

City of Flint,
Michigan



Year Ended
June 30, 2021

Annual
Comprehensive
Financial Report

Prepared by:
City of Flint Finance Department

CITY OF FLINT, MICHIGAN

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INTRODUCTORY SECTION

CITY OF FLINT, MICHIGAN

ELECTED AND CITY OFFICERS

For the Year Ended June 30, 2021

Elected Officials

Sheldon Neeley - Elected Mayor November 2019

City Council

(Elected November 7, 2017 for four-year terms)

Eric Mays - First Ward

Maurice Davis - Second Ward

Santino Guerra - Third Ward

Kate Fields - Fourth Ward

Jerri Winfrey-Carter - Fifth Ward

Herbert Winfrey - Sixth Ward

Monica Galloway - Seventh Ward

L. Allen Griggs - Eighth Ward

Eva Worthing - Ninth Ward

Appointed and Other City Officials

Clyde Edwards – City Administrator

Angela Wheeler – Chief Legal Officer

Robert Widigan – Chief Financial Officer

Inez M Brown – City Clerk

Terence Green – Chief of Police

Raymond Barton – Fire Chief

Eddie Smith – Director of Human Resources & Labor Relations

Michael Brown – Director, Department of Public Works

Suzanne Wilcox – Planning & Development Director

Amanda Trujillo – City Treasurer

Stacey Kaake – City Assessor

Aaron Cottrell – Fleet Administrator

Jeff Keen – Information Technology Services Administrator

Marjory Raymer – Public Relations Officer

Lauren Rowley – Purchasing Manager

John Daly – Transportation Director

Jeanette Best – Water Pollution Control Division Manager

Kiaira May – Interim Executive Director, Downtown Development Authority



Sheldon Neeley
Mayor

CITY OF FLINT, MICHIGAN Department of Finance

Clyde Edwards City
Administrator

Robert J.F. Widigan
Chief Financial Officer

Jennifer Ryan
Deputy Finance
Director

December 22, 2021

To the Mayor, Members of the City Council, City Administrator, 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 Annual Comprehensive Financial Report of the City of Flint for the fiscal year ended June 30, 2021.

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.

Rehmann Robson, Certified Public Accountants, have 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, 2021, 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 unmodified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' 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 81,252 (2020 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 previous charter was adopted. The new charter, adopted August 7, 2017 and in effect since January 1, 2018, reestablished this form of government. 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 re-elected for additional terms and the newly adopted Charter mandates a three-year term to align the election of City Council with that of the Mayor). 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. In addition, the Mayor may appoint 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 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 Chief Financial Officer. 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 March (as per the new Charter, which was previously 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. Budget-to-actual comparisons are provided in this document for governmental funds for which an appropriated annual budget has been adopted.

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 in which the City of Flint operates.

Property taxes. Property values went from \$771 million in taxable value in 2020 to roughly \$800 million in taxable value in 2021, a growth of a little over 4 percent. This comes on growth from the period of 2019 to 2020, and overall growth in taxable value of 8 percent in just over 2 years. The evidence suggests that Flint is beginning to experience a sustained recovery in property tax values in the years just following the global financial crisis of 2008-09. The Administration, through the City's Economic Development Department, will continue to seek community development opportunities as well as to work with the Genesee County Land Bank to bring vacant properties back onto the City tax rolls. Growth in property tax values are still restricted by a number of state laws.

The city's income tax revenue was setback in FY2021 from the pandemic and economic slowdown that began in the spring 2020. City income tax revenues fell by nearly 11 percent between FY 2020 and 2021 as the city faced a very large increase in unemployment. Unemployment benefits, which were expanded, are not subject to city income tax levies. The city does expect some recovery in income tax revenues over the next few years.

Economic Development. Over the past two years, the City of Flint Economic Development department has facilitated investment in the community with numerous companies. To date, over 480 jobs (paying no less than 58% above the Flint per capita income) have been announced along with over \$100M of new industrial development. This investment is across a broad spectrum of industries from automotive and construction to healthcare and leisure.

