,092,781</u> | <u>2,148,042</u> | <u>2,213,948</u> | <u>887,269</u> | <u>6,342,040</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers to other funds | - | (787,998) | - | - | (787,998) |
| State grant | <u>25,800</u> | <u>-</u> | <u>-</u> | <u>75,000</u> | <u>100,800</u> |
| Net cash provided (used) by noncapital financing activities | <u>25,800</u> | <u>(787,998)</u> | <u>-</u> | <u>75,000</u> | <u>(687,198)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Purchases/construction of capital assets | (127,198) | - | (37,336) | - | (164,534) |
| Principal and interest paid on long-term debt | (63,265) | - | (183,780) | - | (247,045) |
| Proceeds from sale of capital assets | <u>-</u> | <u>-</u> | <u>253,495</u> | <u>-</u> | <u>253,495</u> |
| Net cash provided (used) by capital and related financing activities | <u>(190,463)</u> | <u>-</u> | <u>32,379</u> | <u>-</u> | <u>(158,084)</u> |
| Cash flows from investing activities | | | | | |
| Interest received | <u>44,224</u> | <u>32,669</u> | <u>43,265</u> | <u>59,026</u> | <u>179,184</u> |
| Net change in cash and cash equivalents | 972,342 | 1,392,713 | 2,289,592 | 1,021,295 | 5,675,942 |
| Cash and cash equivalents – beginning of year | <u>3,889,146</u> | <u>3,603,178</u> | <u>4,308,871</u> | <u>5,774,624</u> | <u>17,575,819</u> |
| Cash and cash equivalents – end of year | <u>\$ 4,861,488</u> | <u>\$ 4,995,891</u> | <u>\$ 6,598,463</u> | <u>\$ 6,795,919</u> | <u>\$ 23,251,761</u> |

City of Flint
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

| | <u>Data Processing</u> | <u>Fringe Benefits</u> | <u>Central Maintenance Garage</u> | <u>Self Insurance</u> | <u>Total</u> |
|---|----------------------------|----------------------------|---|---------------------------|----------------------|
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | | |
| Operating income | \$ 1,099,664 | \$ 1,773,014 | \$ 1,910,026 | \$ 526,156 | \$ 5,308,860 |
| Adjustments to reconcile operating income to net cash from operating activities | | | | | |
| Depreciation and amortization expense | 183,150 | - | 399,285 | - | 582,435 |
| Changes in assets and liabilities | | | | | |
| Receivables (net) | (25,771) | 91,311 | 2,321 | (65,014) | 2,847 |
| Inventories | - | - | 4,245 | - | 4,245 |
| Prepaid items | - | 135,934 | - | (5,312) | 130,622 |
| Accounts payable | (165,714) | 127,177 | (101,837) | 374,839 | 234,465 |
| Accrued and other liabilities | 1,452 | 20,606 | (92) | 609 | 22,575 |
| Claims payable | - | - | - | 55,991 | 55,991 |
| Net cash provided by operating activities | <u>\$ 1,092,781</u> | <u>\$ 2,148,042</u> | <u>\$ 2,213,948</u> | <u>\$ 887,269</u> | <u>\$ 6,342,040</u> |
| Reconciliation of cash and cash equivalents | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,342,375 | \$ 100 | \$ 307,120 | \$ 1,649,595 |
| Pooled cash and investments | <u>4,861,488</u> | <u>3,653,516</u> | <u>6,598,363</u> | <u>6,488,799</u> | <u>21,602,166</u> |
| Cash and cash equivalents – end of year | <u>\$ 4,861,488</u> | <u>\$ 4,995,891</u> | <u>\$ 6,598,463</u> | <u>\$ 6,795,919</u> | <u>\$ 23,251,761</u> |

PENSION AND BENEFIT TRUST FUNDS

DEATH BENEFITS FUND

The Death Benefits Fund was established to provide beneficiaries of retirees and active employees with cash benefits to aid in funeral expenses. The employer and employees contribute equally to fund the amount necessary to provide the benefit.

HEALTH BENEFITS PLAN AND TRUST

The Health Benefit Plan and Trust was established for the purpose of providing health insurance benefits in accordance with collective bargaining agreements for eligible retirees through employee contributions.

HURLEY MEDICAL CENTER HEALTH BENEFIT PLAN AND TRUST

The Hurley Medical Center Health Benefit Plan and Trust was established for the purpose of providing health insurance benefits in accordance with collective bargaining agreements for eligible retirees through employee contributions.

AGENCY FUNDS

MISCELLANEOUS AGENCY FUND

The Miscellaneous Agency Fund is used to account for delinquent property taxes levied by other taxing units and other assets held by the City as an agent for individuals, private organizations, other governments, and other funds.

COUNTY REVOLVING LOAN FUND

The County Revolving Loan Fund is used to account for monies held in an agency capacity for the use of the Genesee County Economic Development Corporation

City of Flint
Other Supplementary Information
Fiduciary Funds
Combining Statement of Assets and Liabilities
June 30, 2016

| | Pension Trust Funds | | | | Agency Funds | | |
|---|---------------------|--------------------------------|------------------------------------|---------------------------------------|----------------------|-----------------------|---------------------|
| | Death Benefit | Health Benefits Plan and Trust | Hurley Retiree Health Benefit Fund | Total Pension and Benefit Trust Funds | Miscellaneous Agency | County Revolving Loan | Total Agency Funds |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 2,899,719 | \$ 2,899,719 | \$ 721,894 | \$ 556,385 | \$ 1,278,279 |
| Pooled cash and investments | - | 138,008 | - | 138,008 | 1,115,115 | - | 1,115,115 |
| Investments | | | | | | | |
| U.S. government obligations | - | - | 5,666,925 | 5,666,925 | - | - | - |
| Agency securities | - | - | 11,652,142 | 11,652,142 | - | - | - |
| Corporate stocks | 439,993 | - | 18,522,479 | 18,962,472 | - | - | - |
| Corporate bonds | - | - | 14,159,265 | 14,159,265 | - | - | - |
| Receivables | | | | | | | |
| Taxes | - | - | - | - | 4,209,223 | - | 4,209,223 |
| Other | - | - | 201,827 | 201,827 | 396,387 | - | 396,387 |
| Contribution | - | - | 3,963,664 | 3,963,664 | - | - | - |
| Total assets | <u>439,993</u> | <u>138,008</u> | <u>57,066,021</u> | <u>57,644,022</u> | <u>\$ 6,442,619</u> | <u>\$ 556,385</u> | <u>\$ 6,999,004</u> |
| Liabilities | | | | | | | |
| Accounts payable | - | - | - | - | 5,559,269 | 92 | 5,559,361 |
| Checks written against future deposits | 3,500 | - | - | 3,500 | - | - | - |
| Due to other units of government | - | - | - | - | 883,350 | 556,293 | 1,439,643 |
| Accrued expenses | - | - | 3,940,798 | 3,940,798 | - | - | - |
| Total liabilities | <u>3,500</u> | <u>-</u> | <u>3,940,798</u> | <u>3,944,298</u> | <u>\$ 6,442,619</u> | <u>\$ 556,385</u> | <u>\$ 6,999,004</u> |
| Net Position Restricted For | | | | | | | |
| Pensions and other Employee Benefits | <u>\$ 436,493</u> | <u>\$ 138,008</u> | <u>\$ 53,125,223</u> | <u>\$ 53,699,724</u> | | | |

City of Flint
Other Supplementary Information
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

| | <u>Death Benefit</u> | <u>Health Benefits Plan and Trust</u> | <u>Hurley Retiree Health Benefit Fund</u> | <u>Total Pension and Benefit Trust Funds</u> |
|------------------------------------|----------------------|---|---|--|
| Additions | | | | |
| Contributions | | | | |
| Employer | \$ - | \$ - | \$ 5,613,665 | \$ 5,613,665 |
| Retiree | - | - | 2,114,107 | 2,114,107 |
| Total contributions | <u>-</u> | <u>-</u> | <u>7,727,772</u> | <u>7,727,772</u> |
| Investment earnings (expenses) | | | | |
| Interest and dividends | 24,114 | 10 | 946,354 | 970,478 |
| Investment related expenses | - | - | (316,546) | (316,546) |
| Change in fair value | <u>(26,104)</u> | <u>-</u> | <u>(683,154)</u> | <u>(709,258)</u> |
| Total investment earnings (losses) | <u>(1,990)</u> | <u>10</u> | <u>(53,346)</u> | <u>(55,326)</u> |
| Total additions | <u>(1,990)</u> | <u>10</u> | <u>7,674,426</u> | <u>7,672,446</u> |
| Deductions | | | | |
| Benefits | <u>-</u> | <u>-</u> | <u>6,054,907</u> | <u>6,054,907</u> |
| Total deductions | <u>-</u> | <u>-</u> | <u>6,054,907</u> | <u>6,054,907</u> |
| Change in net position | (1,990) | 10 | 1,619,519 | 1,617,539 |
| Net position – beginning of year | <u>438,483</u> | <u>137,998</u> | <u>51,505,704</u> | <u>52,082,185</u> |
| Net position – end of year | <u>\$ 436,493</u> | <u>\$ 138,008</u> | <u>\$ 53,125,223</u> | <u>\$ 53,699,724</u> |

City of Flint
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
For the Year Ended June 30, 2016

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|---------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| Miscellaneous Agency | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 721,512 | \$ 382 | \$ - | \$ 721,894 |
| Receivables | 3,700,059 | 64,036,453 | 63,130,902 | 4,605,610 |
| Pooled cash and investments | <u>872,207</u> | <u>47,710,397</u> | <u>47,467,489</u> | <u>1,115,115</u> |
| Total assets | <u>\$ 5,293,778</u> | <u>\$ 111,747,232</u> | <u>\$ 110,598,391</u> | <u>\$ 6,442,619</u> |
| Liabilities | | | | |
| Accounts payable | \$ 300,610 | \$ 22,156,745 | \$ 22,134,908 | \$ 322,447 |
| Due to other governmental units | 4,077,075 | 62,201,057 | 61,110,507 | 5,167,625 |
| Deposits and advances | <u>916,093</u> | <u>371,309</u> | <u>334,855</u> | <u>952,547</u> |
| Total liabilities | <u>\$ 5,293,778</u> | <u>\$ 84,729,111</u> | <u>\$ 83,580,270</u> | <u>\$ 6,442,619</u> |
| County Revolving Loan | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 556,321</u> | <u>\$ 11,304</u> | <u>\$ 11,240</u> | <u>\$ 556,385</u> |
| Liabilities | | | | |
| Accounts payable | \$ 44 | \$ 254 | \$ 207 | \$ 91 |
| Due to other governmental units | <u>556,277</u> | <u>271</u> | <u>254</u> | <u>556,294</u> |
| Total liabilities | <u>\$ 556,321</u> | <u>\$ 525</u> | <u>\$ 461</u> | <u>\$ 556,385</u> |
| Total Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,277,833 | \$ 11,686 | \$ 11,240 | \$ 1,278,279 |
| Pooled cash and investments | 872,207 | 47,710,397 | 47,467,489 | 1,115,115 |
| Receivables | <u>3,700,059</u> | <u>64,036,453</u> | <u>63,130,902</u> | <u>4,605,610</u> |
| Total assets | <u>\$ 5,850,099</u> | <u>\$ 111,758,536</u> | <u>\$ 110,609,631</u> | <u>\$ 6,999,004</u> |
| Liabilities | | | | |
| Accounts payable | \$ 300,654 | \$ 22,156,999 | \$ 22,135,115 | \$ 322,538 |
| Due to other governmental units | 4,633,352 | 62,201,328 | 61,110,761 | 5,723,919 |
| Deposits and advances | <u>916,093</u> | <u>371,309</u> | <u>334,855</u> | <u>952,547</u> |
| Total liabilities | <u>\$ 5,850,099</u> | <u>\$ 84,729,636</u> | <u>\$ 83,580,731</u> | <u>\$ 6,999,004</u> |

STATISTICAL SECTION

Financial Trends – These schedules contain trend information to assist the reader in understanding how the City's financial performance and wellbeing have changed over time.

Revenue Capacity – These schedules contain information to assist the reader in assessing the factors affecting the City's ability to generate its property taxes.

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

Demographic and Economic Information – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain information about the City's operations and resources to assist the reader in understanding how the City's financial information relates to the services the City provides and the activities it performs.

City of Flint
Statistical Section (unaudited)
GASB Statement 44, Economic Condition Reporting
June 30, 2016

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

Financial Trends:

How the City's financial performance and well-being have changed over time.

| | |
|--|------------|
| Net Position by Component | Schedule 1 |
| Changes in Governmental Net Position | Schedule 2 |
| Changes in Business Type Net Position | Schedule 3 |
| Fund Balances, Governmental Funds | Schedule 4 |
| Changes in Fund Balances, Governmental Funds | Schedule 5 |

Revenue Capacity:

The City's most significant local revenue source is the property tax.

| | |
|--|------------|
| Taxable Value and Actual Value of Taxable Property | Schedule 6 |
| Direct and Overlapping Property Tax Rates | Schedule 7 |
| Principal Property Tax Payers | Schedule 8 |
| Property Tax Levies and Collections | Schedule 9 |

Debt Capacity:

The affordability of the City's current levels of outstanding debt and the City's ability to issue future additional debt.

| | |
|---|-------------|
| Ratios of Outstanding Debt | Schedule 10 |
| Ratios of General Bonded Debt Outstanding | Schedule 11 |
| Direct and Overlapping Governmental Activities Debt | Schedule 12 |
| Legal Debt Margin | Schedule 13 |
| Pledged-Revenue Coverage | Schedule 14 |

Demographic and Economic Information:

The environment within which the City's financial activities take place.

| | |
|-------------------------------------|-------------|
| Demographic and Economic Statistics | Schedule 15 |
| Principal Employers | Schedule 16 |

Operating & Resource Information:

How the City's financial information relates to the services the City provides and the activities it performs.

| | |
|---|-------------|
| Full-time Equivalent Government Employees | Schedule 17 |
| Operating Indicators | Schedule 18 |
| Capital Asset Statistics | Schedule 19 |

Flint Employees' Retirement System:

The value and funding ratio of the Retirement Fund over the past 15 actuarial valuations.

| | |
|---|-------------|
| Comparative Schedule - Actuarial Valuations | Schedule 20 |
|---|-------------|

City of Flint
Statistical Section
Financial Trend Information – Schedule 1
Net Position by Component
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Governmental Activities: | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 152,133,527 | \$ 190,526,479 | \$ 184,617,905 | \$ 180,811,443 | \$ 176,533,920 | \$ 164,557,732 | \$ 153,329,640 | \$ 138,929,966 | \$ 127,601,186 | \$ 120,193,431 |
| Restricted | 20,433,487 | 21,090,174 | 19,700,865 | 9,401,616 | 8,886,933 | 7,712,381 | 25,690,959 | 40,976,633 | 38,525,638 | 17,600,308 |
| Unrestricted | (10,068,901) | (66,676,216) | (94,639,303) | (120,251,900) | (148,784,633) | (149,241,234) | (158,391,840) | (151,887,277) | (348,263,708) | (335,931,410) |
| Total net position | \$ 162,498,113 | \$ 144,940,437 | \$ 109,679,467 | \$ 69,961,159 | \$ 36,636,220 | \$ 23,028,879 | \$ 20,628,759 | \$ 28,019,322 | \$ (182,136,884) | \$ (198,137,671) |
| Business Type Activities: | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 111,838,676 | \$ 121,424,230 | \$ 123,161,141 | \$ 125,632,814 | \$ 127,847,276 | \$ 84,181,963 | \$ 78,604,810 | \$ 76,669,716 | \$ 77,042,464 | \$ 75,805,935 |
| Restricted | 8,986,780 | 10,289,006 | 11,106,759 | 10,761,281 | 11,432,623 | 5,585,334 | 4,385,534 | 5,848,116 | 5,848,116 | 5,113,523 |
| Unrestricted | 111,956,070 | 97,377,129 | 88,481,489 | 65,053,326 | 43,022,814 | (8,458,664) | 8,278,835 | 13,212,790 | (33,880,794) | (23,158,249) |
| Total net position | \$ 232,781,526 | \$ 229,090,365 | \$ 222,749,389 | \$ 201,447,421 | \$ 182,302,713 | \$ 81,308,633 | \$ 91,269,179 | \$ 95,730,622 | \$ 49,009,786 | \$ 57,761,209 |
| Primary government in total: | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 263,972,203 | \$ 311,950,709 | \$ 307,779,046 | \$ 306,444,257 | \$ 304,381,196 | \$ 248,739,695 | \$ 231,934,450 | \$ 215,599,682 | \$ 204,643,650 | \$ 195,999,366 |
| Restricted | 29,420,267 | 31,379,180 | 30,807,624 | 20,162,897 | 20,319,556 | 13,297,715 | 30,076,493 | 46,824,749 | 44,373,754 | 22,713,831 |
| Unrestricted | 101,887,169 | 30,700,913 | (6,157,814) | (55,198,574) | (105,761,819) | (157,699,898) | (150,113,005) | (138,674,487) | (382,144,502) | (359,089,659) |
| Total net position | \$ 395,279,639 | \$ 374,030,802 | \$ 332,428,856 | \$ 271,408,580 | \$ 218,938,933 | \$ 104,337,512 | \$ 111,897,938 | \$ 123,749,944 | \$ (133,127,098) | \$ (140,376,462) |

In 2004, the City retroactively capitalized infrastructure in accordance with GASB 34, significantly increasing the investment in capital assets for governmental activities.

In 2014, there was a prior period adjustment in total governmental activities, see Note 17.

City of Flint
Statistical Section
Financial Trend Information – Schedule 2
Changes in Governmental Net Position
Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|
| Expenses: | | | | | | | | | | |
| General government | \$ 22,445,665 | \$ 30,126,082 | \$ 28,617,291 | \$ 26,999,131 | \$ 18,640,073 | \$ 12,034,876 | \$ 7,880,521 | \$ 7,691,189 | \$ 10,540,197 | \$ 14,042,753 |
| Judicial | 5,838,951 | 8,820,013 | 6,681,529 | 7,549,727 | 7,504,547 | 3,673,809 | 5,095,682 | 5,031,863 | 5,032,427 | 5,143,547 |
| Public Safety | 49,833,782 | 78,048,619 | 61,324,633 | 57,784,496 | 53,062,194 | 42,196,455 | 39,022,487 | 41,576,320 | 36,224,195 | 49,407,091 |
| Building inspection | 3,672,350 | 5,063,848 | 5,277,613 | 6,332,983 | 8,610,149 | 7,049,138 | 4,017,923 | 2,452,420 | 1,282,613 | 1,254,516 |
| Public works | 40,305,844 | 30,519,397 | 31,907,385 | 27,224,651 | 28,549,114 | 25,942,018 | 22,978,241 | 27,278,596 | 26,380,580 | 27,140,462 |
| Community enrichment and development | 6,467,573 | 6,163,998 | 6,620,929 | 10,835,034 | 16,541,698 | 14,668,606 | 19,981,427 | 6,751,200 | 5,617,598 | 8,988,332 |
| Parks and recreation | 5,596,244 | 7,610,803 | 6,147,632 | 5,431,010 | 6,803,411 | 4,455,354 | 2,864,223 | 3,096,360 | 4,112,910 | 1,723,835 |
| Interest on long-term debt | 824,536 | 1,091,347 | 1,122,341 | 806,637 | 1,132,521 | 1,361,513 | 1,021,815 | 1,203,196 | 1,166,786 | 1,280,956 |
| Total governmental activities | 134,984,945 | 167,444,107 | 147,699,353 | 142,963,669 | 140,843,707 | 111,381,769 | 102,862,319 | 95,081,144 | 90,357,306 | 108,981,492 |
| Program revenues: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 14,768,691 | 17,547,766 | 15,114,833 | 16,222,583 | 18,497,109 | 9,272,670 | 11,736,677 | 9,223,175 | 7,017,607 | 8,466,185 |
| Judicial | 2,470,636 | 2,663,984 | 2,339,395 | 2,094,107 | 1,668,559 | 1,594,061 | 1,696,157 | 1,826,600 | 1,449,274 | 680,908 |
| Public Safety | 4,055,880 | 5,100,191 | 4,460,730 | 3,291,583 | 2,878,264 | 2,594,216 | 3,180,137 | 2,180,536 | 2,531,669 | 2,285,236 |
| Building inspection | 1,483,269 | 1,501,849 | 1,736,737 | 1,728,460 | 3,173,389 | 3,949,658 | 2,062,378 | 2,004,074 | 2,726,592 | 3,149,559 |
| Public works | 15,715,702 | 8,221 | 9,124 | 267,712 | 186,105 | 63,496 | 65,025 | 35,085 | 25,798 | 106,319 |
| Community enrichment and development | 499,645 | 147,744 | 69,749 | 564,698 | 53,960 | 11,371 | 1,659 | 6,816 | 495 | 523 |
| Parks and recreation | 40,679 | 53,999 | 44,512 | 30,193 | 554,742 | 229,710 | 10,075 | 4,190 | 5,171 | 1,236 |
| Total charges for services | 39,034,502 | 27,023,754 | 23,775,080 | 24,199,336 | 27,012,128 | 17,715,182 | 18,752,108 | 15,280,476 | 13,756,606 | 14,689,966 |
| Operating grants and contributions | 20,341,109 | 19,590,161 | 17,154,589 | 22,074,893 | 27,243,104 | 20,903,212 | 14,213,238 | 14,562,573 | 16,880,612 | 18,497,749 |
| Capital grants and contributions | 18,063,785 | 8,850,442 | 10,162,836 | 4,436,527 | 6,414,945 | 13,290,515 | 21,872,060 | 11,218,347 | 1,924,929 | 6,240,235 |
| Total program revenue | 77,439,396 | 55,464,357 | 51,092,505 | 50,710,756 | 60,670,177 | 51,908,909 | 54,837,406 | 41,061,396 | 32,562,147 | 39,427,950 |
| Net (expense) revenue | (57,545,549) | (111,979,750) | (96,606,848) | (92,252,913) | (80,173,530) | (59,472,860) | (48,024,913) | (54,019,748) | (57,795,159) | (69,553,542) |
| General revenues: | | | | | | | | | | |
| Property taxes | 24,905,192 | 25,602,458 | 24,343,118 | 19,224,393 | 18,142,422 | 14,263,876 | 21,722,352 | 21,292,833 | 19,757,581 | 18,429,084 |
| Income taxes | 18,603,312 | 16,516,416 | 14,277,939 | 13,551,247 | 14,396,346 | 14,839,999 | 14,674,274 | 13,038,276 | 14,012,171 | 15,540,594 |
| State-shared revenues | 18,959,082 | 18,959,082 | 18,466,481 | 16,424,091 | 16,424,088 | 13,103,186 | 13,667,182 | 14,140,573 | 14,458,731 | 14,451,256 |
| Unrestricted investment earnings | 2,502,919 | 2,133,630 | 1,109,633 | 624,699 | 507,915 | 632,134 | 445,325 | 860,821 | 742,926 | 1,113,097 |
| Gain (loss) on sale of capital assets | 39,425 | 35,610 | 69,084 | (327,551) | - | - | 1,046,990 | 16,800 | 1,567,571 | - |
| Miscellaneous revenue | - | 150,975 | - | 54,549 | 84,408 | 36,324 | 1,203,070 | 2,942,613 | 2,990,000 | 1,028,722 |
| Total general revenues | 65,009,930 | 63,398,171 | 58,266,255 | 49,551,428 | 49,555,179 | 42,875,519 | 52,759,193 | 52,291,916 | 53,528,980 | 50,562,753 |
| Transfers | - | - | 3,079,623 | 2,983,177 | 5,670,849 | 2,990,000 | 2,990,000 | 2,990,000 | - | 2,990,000 |
| Change in net position | \$ 7,464,381 | \$ (48,581,579) | \$ (35,260,970) | \$ (39,718,308) | \$ (24,947,502) | \$ (13,607,341) | \$ 7,724,280 | \$ 1,262,168 | \$ (4,266,179) | \$ (16,000,789) |