Grants. Over the past two years, the City has done an excellent job in obtaining grant funding to move the City forward. In 2021, the City received a \$1 Million grant from the SBA to target outreach and technical assistance to small businesses. The City was also able to secure funding from a local lending institution to provide \$750K in loans to small businesses, including start-ups. Additionally, the City was successful in receiving or renewing several grants from local foundations that granted increased staffing capacity, parks maintenance, support for public safety and more, two grants from the U.S. Department of Housing and Urban Development for residential lead abatement, the most recent received in 2021 for \$2.2 million and also the five year renewal of SAMHSA's ReCAST grant for \$5 million. There were several other grants received including the continuation of DOJ's Sexual Assault Kit Initiative grant for over \$2 million, MI State Treasury grant for police surveillance and body cameras, and many smaller grants that helped to increase capacity of community partnerships and deepen the impact of city initiatives.

Infrastructure. The City is consistently working to upgrade infrastructure, particularly in the Department of Public Works, including the Water Plant, Water Pollution Control Facilities, and Transportation.

Water Plant - The City of Flint is fully immersed in a restoration plan that will upgrade the Water Treatment Plant to a new, modern, fully automated, D-1 Limited Treatment Water Plant. Engineering studies listed several areas that the City of Flint would need to develop or improve upon to achieve the "Ten State Standards" for Water Treatment. The restoration of the Dort Reservoir began in 2019 and was completed in January of 2021 for a cost of \$2.1 million. For the secondary backup water source to replace the Flint River, engineering included tremendous excavating and infrastructure upgrades costing \$14.7 million and taking place throughout 2020. This project included a new chemical feed building on the main water plant grounds, which began in August of 2020 and has a planned completion date of May 31, 2022 with a cost of \$4 million. The Dort Pump Station, a \$3.6 million venture, is being renovated and is expected to be completed by May of 2022.

Water Pollution Control - The Water Pollution Control Facility has secured Clean Water State Revolving Fund (CWSRF) loans to update, replace, and refurbish old, broken, and obsolete equipment. The goal is to create “state of the art” plant operation, improving energy efficiency and reducing costs. This objective has been carried forward to every plant process and the offsite lift stations. Projects for CWSRF phase one include aeration improvements (completion late 2022), influent structure and battery-A grit removal rehabilitation and improvements (completion Jan 2022), sludge dewatering improvements (completion late 2021), Northwest Pumping Station improvements and bypass sewer (completion mid-summer 2022), and ultraviolet light disinfection retrofit (completion late 2021). Projects for CWSRF phase two, beginning Nov 2021 and completing between Dec 2022 and July 2023, include Third Avenue Pumping Station improvements, primary settling tanks improvements, final clarifier improvements, and batter-B grit removal and screening improvements. Other projects include upgrades to the primary electrical switchgear, rehabilitating the lift stations, and replacing pumps.

Transportation - From July 2019 to June 2021, the City of Flint has done several projects: Kersley Street from Beach Street to Chevrolet Ave both resurfacing road and replacement of the water main; Dupont Street from University Ave. to Copeman Blvd and from Pasadena Ave to Bishop Ave rebuilding of the road, storm sewer, and new water main replacement; Atherton Road from Van Slyke Rd to Dort Hwy (M-54) rebuilding of the road, storm sewer, and new water main replacement; Robert T. Longway Blvd from Chavez Drive to E. Boulevard Dr. resurfacing the road and about 500 feet of water main replacement; Court Street from Crapo St to Center Rd will be completed Dec 2021, including road resurfacing, storm sewer, and new water main replacement.