City of Flint
Statistical Section
Financial Trend Information – Schedule 3
Changes in Business Type Net Position – Primary Government
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|------------------------|---------------------|---------------------|
| Operating revenue | | | | | | | | | | |
| Sale of water | \$ 33,172,084 | \$ 33,956,858 | \$ 34,080,677 | \$ 31,956,754 | \$ 36,762,663 | \$ 44,850,678 | \$ 49,880,827 | \$ 43,552,152 | \$ 33,777,658 | \$ 32,355,881 |
| Sewage disposal charges | 17,918,595 | 17,143,474 | 17,836,304 | 15,957,087 | 17,637,811 | 23,214,899 | 32,025,929 | 28,605,162 | 30,435,699 | 29,031,074 |
| Hurley Medical Center | 347,856,879 | 332,199,875 | 351,792,875 | 360,903,987 | 354,078,435 | - | - | - | - | - |
| Other charges for services | 1,030,999 | 891,241 | 1,098,854 | 583,498 | - | 3,761 | 23,041 | - | 123,224 | 37,051 |
| Total operating revenue | 399,978,557 | 384,191,448 | 404,808,710 | 409,401,326 | 408,478,909 | 68,069,338 | 81,929,797 | 72,157,314 | 64,336,581 | 61,424,006 |
| Operating expenses | | | | | | | | | | |
| Cost of water produced/purchased | 16,052,006 | 16,297,871 | 17,421,663 | 17,103,752 | 20,919,987 | 21,251,448 | 23,308,800 | 21,508,040 | - | 8,354,748 |
| Water supply | 12,572,311 | 15,145,174 | 16,966,375 | 17,829,720 | 17,050,216 | 15,600,804 | 14,429,553 | 17,381,525 | 18,805,048 | 22,478,663 |
| Sewage disposal | 31,514,909 | 21,531,917 | 21,118,123 | 25,923,101 | 24,780,913 | 20,249,253 | 21,203,557 | 20,180,686 | 18,898,748 | 22,052,088 |
| Hurley Medical Center | 337,602,912 | 319,553,166 | 335,354,672 | 343,633,278 | 339,408,386 | - | - | - | - | - |
| Nonmajor Enterprise funds | 1,332,660 | 1,625,295 | 1,203,591 | 1,156,400 | - | - | - | - | - | - |
| Depreciation | 18,902,668 | 19,196,772 | 20,877,152 | 20,394,544 | 19,529,104 | 10,056,150 | 7,538,013 | 8,806,180 | 6,036,783 | 7,039,991 |
| Total operating expenses | 417,977,466 | 393,350,195 | 412,941,576 | 426,040,795 | 421,688,606 | 67,157,655 | 66,479,923 | 67,876,431 | 43,740,579 | 59,925,490 |
| Operating income (loss) | (17,998,909) | (9,158,747) | (8,132,866) | (16,639,469) | (13,209,697) | 911,683 | 15,449,874 | 4,280,883 | 20,596,002 | 1,498,516 |
| Nonoperating revenue (expense) | | | | | | | | | | |
| State grant | - | - | - | - | - | - | - | - | - | 6,000,000 |
| Local grants | - | - | - | - | - | - | - | - | - | 2,374,748 |
| Investment income | 7,011,989 | 6,382,545 | 4,488,845 | 2,186,379 | 2,048,499 | 209,179 | 945 | 155,578 | 247,222 | 613,207 |
| Interest expense | (4,620,131) | (4,739,233) | (4,717,484) | (4,528,788) | (4,594,996) | (694,504) | (787,584) | (572,376) | (565,869) | (170,301) |
| Income (loss) from joint ventures | (965,390) | 3,639,181 | 2,327,524 | 742,126 | 1,469,880 | - | - | - | - | - |
| Gain (loss) on disposal of assets | (324,965) | (653,040) | (313,727) | (165,327) | - | - | (1,856,694) | 3,593,677 | 225,465 | - |
| Capital grants and contributions | 743,606 | 838,132 | 476,760 | (42,567) | 797,749 | - | 99,240 | - | - | - |
| Miscellaneous revenue | - | - | - | - | - | 51,215 | 44,765 | (6,319) | (6,571) | (5,981) |
| Income (loss) – before transfers | (16,153,800) | (3,691,162) | (5,870,948) | (18,447,646) | (13,488,565) | 477,573 | 12,950,546 | 7,451,443 | 20,496,249 | 10,310,189 |
| Grants for capital improvements | - | - | 199,596 | 128,855 | 14,706 | - | - | - | - | - |
| Transfers from other funds | - | - | 2,320,377 | 6,823 | 285,992 | - | - | 800,000 | 800,000 | - |
| Transfers to other funds | - | - | (2,990,000) | (2,990,000) | (5,956,841) | (2,990,000) | (2,990,000) | (3,790,000) | (3,790,000) | (2,990,000) |
| Change in net position | (16,153,800) | (3,691,162) | (6,340,975) | (21,301,968) | (19,144,708) | (2,512,427) | 9,960,546 | 4,461,443 | 17,506,249 | 7,320,189 |
| Change in net position – primary government | \$ (8,689,419) | \$ (52,272,741) | \$ (41,601,945) | \$ (61,020,276) | \$ (44,092,210) | \$ (16,119,768) | \$ 17,684,826 | \$ (11,539,346) | \$ 1,505,460 | \$ 7,320,189 |

City of Flint
Statistical Section
Financial Trend Information – Schedule 4
Fund Balances, Governmental Funds
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011 *</u> | <u>2012*</u> | <u>2013*</u> | <u>2014*</u> | <u>2015</u> | <u>2016</u> |
|---|-----------------------------|-----------------------------|----------------------------|------------------------------|----------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| General fund | | | | | | | | | | |
| Restricted | \$ 68,624 | \$ 177,450 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Nonspendable | - | - | - | - | 1,586,995 | - | - | - | - | - |
| Unreserved, designated for City jail | 1,235,672 | - | - | - | - | - | - | - | - | - |
| Assigned | 3,817,088 | - | - | - | - | - | - | - | - | - |
| Unassigned (deficit) | <u>1,230,310</u> | <u>(7,046,820)</u> | <u>(10,113,744)</u> | <u>(14,621,546)</u> | <u>(8,863,134)</u> | <u>(19,184,850)</u> | <u>(12,895,642)</u> | <u>(8,961,427)</u> | <u>3,346,327</u> | <u>10,037,581</u> |
| Total general fund (deficit) | <u>6,351,694</u> | <u>(6,869,370)</u> | <u>(10,113,744)</u> | <u>(14,621,546)</u> | <u>(7,276,139)</u> | <u>(19,184,850)</u> | <u>(12,895,642)</u> | <u>(8,961,427)</u> | <u>3,346,327</u> | <u>10,037,581</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted | 5,187,345 | 2,279,414 | 2,021,691 | 1,749,242 | - | - | 826,744 | 1,261,017 | - | - |
| Nonspendable | - | - | - | - | 1,180,246 | - | - | - | - | - |
| Assigned | 7,519,456 | 3,591,002 | 7,190,250 | 1,872,197 | - | - | - | - | - | - |
| Restricted, reported in: | | | | | | | | | | |
| Special revenue funds | 5,358,369 | 8,619,573 | 8,321,188 | 931,077 | 4,245,293 | 5,378,647 | 4,738,394 | 17,887,625 | 18,233,919 | 20,323,869 |
| Debt service funds | 7,067 | 7,163 | 7,163 | 7,163 | 7,163 | 7,163 | 7,163 | 7,962 | 10,720 | 10,752 |
| Capital projects funds | 812,881 | 3,460,669 | 304,138 | 1,831,338 | 1,657,446 | 1,630,490 | 2,597,719 | 9,335,338 | 8,174,463 | 7,945,030 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,667</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(108,770)</u> | <u>-</u> |
| Total all other governmental funds | <u>18,885,118</u> | <u>17,957,821</u> | <u>17,844,430</u> | <u>6,391,017</u> | <u>7,091,815</u> | <u>7,016,300</u> | <u>8,170,020</u> | <u>28,491,942</u> | <u>26,310,332</u> | <u>28,279,651</u> |
| Total governmental fund balance | <u>\$ 25,236,812</u> | <u>\$ 11,088,451</u> | <u>\$ 7,730,686</u> | <u>\$ (8,230,529)</u> | <u>\$ (184,324)</u> | <u>\$(12,168,550)</u> | <u>\$ (4,725,622)</u> | <u>\$ 19,530,515</u> | <u>\$ 29,656,659</u> | <u>\$ 38,317,232</u> |