Pension and Other Post-employment Benefits. The City of Flint is a member of the Municipal Employees Retirement System (MERS). 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 FY2013 are to be enrolled in a hybrid plan administered by MERS; similar plans for new public safety employees were made effective in FY2014. The Flint pension system has been on a downward spiral since 2014. According to its own meeting minutes in 2017, the RTAB acknowledged that the pension system was in serious trouble. The City of Flint has lost more than \$100 million dollars in pension assets since 2014. To address the massive leaks in the pension system, the city has had to increase contributions by over \$10 million a year beginning in FY 2021. For FY 2022, the pension contribution was \$33 million, but will again increase to \$39 million in FY 2024. This makes pension contributions our biggest expense in the city budget. 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 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, 2020 (the latest actuarial report) was only 27% funded. As of that same date, there are 1,733 retirees and beneficiaries receiving pension benefits from the City of Flint, but only 429 active employees working toward earning that benefit. Additional information on the City of Flint’s retirement plan can be found in Note 13 of the June 30, 2021 audited financial statements.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of June 30, 2021 (the most recent actuarial valuation), there were 1,273 retirees receiving benefits, but only 222 active employees working toward earning that benefit in retirement. Retiree healthcare benefits are financed on a pay-as-you-go basis, meaning the City is zero percent prefunded. The actuarially calculated liability related to these benefits is just over \$195 million. During the year ended June 30, 2021, the City paid \$11.6 million in premiums and other benefits. Starting in FY2015, new employees are no longer eligible for retiree healthcare 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 against the City related to retiree health care. Additional information on the City of Flint’s retiree healthcare plan can be found in Note 14 of the June 30, 2021 audited financial statements.