In 2011, there was a prior period adjustment in the General Fund, see Note 1

** Fund balance classifications were changed as a result of implementation of GASB 54*

City of Flint
Statistical Section
Financial Trend Information – Schedule 5
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|---------------------|-----------------------|---------------------|------------------------|---------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | | | | | | |
| Property taxes | \$ 25,914,497 | \$ 25,761,449 | \$ 24,890,597 | \$ 19,169,740 | \$ 18,035,252 | \$ 14,409,390 | 19,213,064 | 18,189,649 | 16,696,873 | 15,581,099 |
| Income taxes | 18,717,312 | 16,516,416 | 14,277,939 | 13,551,247 | 14,396,346 | 14,839,999 | 14,674,274 | 13,038,276 | 14,314,826 | 15,864,085 |
| Special assessments | 54,225 | 39,947 | 211,682 | 41,479 | - | - | - | - | 13,493,216 | - |
| Federal revenue | 9,813,891 | 7,098,114 | 7,538,586 | 12,414,929 | 19,718,598 | 21,573,103 | 23,822,041 | 20,035,608 | 21,699,780 | 7,007,040 |
| State-shared revenues (and grants) | 29,486,652 | 29,890,165 | 29,839,715 | 27,770,303 | 26,927,022 | 22,544,231 | 24,262,024 | 19,467,727 | 1,144,948 | 36,047,846 |
| Licenses and permits | 2,182,735 | 2,274,072 | 2,348,165 | 2,440,648 | 3,220,060 | 2,639,995 | 3,410,508 | 1,502,536 | 2,450,924 | 1,154,277 |
| Fines and forfeitures | 3,517,872 | 3,577,563 | 3,429,032 | 2,470,584 | 2,087,179 | 2,148,127 | 2,415,648 | 3,090,045 | 7,975,310 | 3,081,246 |
| Charges for services | 10,108,460 | 10,376,662 | 11,708,234 | 11,230,300 | 12,487,478 | 12,486,081 | 11,594,534 | 9,627,796 | 582,869 | 8,390,598 |
| Local grants | 633,911 | 1,413,470 | 2,510,298 | 1,961,589 | - | - | - | 632,458 | 4,976,610 | 275,028 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 1,460,982 |
| Interest and other | 4,046,407 | 3,499,428 | 2,732,572 | 2,825,591 | 12,104,122 | 3,624,681 | 7,142,900 | 7,016,496 | - | 983,837 |
| Total revenue | 104,475,962 | 100,447,286 | 99,486,820 | 93,876,410 | 108,976,057 | 94,265,607 | 106,534,993 | 92,600,591 | 83,335,356 | 89,846,038 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Legislative | 1,100,228 | 1,164,844 | 1,196,266 | 1,176,953 | 1,226,475 | 1,214,229 | 344,227 | 338,638 | 557,841 | 841,240 |
| Judicial | 5,834,563 | 6,367,737 | 5,113,532 | 5,468,994 | 5,292,589 | 5,595,856 | 4,955,003 | 5,181,415 | 5,294,069 | 3,783,089 |
| General government | 12,468,418 | 13,094,727 | 11,862,417 | 10,976,896 | 16,875,964 | 10,905,195 | 7,999,801 | 7,466,619 | 11,033,750 | 10,771,374 |
| Public safety | 49,277,571 | 57,195,849 | 47,262,636 | 44,823,709 | 42,520,146 | 41,397,991 | 44,194,639 | 42,371,672 | 38,757,525 | 36,888,769 |
| Building inspections | 3,943,583 | 4,624,961 | 4,266,994 | 6,604,061 | 7,335,776 | 7,013,352 | 4,170,534 | 2,444,768 | 1,573,780 | 1,792,099 |
| Public works | 21,802,572 | 34,462,549 | 20,571,899 | 20,379,499 | 16,950,515 | 15,775,327 | 15,285,853 | 14,608,856 | 15,801,065 | 6,155,898 |
| Parks & Recreation | 5,257,766 | 6,000,142 | 4,538,348 | 4,340,478 | 9,278,896 | 15,383,788 | 8,328,093 | 2,729,358 | 2,980,851 | 358,444 |
| Community development | 7,587,157 | 5,973,575 | 6,398,469 | 14,899,707 | 8,285,404 | 8,427,928 | 9,379,517 | 6,750,331 | 5,582,858 | 7,745,212 |
| Transportation | - | - | - | - | - | - | - | - | - | 12,012,988 |
| Facilities Maintenance | - | - | - | - | - | - | - | - | - | 1,661,747 |
| Principal | 1,639,228 | 2,076,203 | 2,035,905 | 2,292,187 | 2,040,435 | 941,435 | 896,977 | 1,218,524 | 1,239,070 | 1,659,622 |
| Interest and fiscal charges | 586,217 | 738,835 | 881,328 | 675,147 | 623,873 | 837,291 | 1,038,376 | 1,203,212 | 1,168,901 | 1,292,981 |
| Total expenditures | 109,497,303 | 131,699,422 | 104,127,794 | 111,637,631 | 110,430,073 | 107,492,392 | 96,593,020 | 84,313,393 | 83,989,710 | 84,963,463 |
| Excess of revenue over (under) expenditures | (5,021,341) | (31,252,136) | (4,640,974) | (17,761,221) | (1,454,016) | (13,226,785) | 9,941,973 | 8,287,198 | (654,354) | 4,882,575 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Debt issuance | - | 18,369,192 | 1,875,000 | - | 8,000,000 | - | - | - | 7,000,000 | - |
| Sale of fixed assets | 39,425 | 35,610 | 7,782 | 54,195 | 1,750 | 24,300 | 100 | 16,800 | 500 | - |
| Interest expense | - | - | (104,697) | - | - | - | - | - | - | - |
| Transfers in | 1,306,256 | 776,424 | 5,361,005 | 3,581,463 | 6,855,239 | 7,594,781 | 5,518,457 | 6,669,791 | 5,454,157 | 5,085,992 |
| Transfers out | (1,856,380) | (2,077,451) | (5,960,578) | (1,835,652) | (5,356,768) | (6,376,522) | (1,028,457) | (2,608,248) | (1,676,159) | (1,307,994) |
| Total other financing sources (uses) | (510,699) | 17,103,775 | 1,178,512 | 1,800,006 | 9,500,221 | 1,242,559 | 4,490,100 | 4,078,343 | 10,778,498 | 3,777,998 |
| Net change in fund balances | (5,532,040) | (14,148,361) | (3,462,462) | (15,961,215) | 8,046,205 | (11,984,226) | 14,432,073 | 12,365,541 | 10,124,144 | 8,660,573 |
| Fund balances – beginning of year | 30,768,852 | 25,236,812 | 11,088,451 | 7,730,686 | (8,230,529) | (184,324) | (12,168,550) | 7,164,974 | 19,530,515 | 29,656,659 |
| Fund balances – end of year | \$ 25,236,812 | \$ 11,088,451 | \$ 7,625,989 | \$ (8,230,529) | \$ (184,324) | \$ (12,168,550) | \$ 2,263,523 | \$ 19,530,515 | \$ 29,654,659 | \$ 38,317,232 |

Note: The fund balance at 6-30-04 was restated.

City of Flint
Statistical Section
Revenue Capacity Information – Schedule 6
Taxable Value and Actual Value of Taxable Property
Since 2001 – Last Fifteen Fiscal Years

| Tax Year | Fiscal year ended June 30, | Taxable Value by Property Type: | | | | Total Taxable Value | Tax Rate (mills) | Estimated Actual Value | Taxable Value as a % of Actual | Facilities Tax Abated Taxable Value |
|----------|----------------------------|---------------------------------|----------------|----------------|-------------------|---------------------|------------------|------------------------|--------------------------------|-------------------------------------|
| | | Real Property: | | | | | | | | |
| | | Residential | Commercial | Industrial | Personal Property | | | | | |
| 2001 | 2002 | \$ 735,141,459 | \$ 213,306,825 | \$ 195,586,761 | \$ 395,076,836 | \$ 1,539,111,881 | 56.8956 | \$ 3,511,923,954 | 43.83% | \$ 92,409,000 |
| 2002 | 2003 | 773,884,137 | 221,047,898 | 187,870,246 | 387,314,141 | 1,570,116,422 | 56.8103 | 3,607,345,434 | 43.53% | 90,951,800 |
| 2003 | 2004 | 799,987,359 | 214,010,263 | 206,211,779 | 365,427,300 | 1,585,636,701 | 55.6705 | 3,650,323,064 | 43.44% | 80,787,500 |
| 2004 | 2005 | 827,296,569 | 216,263,221 | 209,511,131 | 345,183,800 | 1,598,254,721 | 56.9759 | 3,727,536,086 | 42.88% | 82,758,600 |
| 2005 | 2006 | 859,573,375 | 221,731,987 | 216,022,960 | 358,327,845 | 1,655,656,167 | 56.9759 | 3,796,650,962 | 43.61% | 66,498,151 |
| 2006 | 2007 | 901,052,488 | 227,755,465 | 214,355,673 | 337,708,900 | 1,680,872,526 | 56.9705 | 3,894,475,000 | 43.16% | 92,789,751 |
| 2007 | 2008 | 943,643,241 | 233,136,810 | 204,025,343 | 317,960,800 | 1,698,766,194 | 58.6748 | 3,932,588,200 | 43.20% | 103,753,679 |
| 2008 | 2009 | 944,469,331 | 224,215,379 | 188,255,857 | 286,484,300 | 1,643,424,867 | 58.6748 | 3,821,928,000 | 43.00% | 84,654,733 |
| 2009 | 2010 | 898,762,329 | 217,485,191 | 168,241,617 | 221,121,300 | 1,505,610,437 | 58.6750 | 3,296,817,600 | 45.67% | 83,166,191 |
| 2010 | 2011 | 799,683,301 | 216,082,248 | 146,733,154 | 142,622,700 | 1,305,121,403 | 65.3850 | 2,786,085,200 | 46.84% | 74,687,017 |
| 2011 | 2012 | 677,714,706 | 204,695,601 | 100,228,398 | 164,150,300 | 1,146,789,005 | 62.8550 | 2,383,030,600 | 48.12% | 48,290,169 |
| 2012 | 2013 | 505,714,706 | 196,112,442 | 129,649,913 | 158,959,800 | 991,241,706 | 66.3548 | 1,938,259,600 | 51.14% | 42,861,946 |
| 2013 | 2014 | 362,867,708 | 181,351,218 | 77,833,577 | 154,602,400 | 776,654,903 | 66.4550 | 1,590,344,800 | 48.84% | 27,773,300 |
| 2014 | 2015 | 358,826,466 | 174,669,232 | 78,779,274 | 146,551,100 | 758,826,072 | 66.4550 | 1,563,630,500 | 48.27% | 17,607,300 |
| 2015 | 2016 | 351,627,021 | 175,031,857 | 67,448,512 | 155,838,600 | 749,945,990 | 66.9603 | 1,550,764,900 | 48.36% | 19,771,400 |
| 2016 | 2017 | 344,250,125 | 171,595,307 | 66,040,606 | 129,048,800 | 710,934,838 | 67.9853 | 1,594,595,400 | 44.58% | 29,670,872 |

Notes: An additional one-time Court-Ordered Levy of 6.7100 (Genesee Towers Judgement) was placed on the Winter Roll 2010-11

Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year. Tax rates are per \$1,000 of assessed value.

Source: City Assessor

City of Flint
Statistical Section
Revenue Capacity Information – Schedule 7
Direct and Overlapping Property Tax Rates
Since 2000 – Last Fifteen Fiscal Years

| Fiscal Year Ending | Millage Rates - Direct City Taxes | | | | | | | Overlapping Tax Rates* | | | | |
|-----------------------|-----------------------------------|------------------------|--------|------------------|-------------|---------------|-------------------------|------------------------|-----------------------|----------------|------------------------------|--|
| | General Operating | Public Improvements | Police | Public Transp | Parks & Rec | Public Safety | Total Direct Taxes** | Waste Collection | Paramedic Services | Genesee County | County Parks & Recreation | |
| 2001 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4906 | 5.5735 | 0.4906 | |
| 2002 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4886 | 5.5512 | 0.4886 | |
| 2003 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4861 | 5.5228 | 0.4861 | |
| 2004 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4849 | 5.5095 | 0.4849 | |
| 2005 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4849 | 5.5095 | 0.4849 | |
| 2006 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4849 | 5.5072 | 0.4849 | |
| 2007 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2008 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2009 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2010 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2011 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2012 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 0.0000 | 13.1000 | 3.0000 | 0.4847 | 7.2072 | 0.4847 | |
| 2013 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 6.0000 | 19.1000 | - | 0.4847 | 7.3072 | 0.4847 | |
| 2014 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 6.0000 | 19.1000 | - | 0.4847 | 7.3072 | 0.4847 | |
| 2015 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 6.0000 | 19.1000 | - | 0.4847 | 7.5472 | 0.7500 | |
| 2016 | 7.5000 | 2.5000 | 2.0000 | 0.6000 | 0.5000 | 6.0000 | 19.1000 | - | 0.4847 | 7.5472 | 0.7500 | |

Note: The City's property tax rates may be increased only by a majority vote of the City's residents.

* Overlapping rates are those of local and county governments that apply to property owners within the City.

** Under Charter & Applicable State Law - Under the Michigan Home Rule Cities Act, a Home Rule City is allowed to extend the operating millage not to exceed two percent (2% or 20 mills) of assessed value of all real and personal property in the City.

In 2007, the County Millage increased with the addition of a Senior Citizen Millage of 0.7000 and a Health Care Services Millage of 1.0000.

An additional 6.7100 mills was placed on the 2010-11 winter roll - one-time Court-Ordered Levy (Genesee Towers Judgement).

In 2012, the County Millage increased with the addition of a Veterans Services Millage of 0.1000 and an increase in the Flint Public Library Millage of 0.5000 Mills. The Direct City Taxes increased by 6.0 mills with the addition of the Public Safety Millage and decreased by 0.3000 mills with the elimination of the Waste Collection Millage.

In 2014, the County Millage increased with the addition of a Michigan State University Extension Millage of 0.04 and a Genesee Animal Control Millage of 0.2

In 2015, the County Millage increased with the addition of a

Source: City Audit Dept. / City Assessor

City of Flint
Statistical Section
Revenue Capacity Information – Schedule 7
Direct and Overlapping Property Tax Rates
Since 2000 – Last Fifteen Fiscal Years

| Tax Year | Overlapping Tax Rates* | | | | | | | | Total Tax Rate | |
|----------|------------------------|--------|---------------------|-----------------|---------------------------|---------------------------------|----------------------|---------------------------|----------------|---------------|
| | Bishop Airport | MTA | District Library | Michigan S.E.T. | Mott Community College | Intermediate School District | School: Homestead | School: Non- homestead | Homestead | Non-homestead |
| 2001 | 0.4906 | 0.3996 | 2.9000 | 6.0000 | 2.8672 | 3.5835 | 0.0000 | 18.0000 | 38.8956 | 56.8956 |
| 2002 | 0.4886 | 0.3980 | 2.9000 | 6.0000 | 2.8280 | 3.5673 | 0.0000 | 18.0000 | 38.8103 | 56.8103 |
| 2003 | 0.4861 | 0.3959 | 2.9000 | 5.0000 | 2.7466 | 3.5469 | 0.0000 | 18.0000 | 37.6705 | 55.6705 |
| 2004 | 0.4849 | 0.7949 | 2.9000 | 6.0000 | 2.6807 | 3.5361 | 0.0000 | 18.0000 | 38.9759 | 56.9759 |
| 2005 | 0.4849 | 0.7949 | 2.9000 | 6.0000 | 2.6807 | 3.5361 | 0.0000 | 18.0000 | 38.9759 | 56.9759 |
| 2006 | 0.4849 | 0.7949 | 2.9000 | 6.0000 | 2.6796 | 3.5341 | 0.0000 | 18.0000 | 38.9705 | 56.9705 |
| 2007 | 0.4847 | 0.7998 | 2.9000 | 6.0000 | 2.6796 | 3.5341 | 0.0000 | 18.0000 | 40.6748 | 58.6748 |
| 2008 | 0.4847 | 0.7998 | 2.9000 | 6.0000 | 2.6796 | 3.5341 | 0.0000 | 18.0000 | 40.6748 | 58.6748 |
| 2009 | 0.4847 | 0.7998 | 2.9000 | 6.0000 | 2.6796 | 3.5341 | 0.0000 | 18.0000 | 40.6748 | 58.6748 |
| 2010 | 0.4847 | 0.7998 | 2.9000 | 6.0000 | 2.6796 | 3.5341 | 0.0000 | 18.0000 | 40.6748 | 58.6748 |
| 2011 | 0.4847 | 0.7998 | 2.9000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 44.8548 | 62.8548 |
| 2012 | 0.4847 | 0.8000 | 2.9000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 44.8550 | 62.8550 |
| 2013 | 0.4847 | 0.8000 | 3.4000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 48.4550 | 66.4550 |
| 2014 | 0.4847 | 0.8000 | 3.4000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 48.4550 | 66.4550 |
| 2015 | 0.4847 | 0.8000 | 3.4000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 48.9603 | 66.9603 |
| 2016 | 0.4847 | 1.2250 | 4.0000 | 6.0000 | 2.8596 | 3.5341 | 4.0000 | 22.0000 | 49.9853 | 67.9853 |

City of Flint
Statistical Section
Revenue Capacity Information – Schedule 8
Principal Property Taxpayers
Current Year and Ten Years Ago

| Taxpayer | 2016 | | | 2007 | | |
|---------------------------------|-----------------------|------|---|-------------------------|------|---|
| | Assessed Value | Rank | Percentage of Total City Assessed Value | Assessed Value | Rank | Percentage of Total City Assessed Value |
| Consumers Power Co | \$ 68,345,200 | 1 | 8.57% | \$ 41,048,301 | 3 | 2.09% |
| General Motors LLC * | 30,206,900 | 2 | 3.79% | 229,470,303 | 1 | 11.67% |
| Barette Outdoor Living, Inc | 6,756,700 | 3 | 0.85% | | | |
| IINN, Inc | 6,690,200 | 4 | 0.84% | | | |
| Comcast Cablevision | 5,414,800 | 5 | 0.68% | | | |
| Perani Prop. Co., LLC | 3,539,500 | 6 | 0.44% | | | |
| Evergreen Regency Townhome | 3,480,600 | 7 | 0.44% | | | |
| Matthews Drive LLC | 3,409,100 | 8 | 0.43% | | | |
| Hallwood Plaza | 3,086,600 | 9 | 0.39% | | | 0.00% |
| Saginaw & Court Assoc | 2,777,500 | 10 | 0.35% | | | |
| Delphi Automotive | | | | 84,055,323 | 2 | 4.27% |
| Great Lakes Tech Center | | | | 12,066,924 | 4 | 0.61% |
| Automotive Component Carriers | | | | 6,069,430 | 5 | 0.31% |
| UPF, Inc. | | | | 5,912,920 | 6 | 0.30% |
| Michigan Coca-Cola Bottling | | | | 5,619,428 | 7 | 0.29% |
| Citizens Bank (First Merit) | | | | 4,951,107 | 8 | 0.25% |
| Ramco Lapeer Assoc. | | | | 4,712,531 | 9 | 0.24% |
| PPG Industries | | | | 4,190,176 | 10 | 0.21% |
| Total Assessed Value, Top Ten | <u>\$ 133,707,100</u> | | <u>16.77%</u> | <u>\$ 398,096,443</u> | | <u>20.25%</u> |
| * Includes AC Rochester | | | | | | |
| Total Ad Valorem Assessed Value | <u>\$ 797,297,700</u> | | | <u>\$ 1,966,294,100</u> | | |

City of Flint
Statistical Section
Revenue Capacity Information – Schedule 9
Property Tax Levies and Collections
Since 2000 – Last Fifteen Fiscal Years

| Tax Year ^(a) | Fiscal year ended June 30, | Total Tax Levy ^(b) | Current Tax Collections | Percent of Current Taxes Collected ^(c) | Delinquent Tax Collections ^(d) | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
|-------------------------|-------------------------------|-------------------------------|----------------------------|--|--|--------------------------|--|
| 2001 | 2002 | \$ 24,516,058 | \$ 21,395,879 | 87.27% | \$ 2,344,978 | \$ 23,740,857 | 96.84% |
| 2002 | 2003 | 25,848,083 | 22,817,811 | 88.28% | 2,403,504 | 25,221,315 | 97.58% |
| 2003 | 2004 | 25,943,768 | 22,764,388 | 87.75% | 2,880,345 | 25,644,733 | 98.85% |
| 2004 | 2005 | 26,133,367 | 23,305,046 | 89.18% | 2,232,901 | 25,537,947 | 97.72% |
| 2005 | 2006 | 26,888,875 | 23,430,440 | 87.14% | 3,270,819 | 26,701,259 | 99.30% |
| 2006 | 2007 | 27,607,211 | 23,476,574 | 85.04% | 4,105,854 | 27,582,428 | 99.91% |
| 2007 | 2008 | 27,751,506 | 23,381,424 | 84.25% | 3,769,660 | 27,151,084 | 97.84% |
| 2008 | 2009 | 25,297,684 | 20,838,394 | 82.37% | 3,236,819 | 24,075,213 | 95.17% |
| 2009 | 2010 | 22,864,857 | 18,580,520 | 81.26% | 3,370,201 | 21,950,721 | 96.00% |
| 2010 | 2011 | 21,029,361 | 16,565,947 | 78.78% | 2,865,096 | 19,431,043 | 92.40% |
| 2011 | 2012 | 18,022,914 | 14,245,037 | 79.04% | 1,620,980 | 15,866,017 | 88.03% |
| 2012 | 2013 | 28,192,664 | 19,113,565 | 67.80% | 5,020,599 | 24,134,164 | 85.60% |
| 2013 | 2014 | 25,902,601 | 16,943,948 | 65.41% | 5,443,506 | 22,387,454 | 86.43% |
| 2014 | 2015 | 25,961,448 | 16,852,314 | 64.91% | 4,665,668 | 21,518,002 | 82.88% |
| 2015 | 2016 | 23,794,281 | 16,075,993 | 67.56% | 3,305,153 | 19,381,146 | 81.45% |

^(a) Taxes are levied on the first day of the subsequent fiscal year.

^(b) Does not include Flint Downtown Development Authority levies.

^(c) This column reflects the percent of the levy for a given year which was collected during that year.

^(d) Delinquent taxes from any previous years which were collected in the given year plus payments of delinquent taxes by Genesee County

Note: All delinquent real property taxes outstanding as of March 1 for years beginning in fiscal year 1980 were returned to and paid for by the Genesee County Treasurer as provided for in the Michigan General Property Tax Laws. Thus, the extraordinarily high level of current and delinquent tax collections, and the correspondingly low level of outstanding delinquent tax.