Acknowledgments

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,

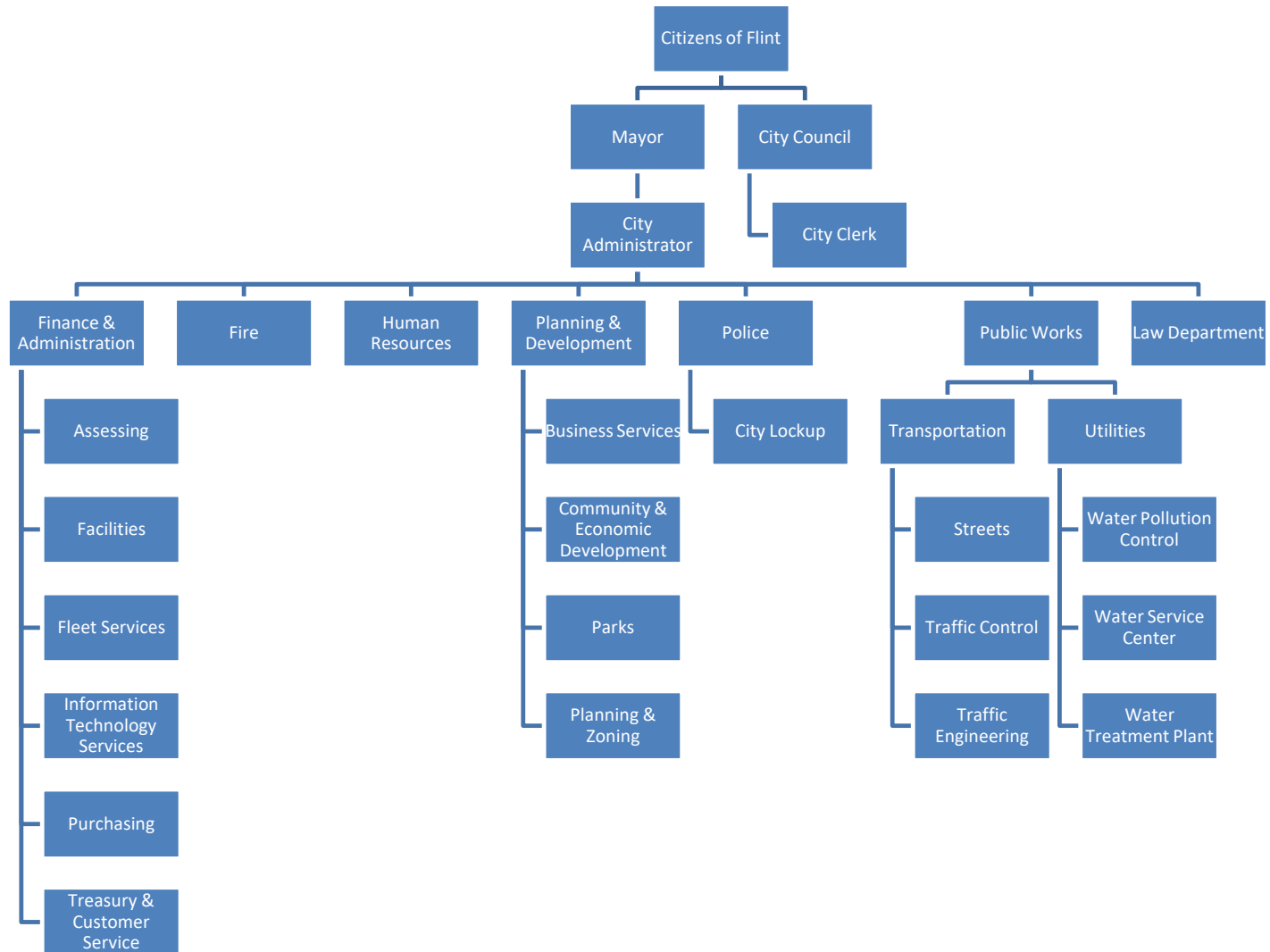
Robert J. F. Widigan

Robert J.F. Widigan
Chief Financial Officer

CLYDE D. EDWARDS
CLYDE D EDWARDS (Dec 22, 2021 13:39 EST)

Clyde Edwards
City Administrator

CITY OF FLINT - ORGANIZATIONAL CHART



INDEPENDENT AUDITORS' REPORT

December 22, 2021

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, Michigan** (the "City") as of and for the year ended June 30, 2021, 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hurley Medical Center, the Flint Area Enterprise Community, or the Downtown Development Authority discretely component units which represent the indicated percentage of total assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Hurley Medical Center	96.2%	94.5%	99.3%
Flint Area Enterprise Community	0.2%	0.0%	0.0%
Downtown Development Authority	2.1%	4.3%	0.5%

Rehmann is an independent member of Nexia International.



Those statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Hurley Medical Center, Flint Area Enterprise Community and Downtown Development Authority, is based solely on the reports 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 of material misstatement. The financial statements of the Downtown Development Authority and the Flint Area Enterprise Community were not audited in accordance with *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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 84

As described in Note 19, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning net position for the custodial funds was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules for the pension and other postemployment benefit plans listed 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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, under a separate cover, dated December 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lehmann Johnson LLC".

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

The following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2021 fiscal year, which began on July 1, 2020 and ended on June 30, 2021. 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.

Financial Highlights

The City of Flint returned to local government control in April 2015. This process was completed in April 4, 2018 with the removal of the State appointed Receivership Transition Advisory Board, which was put in place 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 maintaining a strategic plan; adopting a biennial budget and five year financial projections; establishing a fund balance reserve, including a budget stabilization fund; and an update of the City's purchasing ordinance.

The City's General Fund ended FY 2020/21 with a fund balance of \$22.9 million. The City's cash on hand at June 30, 2021 totaled more than \$197.2 million compared to \$145.4 million on June 30, 2020 across all governmental and business-type activities.