In 2013, Refuse Collection and Street Lighting became Special Assessments. A Public Safety millage was passed by citizens to support Police and Fire

Source: City Finance Dept. - Audit Division

City of Flint
Statistical Section
Debt Capacity Information – Schedule 10
Ratios of Outstanding Debt
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental activities | | | | | | | | | | |
| General obligation bonds | \$ 5,490,000 | \$ 14,180,000 | \$ 12,830,000 | \$ 11,345,000 | \$ 9,735,000 | \$ 9,490,000 | \$ 9,230,000 | \$ 8,955,000 | \$ 8,665,000 | \$ 8,355,000 |
| Local government loan | - | - | - | - | 8,000,000 | 8,000,000 | 7,815,000 | 7,620,000 | 7,420,000 | 7,210,000 |
| Emergency Loan | - | - | - | - | - | - | - | - | 7,000,000 | 6,610,000 |
| Special assessment bonds | - | - | - | - | - | - | - | - | - | - |
| Revenue bonds | - | - | - | - | - | - | - | - | - | - |
| Notes payable | 6,776,354 | 13,587,306 | 15,193,175 | 13,969,551 | 13,866,079 | 13,414,642 | 12,962,665 | 12,214,143 | 11,465,076 | 10,715,453 |
| Capital leases | - | 854,136 | 437,362.91 | 398,088 | 286,104 | 643,039 | 375,244 | 195,390 | 1,037,459 | 597,648 |
| Total governmental activities | <u>12,266,354</u> | <u>28,621,442</u> | <u>28,460,538</u> | <u>25,712,639</u> | <u>31,887,183</u> | <u>31,547,681</u> | <u>30,382,909</u> | <u>28,984,533</u> | <u>35,587,535</u> | <u>33,488,101</u> |
| Business type activities | | | | | | | | | | |
| General obligation bonds | 371,634 | 250,740 | 125,370.00 | - | - | - | - | - | - | - |
| Installment purchase agreements | - | - | - | - | - | - | - | - | - | - |
| Special assessment bonds | - | - | - | - | - | - | - | - | - | - |
| Revenue bonds | 101,794,432 | 97,094,432 | 91,289,015 | 122,651,259 | 117,225,336 | 25,955,336 | 23,840,336 | 21,675,336 | 20,770,336 | 20,770,336 |
| Notes payable | 265,719 | 194,776 | 119,958 | 41,054 | - | - | - | - | - | - |
| Capital leases | 1,539,212 | 75,384 | 514,243 | - | - | - | - | - | - | - |
| Total business-type activities | <u>103,970,997</u> | <u>97,615,332</u> | <u>92,048,586</u> | <u>122,692,313</u> | <u>117,225,336</u> | <u>25,955,336</u> | <u>23,840,336</u> | <u>21,675,336</u> | <u>20,770,336</u> | <u>20,770,336</u> |
| Total debt of the government | <u>\$ 116,237,351</u> | <u>\$ 126,236,774</u> | <u>\$ 120,509,124</u> | <u>\$ 148,404,952</u> | <u>\$ 149,112,519</u> | <u>\$ 57,503,017</u> | <u>\$ 54,223,245</u> | <u>\$ 50,659,869</u> | <u>\$ 56,357,871</u> | <u>\$ 54,258,437</u> |
| Total residential personal income | \$ 1,684,426,650 | \$ 1,059,356,000 | \$ 713,773,437 | \$ 505,681,850 | \$ 424,438,563 | \$ 385,354,047 | \$ 384,627,255 | \$ 308,782,006 | \$ 341,319,125 | 385,227,365 |
| Total debt as percentage of personal income | 6.90% | 11.92% | 16.88% | 29.35% | 35.13% | 14.92% | 14.10% | 16.41% | 16.51% | 14.08% |
| Total population | 115,821 | 114,449 | 112,857 | 111,475 | 102,434 | 101,558 | 100,515 | 99,763 | 99,002 | 98,310 |
| Total debt per capita | 1,003.59 | 1,103.00 | 1,067.80 | 1,331.28 | 1,455.69 | 566.21 | 539.45 | 507.80 | 569.26 | 551.91 |

City of Flint
Statistical Section
Debt Capacity Information – Schedule 11
Ratios of General Bonded Debt Outstanding
Since 2001 – Last Fifteen Fiscal Years

| Fiscal Year | Tax-Limited General | | | Debt as a | | Population | Debt per Capita |
|-------------|----------------------------|----------------------------------|----------------------------|------------------|--------------------------------|------------|--------------------|
| | Obligation Bonds (LTGO) | Other General Obligation Debt | Net General Bonded Debt | Taxable Value | Percentage of Taxable Value | | |
| 2002 | \$ 8,145,494 | \$ 5,344,772 | \$ 13,490,266 | \$ 1,570,116,422 | 0.85% | 123,349 | 109.37 |
| 2003 | 4,825,137 | 5,234,849 | 10,059,986 | 1,585,636,701 | 0.63% | 121,308 | 82.93 |
| 2004 | 2,455,000 | 4,576,342 | 7,031,342 | 1,598,254,721 | 0.42% | 119,949 | 58.62 |
| 2005 | 9,175,000 | 3,888,684 | 13,063,684 | 1,655,656,167 | 0.78% | 118,596 | 110.15 |
| 2006 | 6,765,000 | 7,140,580 | 13,905,580 | 1,680,872,526 | 0.82% | 117,271 | 118.58 |
| 2007 | 5,490,000 | 6,776,354 | 12,266,354 | 1,698,766,194 | 0.75% | 115,821 | 105.91 |
| 2008 | 14,180,000 | 13,587,306 | 27,767,306 | 1,643,424,867 | 1.84% | 114,449 | 242.62 |
| 2009 | 12,830,000 | 15,193,175 | 28,023,175 | 1,505,610,437 | 1.86% | 112,857 | 248.31 |
| 2010 | 9,910,000 | 13,969,551 | 23,879,551 | 1,305,121,403 | 1.83% | 111,475 | 214.21 |
| 2011 | 9,735,000 | 13,866,079 | 23,601,079 | 1,146,789,005 | 2.06% | 102,434 | 230.40 |
| 2012 | 9,490,000 | 13,414,642 | 22,904,642 | 991,241,706 | 2.31% | 101,558 | 225.53 |
| 2013 | 9,230,000 | 8,190,244 | 17,420,244 | 776,654,903 | 2.24% | 101,515 | 174.62 |
| 2014 | 8,955,000 | 7,620,000 | 16,575,000 | 754,826,072 | 2.20% | 99,763 | 166.14 |
| 2015 | 8,665,000 | 14,420,000 | 23,085,000 | 749,945,990 | 3.08% | 99,002 | 233.18 |
| 2016 | 8,355,000 | 13,820,000 | 20,097,967 | 710,934,838 | 3.12% | 98,310 | 225.56 |

Note: The City has no Tax Supported Bonds (UTGO) or Pledged Debt Service Funds.

City of Flint
Statistical Section
Debt Capacity Information – Schedule 12
Direct and Overlapping Governmental Activities Debt
Current Fiscal Year

| Governmental Unit | Fiscal Year 2016 | | Estimated Share of Overlapping Debt |
|--------------------------------------|------------------|--------------------------|--|
| | Debt Outstanding | Estimated % Applicable * | |
| Overlapping Debt: | | | |
| Genesee County | | 14.22% | \$ 200,466,934 |
| Flint School District | | 100.00% | 29,557,389 |
| Genesee Intermediate School District | | 14.22% | 8,527,182 |
| Airport Authority | | 14.22% | 10,075,000 |
| Mott Community College | | 14.22% | 43,450,000 |
| Carman School District | | 13.20% | - |
| Kearsley School District | | 2.00% | - |
| Swartz Creek School District | | 75.00% | - |
| Westwood Heights School District | | 2.12% | - |
| Mass Transit Authority | | 14.22% | - |
| Flint Public Library | | 14.22% | - |
| Total Overlapping Debt | | | 292,076,505 |
| Direct City Debt | | | 33,488,101 |
| Total Direct and Overlapping Debt | | | <u>\$ 325,564,606</u> |

Sources: Assessed value data used to estimate applicable percentages provided by the City Assessor. Debt outstanding data provided by each governmental

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Flint. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Flint
Statistical Section
Debt Capacity Information – Schedule 13
Legal Debt Margin
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Calculation of legal debt limit: | | | | | | | | | | |
| Assessed valuation | \$ 1,966,294,100 | \$ 1,910,964,000 | \$ 1,648,408,800 | \$ 1,393,042,600 | \$ 1,191,515,300 | \$ 969,129,800 | \$ 795,172,400 | \$ 781,815,250 | \$ 749,945,990 | \$ 710,934,838 |
| 7% of assessed valuation * | \$ 137,640,587 | \$ 133,767,480 | \$ 115,388,616 | \$ 97,512,982 | \$ 83,406,071 | \$ 67,839,086 | \$ 55,662,068 | \$ 54,727,068 | \$ 52,496,219 | \$ 49,765,439 |
| Calculation of debt subject to limit: | | | | | | | | | | |
| Total bonded debt at June 30 | \$ 107,656,066 | \$ 111,525,172 | \$ 120,509,125 | \$ 146,969,952 | \$ 149,112,519 | \$ 57,503,017 | \$ 54,223,245 | \$ 50,464,479 | \$ 49,357,871 | \$ 42,751,574 |
| Less debt not subject to limitation under City Charter and State Statute: | | | | | | | | | | |
| Revenue bonds and notes | \$ 101,794,432 | \$ 97,094,432 | \$ 107,670,125 | \$ 137,059,952 | \$ 139,377,519 | \$ 48,013,014 | \$ 44,993,245 | \$ 21,675,336 | \$ 20,770,336 | \$ 20,770,336 |
| Debt subject to limitation (net debt) | \$ 5,861,634 | \$ 14,430,740 | \$ 12,839,000 | \$ 9,910,000 | \$ 9,735,000 | \$ 9,490,003 | \$ 9,230,000 | \$ 28,789,143 | \$ 28,587,535 | \$ 28,587,535 |
| Legal debt margin (unused debt limitation) | \$ 131,778,953 | \$ 119,336,740 | \$ 102,549,616 | \$ 87,602,982 | \$ 73,671,071 | \$ 58,349,083 | \$ 46,432,068 | \$ 25,937,925 | \$ 23,908,684 | \$ 21,177,904 |
| Net debt subject to limit as % of debt limit | 4.26% | 10.79% | 11.13% | 10.16% | 11.67% | 13.99% | 16.58% | 52.60% | 54.46% | 57.44% |

**Bond Limit: Section 7-302 of the City Charter, adopted November 4, 1975, limits "net" debt to 7% of Assessed Valuation but does not define net debt. Above calculations continue previous practice and are consistent with State Statutes.*

Source: Long-term debt in section "Notes to Basic Financial Statements"

City of Flint
Statistical Section
Debt Capacity Information - Schedule 14
Pledged-Revenue Coverage – Water Fund Revenue Bonds
Since 2000 – Last Fifteen Fiscal Years

Water Fund Revenue Bonds

| Fiscal Year | Gross Revenues | Applicable | | Debt Service | | | Coverage* |
|-------------|----------------|---------------|--------------|--------------|------------|------------|-----------|
| | | Expenses | Net Revenues | Principal | Interest | Total | |
| 2002 | \$ 25,958,863 | \$ 20,977,797 | \$ 4,981,066 | \$ 605,000 | \$ 216,397 | \$ 821,397 | 6.06 |
| 2003 | 28,037,317 | 23,728,120 | 4,309,197 | 985,000 | 454,072 | 1,439,072 | 2.99 |
| 2004 | 31,517,778 | 26,870,741 | 4,647,037 | 1,015,000 | 562,644 | 1,577,644 | 2.95 |
| 2005 | 31,160,636 | 24,853,717 | 6,306,919 | 1,040,000 | 740,160 | 1,780,160 | 3.54 |
| 2006 | 34,748,443 | 26,412,277 | 8,336,166 | 1,810,000 | 914,677 | 2,724,677 | 3.06 |
| 2007 | 33,692,378 | 27,638,175 | 6,054,203 | 1,860,000 | 934,902 | 2,794,902 | 2.17 |
| 2008 | 34,710,752 | 28,891,858 | 5,818,894 | 1,905,000 | 891,611 | 2,796,611 | 2.08 |
| 2009 | 34,080,677 | 33,478,038 | 602,639 | 1,945,000 | 849,427 | 2,794,427 | 0.22 |
| 2010 | 31,956,754 | 32,012,727 | (55,973) | 2,040,000 | 753,906 | 2,793,906 | (0.02) |
| 2011 | 36,762,663 | 37,970,203 | (1,207,540) | 2,140,923 | 754,013 | 2,894,936 | (0.42) |
| 2012 | 44,854,439 | 37,694,085 | 7,160,354 | 2,060,000 | 694,504 | 2,754,504 | 2.60 |
| 2013 | 49,903,867 | 38,525,937 | 11,377,930 | 211,500 | 787,584 | 999,084 | 11.39 |
| 2014 | 43,552,152 | 38,889,565 | 4,662,587 | 2,165,000 | 571,478 | 2,736,478 | 1.70 |
| 2015 | 33,808,810 | 26,142,389 | 7,666,421 | 905,000 | 530,571 | 1,435,571 | 5.34 |
| 2016 | 41,053,585 | 29,609,105 | 11,444,480 | - | 259,629 | 259,629 | 44.08 |

Notes: Previous revenue bonds were fully paid during 1995. A new issue began in 2000.