In FY21, the City billed \$208.5 million in taxes, fees, and grants for governmental and business-type activities, and spent \$103.8 million to provide City services. During the course of the year, the City's capital assets decreased by nearly \$3.5 million in governmental activities. The City's capital assets for business-type activities increased approximately \$43.8 million, which was due mainly to major additions to the sewer and water fund including aeration system (\$4.6M), northwest pump station (\$2.7M), UV disinfection (\$2.6M), sewer relining (\$2.2M), dewatering system (\$1.1M), secondary water supply (\$12.8M), lead line replacement (\$6.0M), Dupont & Atherton (\$4.5M), Court Street (\$3.4M), water treatment plant (\$3.3M), water meters (\$2.9M), Dort reservoir \$2.1M), and service line replacement (1.2M). The increase in governmental activities is mainly in the infrastructure category and can be attributed to the Dupont and Atherton street work of \$3.2 million.

The City's statement of net position on June 30, 2021, highlights primary government assets, including deferred outflows, totaling \$709.4 million and liabilities (and deferred inflows) totaling \$816.4 million, for a total net position deficit of \$106.9 million. Unrestricted net position was a deficit of \$421.2 million in governmental activities and a deficit of \$34.6 million in the business-type activities. This amount was netted against positive restricted net position and positive net investment in capital assets to reach the deficit of \$106.9 million 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, Non-residents do not live in the City but work in the City of Flint. In FY 2020/21, the City's income tax revenue generated \$15.0 million (a slight decrease from the \$17.0 million figure from FY 2019/20).

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

For the year ended June 30, 2021, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2021. The City's annual Other Post Employment Benefit (OPEB) expenses recognized in FY 2020/21 was \$58.7 million. The City made OPEB contributions of \$11.6 million, on a pay-as-you-go basis for the fiscal year. The City's OPEB net liability decreased from \$266.4 million in 2020 to \$196.0 million in 2021.

The City adopted Governmental Accounting Standards Board (GASB) Statements 75 effective June 30, 2018. These GASB statements required the City to recognize the long-term obligation for OPEB benefits as a liability and to measure the annual costs of the OPEB benefits. Although these items existed prior to implementation of the Statement, they were not required to be reported. Additional information regarding the City's \$196.0 million net OPEB liability may be found in Note 14 to the financial statements.

The City's pension legacy cost continue to be a significant issue for the City of Flint. During calendar year 2020 (the plan's activity is measured and reported by the calendar year instead of the fiscal year), the City contributed \$28.8 million to the MERS pension system; however, benefits paid to retirees totaled \$50.0 million. The funded status of the plan increased from 28.5% as of December 31, 2019 to 30.6% as of December 31, 2020. As of December 31, 2020, the City's unfunded pension liability totals \$391.4 million.

Administration of the pension system was transferred to the Municipal Employees' Retirement System, a state-wide multi-employer system in FY 2012/13.

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 supplementary information in addition to the basic financial statements themselves.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 government'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 legislative, general government, judicial, public safety, public works, recreation and culture, community development, facilities maintenance, and interest on long-term debt. The business-type activities of the City include water and sewer operations.

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, 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.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

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.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the general, grants and major streets fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in 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 water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fringe benefits, data processing, central maintenance garage and self-insurance.

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 fund and sewer fund, both of which are considered to be major funds of the City. The City's internal service fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

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.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's pension and other postemployment benefits plans.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. Total assets and deferred outflows of the City are \$709.4 million. Total liabilities and deferred inflows are \$816.4 million. The largest portion of these liabilities are \$391.4 million of net pension liability and \$196.0 million of other postemployment benefit liabilities.

Total net position (total assets and deferred outflows less total liabilities and deferred inflows) is a negative \$106.9 million, this includes \$297.1 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, \$51.9 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was \$455.9 million, which decreased from the FY 2019/20 deficit of \$527.2 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 \$421.3 million deficit in unrestricted net position. The \$279.7 million total governmental activities deficit is primarily driven by the pension and OPEB liability.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 170,296,616	\$ 117,024,196	\$ 208,580,104	\$ 201,113,244	\$ 378,876,720	\$ 318,137,440
Capital assets, net	94,106,916	97,651,115	213,644,578	169,838,283	307,751,494	267,489,398
	<u>264,403,532</u>	<u>214,675,311</u>	<u>422,224,682</u>	<u>370,951,527</u>	<u>686,628,214</u>	<u>585,626,838</u>
Total deferred outflows of resources	<u>19,245,143</u>	<u>26,932,409</u>	<u>3,566,609</u>	<u>7,396,462</u>	<u>22,811,752</u>	<u>34,328,871</u>
Liabilities						
Long-term debt	30,151,226	32,191,321	105,515,886	101,503,168	135,667,112	133,694,489
Pension and OPEB liabilities	459,092,668	486,065,220	128,258,070	168,650,824	587,350,738	654,716,044
Current and other liabilities	68,488,529	20,112,934	18,238,006	10,353,738	86,726,535	30,466,672
	<u>557,732,423</u>	<u>538,369,475</u>	<u>252,011,962</u>	<u>280,507,730</u>	<u>809,744,385</u>	<u>818,877,205</u>
Total deferred inflows of resources	<u>5,575,074</u>	<u>-</u>	<u>1,038,300</u>	<u>12,665,996</u>	<u>6,613,374</u>	<u>12,665,996</u>
Net position						
Net investment in capital assets	89,750,681	92,077,130	207,317,158	169,838,283	297,067,839	261,915,413
Restricted	51,833,997	53,687,493	-	-	51,833,997	53,687,493
Unrestricted (deficit)	<u>(421,243,500)</u>	<u>(442,526,378)</u>	<u>(34,576,129)</u>	<u>(84,664,020)</u>	<u>(455,819,629)</u>	<u>(527,190,398)</u>
Total net position	<u>\$ (279,658,822)</u>	<u>\$ (296,761,755)</u>	<u>\$ 172,741,029</u>	<u>\$ 85,174,263</u>	<u>\$ (106,917,793)</u>	<u>\$ (211,587,492)</u>

Management's Discussion and Analysis

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 increased by 17.1 million. Total assets and deferred outflows increased by \$42.0 million and total liabilities and deferred inflows increased by \$24.9 million from FY 2019/20. At a high level, the increase in total net position is primarily attributed to an decrease in OBEB liabilities. Revenues in FY 2020/21 were \$9.4 million higher than in FY 2019/20. The increase is mainly attributable to an increase in operating grants of \$6.4 due mainly to CARES Act funds. The FY 2020/21 expenses were \$45.1 million less than in FY 2019/20. The decrease in expenses is mainly attributable to a decrease in public safety expenses of \$39.8 million, including a decrease in retiree healthcare expense of \$23.7M due to the use of internal service fund reserves and a decrease in the OPEB liability. Further, public works expenses decreased \$5.1 million.

Business-type Activities

Business-type activities have \$172.7 million of total net position. Business-type activities do not usually 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 \$87.6 million. Expenses decreased by \$47.6 million in FY 2020/21 from FY 2019/20, while revenue increased by \$11.9 million. Business-type activities, Water and Sewer services, have \$172.7 million of total net position; however, it is important to look at the components of net position to understand the financial state of these activities. That \$172.7 million is made up of 2 components - \$207.3 million of depreciated infrastructure net of related debt and (\$34.6) million deficit of other assets and liabilities, including a proportionate share of the City's legacy costs. Net position, in total, improved by \$87.6 million. Capital grants revenue increased \$12.9 million due to the use of the WIIN funding for water improvement projects. Further, sewer and water expenses decreased \$10.7 million and \$37.0 million from the previous year, respectively.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