Depreciation, amortization, loss on sale of capital assets, post-employment health care expenses, and bad debt expense are not included in applicable expenses.

In 2016 the State of Michigan restructured the City's DWRLF loans. The principal payments were deferred 5 years to 2021 and interest was reduced to zero.

*Calculation of revenue bond coverage of 1.25 to 1 is required by the State of Michigan.

City of Flint
Statistical Section
Demographic and Economic Information – Schedule 15
Demographic and Economic Statistics
Last Fifteen Calendar Years

| Calendar Year | Population | Personal Income | Per Capita Personal Income * | Michigan Labor Market - Jobless Rate for Flint only |
|----------------------|-------------------|------------------------|-------------------------------------|--|
| 2001 | 123,349 | \$ 2,371,144,784 | \$ 19,223 | 10.8% |
| 2002 | 121,308 | 2,595,966,375 | 21,400 | 13.1% |
| 2003 | 119,949 | 2,505,060,765 | 20,884 | 14.7% |
| 2004 | 118,596 | 2,150,985,535 | 18,137 | 14.4% |
| 2005 | 117,271 | 2,071,630,014 | 17,665 | 13.8% |
| 2006 | 115,821 | 1,684,426,650 | 14,543 | 14.3% |
| 2007 | 114,449 | 1,059,356,000 | 9,256 | 14.5% |
| 2008 | 112,857 | 713,773,437 | 6,325 | 17.7% |
| 2009 | 111,475 | 505,681,850 | 4,536 | 24.4% |
| 2010 | 102,434 | 424,438,563 | 4,144 | 23.4% |
| 2011 | 101,558 | 385,354,047 | 3,794 | 18.9% |
| 2012 | 100,515 | 384,627,255 | 3,827 | 16.6% |
| 2013 | 99,763 | 308,782,006 | 3,095 | 15.6% |
| 2014 | 99,002 | 341,319,125 | 3,448 | 11.7% |
| 2015 | 98,310 | 385,227,365 | 3,918 | 11.0% |

Sources: Michigan Dept. of Technology, Management & Budget - Labor Market Information
Unemployment Statistics - not seasonally adjusted
U.S. Census Dept.
City of Flint Income Tax Division

* Per capita income includes only earned wages; it does not include social security, pension income, welfare programs, etc.

City of Flint
Statistical Section
Demographic and Economic Information – Schedule 16
Principal Employers (# of W-2s)
Current Year and Ten Years Ago

| Taxpayer | | FY 2016 (2015) Employees | Percentage of Total | FY 2007 (2006) Employees | Percentage of Total | 2006 Rank |
|-----------------|---|---|--------------------------------|---|--------------------------------|------------------|
| 1 | General Motors Corp/Motors Liquidation Co | 8,330 | 18.53% | 18,275 | 23.30% | 1 |
| 2 | Hurley Medical Center | 3,045 | 6.78% | 2,765 | 3.52% | 4 |
| 3 | McLaren Regional Medical Center | 2,982 | 6.63% | 2,609 | 3.33% | 6 |
| 4 | University of Michigan | 2,736 | 6.09% | | | |
| 5 | Genesee County | 1,906 | 4.24% | 2,624 | 3.35% | 5 |
| 6 | CS Mott Community College | 1,481 | 3.30% | | | |
| 7 | Diplomat Pharmacy | 1,400 | 3.11% | | | |
| 8 | Flint School District | 821 | 1.83% | 4,489 | 5.72% | 3 |
| 9 | State of Michigan | 943 | 2.10% | 1,181 | 1.51% | 8 |
| 10 | City of Flint | 729 | 1.62% | 1,250 | 1.59% | 7 |
| | Delphi Automotive Systems | | | 6,479 | 8.26% | 2 |
| | United States Postal Service | | | 796 | 1.01% | 9 |
| | Genesys Health Systems | | | 793 | 1.01% | 10 |
| | | <u>24,373</u> | <u>54.23%</u> | <u>41,261</u> | <u>52.60%</u> | |
| | Total Employees Working in City | 44,944 | | 78,442 | | |

Note: Delphi split from General Motors in 1999

Source: City of Flint Income Tax Division

City of Flint
Statistical Section
Operating Information – Schedule 17
Full-time Equivalent Government Employees
Last Ten Fiscal Years (as of June 30)

| Function / Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------|-------|-------|------|------|------|------|------|------|------|
| Administration | | | | | | | | | | |
| City Administration | 2.0 | 2.0 | 2.0 | 6.0 | 5.0 | 1.0 | 1.0 | 2.0 | 3.0 | 3.0 |
| Mayor's Office | 10.0 | 9.0 | 5.0 | 2.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| Mayor's Office on Human Services | - | - | - | - | - | - | - | - | - | - |
| Legal Department | 11.0 | 12.0 | 10.0 | 12.0 | 11.5 | 9.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| City Clerk's Office (not including election workers) | 6.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 6.0 |
| City Council | 12.0 | 12.0 | 12.0 | 12.0 | 11.0 | 2.0 | 1.0 | 2.0 | 2.0 | 3.0 |
| Ombudsman's Office | 2.0 | 5.0 | 2.0 | 2.5 | 2.0 | - | - | - | - | - |
| Human Resources - Personnel & Labor Relations | 7.0 | 7.0 | 7.0 | 12.0 | 11.0 | 7.0 | 5.0 | 7.0 | 5.0 | 7.0 |
| Civil Service Commission | 2.0 | 0.5 | 1.0 | 1.0 | 1.0 | - | - | - | - | - |
| Human Relations Commission | 2.0 | 3.0 | 2.0 | 2.0 | 1.5 | 1.0 | - | - | - | - |
| Union Representatives | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 68th District Court | 52.0 | 52.0 | 63.0 | 55.0 | 49.0 | 35.0 | 30.0 | 30.0 | 28.0 | - |
| Finance Administration | | | | | | | | | | |
| Finance Department/Payroll/Retirement | 17.0 | 19.0 | 14.0 | 14.0 | 12.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Treasury/Customer Service/Income Tax Assessment | 50.0 | 51.0 | 42.0 | 36.0 | 33.0 | 26.0 | 21.0 | 18.0 | 20.0 | 19.0 |
| Budget Management | 11.0 | 13.0 | 12.0 | 10.5 | 9.0 | 8.0 | 8.0 | 9.0 | 9.0 | 9.0 |
| Information Services/Data Processing | 2.0 | 2.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| | 17.0 | 17.0 | 14.0 | 14.0 | 14.0 | 11.0 | 6.0 | 5.0 | 4.0 | 5.0 |
| Benefits/Risk Management | | | | | | | | | | |
| Insurance, Risk & Benefits Management | 9.0 | 9.0 | 9.0 | 4.0 | 4.0 | 4.0 | - | - | - | - |
| Public Service Attendants | 21.0 | 20.0 | 16.0 | 14.0 | 10.0 | 15.0 | - | - | - | - |
| Purchasing | | | | | | | | | | |
| Administration | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Inventory Control/Stockkeepers | 5.0 | 8.0 | 6.0 | 6.0 | 5.0 | 5.0 | - | - | - | - |
| Community & Economic Development/Major Grants | 9.0 | 12.0 | 9.0 | 11.0 | 15.0 | 14.0 | 11.0 | 10.0 | 12.0 | 14.0 |
| Fire Department | | | | | | | | | | |
| Emergency 9-1-1 | 134.0 | 134.0 | 123.0 | 97.0 | 75.0 | 94.0 | 91.0 | 79.0 | 68.0 | 68.0 |
| | 28.0 | 28.0 | 26.0 | 25.5 | 25.5 | 23.0 | 22.0 | 22.0 | 18.0 | - |

City of Flint
Statistical Section
Operating Information – Schedule 17
Full-time Equivalent Government Employees
Last Ten Fiscal Years (as of June 30)

| Function / Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Police Department | | | | | | | | | | |
| Sworn Officers | 265.0 | 265.0 | 219.0 | 165.0 | 132.0 | 133.0 | 122.0 | 121.0 | 97.0 | 106.0 |
| Civilians | 32.0 | 35.0 | 28.0 | 23.5 | 18.0 | 15.0 | 22.0 | 17.0 | 14.0 | 16.0 |
| Jail - Security Guards/Admin | - | 29.0 | - | - | - | - | - | - | - | - |
| School Crossing Guards (not FTEs) | 23.0 | 25.0 | 25.0 | 25.0 | 34.0 | 31.0 | 24.0 | 29.0 | 29.0 | 30.0 |
| Parks & Recreation | | | | | | | | | | |
| Administration | 14.0 | 16.0 | 11.0 | 7.0 | 6.0 | 7.0 | 2.0 | 1.0 | - | - |
| Facilities Maintenance/Grounds | 27.0 | 13.0 | 13.0 | 11.0 | 9.0 | 8.0 | 4.0 | 1.0 | 2 | 2 |
| Forestry Division | 12.0 | 10.0 | 3.0 | 3.0 | 3.0 | - | - | - | - | - |
| Golf Division | 22.0 | 25.7 | 7.0 | 16.0 | 12.0 | - | - | - | - | - |
| Public Works & Utilities Administration | | | | | | | | | | |
| Public Works & Utilities Administration | - | - | - | - | - | - | - | - | - | - |
| Building Inspections/Development/Demolition | 28.0 | 27.0 | 15.0 | 21.0 | 26.0 | 27.0 | 9.0 | 12.0 | 13.0 | 13.0 |
| Engineering | 7.5 | 8.0 | 6.0 | 6.0 | 5.0 | 5.0 | - | - | - | - |
| Fleet Management | 12.0 | 13.0 | 9.0 | 13.0 | 14.0 | 12.0 | 9.0 | 8.0 | 9.0 | 9.0 |
| Street Maintenance | 38.0 | 38.0 | 36.0 | 35.0 | 27.0 | 20.0 | 23.0 | 16.0 | 17.0 | 22.0 |
| Traffic Engineering | 17.0 | 18.0 | 15.0 | 15.0 | 17.0 | 9.0 | 10.0 | 11.0 | 10.0 | 11.0 |
| Waste Collection/Sanitation | 42.0 | 43.0 | 37.0 | 29.0 | 33.0 | 27.0 | - | - | - | - |
| Transportation-Director/Administration | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 7.0 |
| Utilities Administration | 5.0 | 4.0 | 5.0 | 5.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Sewer Maintenance | 31.0 | 34.0 | 31.0 | 34.0 | 32.0 | 25.0 | 25.0 | 26.0 | 27.0 | 33.0 |
| Water Plant | 28.0 | 30.0 | 27.0 | 33.0 | 29.0 | 23.0 | 20.0 | 23.0 | 22.0 | 24.0 |
| Water Pollution Control | 59.0 | 60.0 | 59.0 | 61.0 | 65.0 | 53.0 | 40.0 | 38.0 | 35.0 | 38.0 |
| Water Service Center | 44.0 | 54.0 | 54.0 | 54.0 | 48.0 | 38.0 | 31.0 | 34.0 | 33.0 | 33.0 |
| Total Staffing (excluding school crossing guards) | 1,103.5 | 1,156.2 | 968.0 | 885.0 | 792.5 | 686.0 | 546.0 | 525.0 | 481.0 | 473.0 |

Source: City of Flint Finance Office

City of Flint
Statistical Section
Operating Information – Schedule 18
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/ program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Election Data (Calendar Year - November Elections): | | | | | | | | | | |
| Registered voters | 89,538 | 92,890 | 85,441 | 84,624 | 83,063 | 83,176 | 83,255 | 78,992 | 79,206 | 75,437 |
| Voters (at the polls or absentee) | 24,386 | 48,869 | 10,397 | 25,573 | 15,787 | N/A | 40,348 | 15,161 | 23,182 | 14,041 |
| Percent voting | 27.2% | 52.6% | 12.2% | 30.2% | 19.0% | | 48.5% | 19.2% | 29.3% | 18.6% |
| 68th District Court (Calendar Year): | | | | | | | | | | |
| Number of new court cases | 44,276 | 43,088 | 44,812 | 33,516 | 25,251 | N/A | 25,972 | 28,219 | 27,959 | 30,887 |
| 2007) | | | | | | | | | | |
| Physical arrests (fiscal year beg. 2007) | 7,451 | 10,711 | 4,208 | 2,870 | 1,650 | 1,003 | 3,744 | 2,933 | 1,553 | 1,464 |
| Traffic violations/misdemeanors/civil infractions (fiscal) | 20,316 | 20,995 | 15,022 | 13,105 | 5,351 | 6,752 | 6,318 | 7,408 | 6,300 | 7,285 |
| Investigations (fiscal year beg. 2007) | 23,327 | 25,130 | 19,736 | 19,137 | 16,547 | 7,739 | 12,526 | 11,576 | 12,527 | 10,513 |
| Fire (Calendar Year): | | | | | | | | | | |
| Fire runs | 3,154 | 3,487 | 3,031 | 3,191 | 3,111 | 3,553 | 3,191 | 2,679 | 2,695 | 3,211 |
| Emergency medical runs | 3,834 | 4,233 | 2,413 | 3,562 | 3,861 | 3,095 | 3,562 | 1,755 | 1,281 | 1,109 |
| Inspections | 224 | 223 | 239 | 308 | 329 | 350 | 308 | 224 | 380 | 400 |
| Public Works: | | | | | | | | | | |
| Miles of streets resurfaced | 49.56 | 33.37 | 22.79 | 25.16 | 113.50 | 6.82 | 4.32 | - | 0.75 | 2.54 |
| Potholes repaired | 715 | 835 | 850 | 725 | 750 | 725 | 700 | 32,486 | 15,511 | 43,081 |
| Refuse Collection: | | | | | | | | | | |
| Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005} | 125,624 | 141,370 | 109,515 | 116,852 | 110,577 | 93,682 | 100,537 | 114,949 | 101,889 | 102,137 |
| Parks and Recreation (Calendar Year): | | | | | | | | | | |
| Recreation Centers - Senior & Youth Participants | 1,483 | 1,407 | 2,974 | 5,690 | 3,326 | 2,318 | 1,653 | 1,045 | 1,208 | 3,657 |
| Water: | | | | | | | | | | |
| Number of customers billed | 42,068 | 39,745 | 40,191 | 38,977 | 37,437 | 35,833 | 32,702 | 32,085 | 29,596 | 31,468 |
| Total consumption (ccf) | 11,516,460 | 12,120,350 | 10,844,801 | 10,027,390 | 10,140,906 | 9,649,847 | 9,470,315 | 8,114,852 | 2,857,898 | 2,826,200 |
| Average consumption per user (ccf) | 274 | 305 | 270 | 257 | 271 | 269 | 290 | 253 | 97 | 90 |
| Wastewater (Calendar Year): | | | | | | | | | | |
| Average daily sewage treatment - gallons | 27,700,000 | 24,400,000 | 26,200,000 | 20,200,000 | 19,000,000 | 21,000,000 | 19,900,000 | 19,900,000 | 19,900,000 | 19,900,000 |

Sources: Various City Departments - please note that some information is not available (N/A) because these statistics were not tracked/compiled in the past or the records are unavailable.

Notes: Operating Indicators are not available for the general government function.

*The City no longer operated ambulance service beginning in early 2005.

residents only. General Motors

General Motors began purchasing water from Genesee County, which resulted in a decrease in consumption for the City.

*** The 68th District Court consolidated/merged with the 67th District Court beginning January 1, 2016

**** Flint 911 Dispatch Center merged with Genesee County 911

City of Flint
Statistical Section
Operating Information – Schedule 19
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mini-Stations | 6 | 6 | 6 | 7 | 9 | 10 | 5 | 6 | 6 | 5 |
| Patrol units | 105** | 193 | 166 | 106 | 126 | 132 | 114 | 94 | 91 | 91 |
| Fire: | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Fire response vehicles | 18 | 18 | 18 | 15 | 15 | 14 | 15 | 14 | 14 | 14 |
| Emergency response vehicles | 3 | 3 | 3 | 5 | 5 | 5 | 4 | 3 | 3 | 3 |
| Public Works: | | | | | | | | | | |
| City Streets (miles): | 508.60 | 508.39 | 508.39 | 508.39 | 508.39 | 508.39 | 508.18 | 508.18 | 508.18 | 508.18 |
| Major streets | 152.29 | 152.29 | 152.29 | 152.29 | 152.29 | 152.29 | 152.33 | 152.33 | 152.33 | 152.33 |
| Local streets | 356.31 | 356.10 | 356.10 | 356.10 | 356.10 | 356.10 | 355.85 | 355.85 | 355.85 | 355.85 |
| Interstate Highways | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 | 10.93 |
| Sidewalks | 986.25 | 986.25 | 986.25 | 986.25 | 986.25 | 986.25 | 986.50 | 986.50 | 986.50 | 986.50 |
| Streetlights | 11,331 | 11,331 | 11,374 | 11,356 | 11,292 | 11,292 | 11,292 | 11,292 | 11,292 | 11,292 |
| Traffic Signals/Beacons | 276 | 277 | 277 | 273 | 273 | 277 | 252 | 252 | 252 | 252 |
| Refuse Collection: | | | | | | | | | | |
| Collection trucks in service*** | 20 | 20 | 22 | 23 | 23 | 23 | - | - | - | - |
| Parks and Recreation: | | | | | | | | | | |
| Acreage | 1,836 | 1,836 | 1,836 | 1,836 | 1,836 | 1,836 | 1,084 | 1,084 | 1,084 | 1,084 |
| Developed parks/playgrounds | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| Baseball/softball stadiums/diamonds | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Soccer/football/rugby fields | 12 | 12 | 12 | 12 | 12 | 12 | 14 | 14 | 14 | 14 |
| Community centers | 6 | 5 | 5 | 5 | 5 | 4 | 2 | 2 | 2 | 2 |
| Golf courses | 4 | 4 | 4 | 4 | 4 | 2 | 2 | 2 | 2 | 2 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 |
| Fire hydrants | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 |
| Storage capacity (gallons) | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 | 57,000,000 |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 |
| Storm sewers (miles) | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Treatment capacity (gallons/day) | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,001 | 80,000,001 | 80,000,001 |

Source: Various City Departments

* 20 new Peterbilt garbage trucks were purchased by the City of Flint in Fiscal Year 2006 - an advance from the Sewer Fund was used to finance the purchase.

**26 Chevy Tahoes were purchased for the Police Dept. in Fiscal Year 2007 - to increase the fleet and replace vehicles that needed to be taken out of service.

***Refuse collection trucks were taken out of service with the contracting of waste collection services through a vendor

Note: No capital asset indicators are available for the general government function.

City of Flint
Statistical Section
Schedule 20
Employees' Retirement System – Comparative Schedule – Actuarial Valuations
Last 15 Actuarial Reports
(\$ amounts expressed in thousands)

Continuation Indicators

| Valuation Date | Valuation Assets | APVCPB | Funded Ratio | UAPVCPB | Ratio of UAPVCPB to APVCPB | Member Payroll | Ratio of UAPVCPB to Payroll |
|----------------------------|------------------|------------|--------------|-------------|-------------------------------|----------------|--------------------------------|
| 12/31/2001 | \$ 906,960 | \$ 892,262 | 101.6% | \$ (14,698) | -1.6% | \$ 151,507 | -9.7% |
| 12/31/2002 | 871,274 | 955,306 | 91.2% | 84,032 | 8.8% | 146,558 | 57.3% |
| 12/31/2003 | 822,813 | 981,884 | 83.8% | 159,071 | 16.2% | 148,997 | 106.8% |
| 12/31/2004* | 803,420 | 971,686 | 82.7% | 168,266 | 17.3% | 150,429 | 111.9% |
| 12/31/2005 | 784,271 | 985,338 | 79.6% | 201,067 | 20.4% | 148,319 | 135.6% |
| 12/31/2006 | 782,098 | 1,023,599 | 76.4% | 241,501 | 23.6% | 146,634 | 164.7% |
| 12/31/2007 | 801,533 | 1,071,781 | 74.8% | 270,248 | 25.2% | 157,012 | 172.1% |
| 12/31/2008 | 790,384 | 1,104,888 | 71.5% | 314,504 | 28.5% | 165,730 | 189.8% |
| 12/31/2008 (after MERS) | 670,366 | 841,266 | 79.7% | 170,900 | 20.3% | 89,636 | 190.7% |
| 12/31/2009 | 623,292 | 873,088 | 71.4% | 249,796 | 28.6% | 89,636 | 278.7% |
| 6/30/2010 | 567,215 | 835,052 | 67.9% | 267,837 | 32.1% | 68,968 | 388.3% |
| 6/30/2011 | 506,504 | 829,380 | 61.1% | 322,876 | 38.9% | 63,063 | 512.0% |
| 12/31/2012 | 291,869 | 552,783 | 52.8% | 260,914 | 0.0% | 23,285 | 1120.5% |
| 12/31/2014 | 264,000 | 550,119 | 48.0% | 286,120 | 52.0% | 51,039 | 560.6% |
| 12/31/2015 | 242,518 | 565,954 | 48.0% | 323,436 | 57.1% | 50,964 | 561.0% |

APVCPB – actuarial present value of credited projected benefits in accordance with GASB Statement No. 5 prior to 1997.

– actuarial accrued liability in accordance with GASB Statement No. 25 beginning in 1997.

UAPVCPB – unfunded actuarial present value of credited projected benefits. Includes 13th check and mortality reserves beginning 2000.

Retirement System was amended in 1969, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1983, 1984, 1987, 1991, 1992, 1995, 1997, 1999, and 2002.

Actuarial assumptions were revised in 1972, 1974, 1986, 2001, 2002, and 2004.

Major early retirement incentives were offered in 1994, 1995 and 1996.

** Beginning with the 2004 Valuation, the reports are issued on a Fiscal Year Basis (7/1-6/30).*

Seven (7) Hurley Medical Center unions transferred to the Municipal Employees' Retirement System (MERS) in 2009.

Source: June 30, 2009 – 65th Annual Actuarial Valuation Report – Gabriel Roeder Smith & Co.

City of Flint
Department of Finance
Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7266