	Change in Net position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 15,544,005	\$ 14,641,009	\$ 55,747,720	\$ 55,051,399	\$ 71,291,725	\$ 69,692,408
Operating grants	39,028,986	32,657,667	-	330,134	39,028,986	32,987,801
Capital grants	-	-	42,235,846	29,379,346	42,235,846	29,379,346
General revenues						
Property taxes	23,710,945	20,927,464	-	-	23,710,945	20,927,464
Income taxes	15,028,812	17,020,456	-	-	15,028,812	17,020,456
State revenue sharing	16,910,747	14,595,029	-	-	16,910,747	14,595,029
Unrestricted investments earnings	177,770	1,182,921	80,889	1,321,264	258,659	2,504,185
Gain on sale of capital assets	38,708	-	(37,150)	-	1,558	-
Total revenues	110,439,973	101,024,546	98,027,305	86,082,143	208,467,278	187,106,689
Expenses						
Legislative	925,090	1,160,836	-	-	925,090	1,160,836
General government	13,911,324	16,723,478	-	-	13,911,324	16,723,478
Judicial	1,133,385	850,055	-	-	1,133,385	850,055
Public safety	44,064,111	83,877,208	-	-	44,064,111	83,877,208
Public works	22,716,601	27,795,199	-	-	22,716,601	27,795,199
Recreation and culture	822,757	1,022,805	-	-	822,757	1,022,805
Community development	7,399,573	4,275,895	-	-	7,399,573	4,275,895
Facilities	1,493,134	1,643,599	-	-	1,493,134	1,643,599
Interest on long-term debt	871,065	1,182,972	-	-	871,065	1,182,972
Sewer	-	-	5,222,051	15,929,160	5,222,051	15,929,160
Water	-	-	5,238,488	42,191,636	5,238,488	42,191,636
Total expenses	93,337,040	138,532,047	10,460,539	58,120,796	103,797,579	196,652,843
Change in net position	17,102,933	(37,507,501)	87,566,766	27,961,347	104,669,699	(9,546,154)
Beginning of year	(296,761,755)	(259,254,254)	85,174,263	57,212,916	(211,587,492)	(202,041,338)
End of year	\$ (279,658,822)	\$ (296,761,755)	\$ 172,741,029	\$ 85,174,263	\$ (106,917,793)	\$ (211,587,492)

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

As of June 30, 2021, the City's governmental funds reported combined ending fund balance of \$67.5 million, an increase of \$11.3 million in comparison to the prior year. Of that total fund balance of \$67.6 million, \$9.0 million is considered unassigned and is available to be used at the City's discretion. \$45.2 million is considered restricted for various reasons and can only be used for its particular restricted purpose. Examples of restrictions are dedicated millages or the terms of a particular grant as determined by the granting agency.

The City's Governmental funds include the General Fund, Grants, major streets and nonmajor governmental funds. The General Fund pays for most of the City's governmental services. The General Fund recorded \$55.3 million in expenses to provide City services in fiscal year FY 2020/21. The most significant expenses were for Public Safety (police & fire). Public Safety must account for at least 55.5% 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 \$1.4 million and the Public Safety Fund had expenditures of \$5.6 million. The Public Safety Fund includes both police and fire.

A combined \$14.7 million was spent in FY 2020/21 on major and local road repairs. The Local Street Fund received a transfer from the Major Street Fund in FY 2020/21 of \$1.5 million. In the City's Rubbish Collection Fund, the City spent \$5.2 million to collect and dispose of the City's solid waste, recyclables, and leaves in FY 2020/21. The City spent \$2.3 million in the Street Lights Assessment Fund to cover the expense of the street lights and upgrades in the City of Flint.

Of the \$11.3 million increase from the prior year, General Fund accounted for \$5.3 million of that increase. In FY 2020/21, General Fund revenues increased \$8.1 million, primarily due an increase in grant revenue, state revenue sharing, and property tax revenue. General Fund expenditures were down \$4.1 million due primarily to the use of reserves in the internal services funds to pay the retiree healthcare costs.

The other significant change to governmental fund balance came from the nonmajor governmental funds of \$5.3 million from a variety of sources.

The Major Streets Fund increased its fund balance by \$1.5 million, primarily due to increases in road funding from the State of Michigan of about \$1.0 million.

The City received \$47.4 million in ARPA funding during the year. The City is still developing a plan on how to spend the amount on allowable purposes. The full amount is unearned at year end.

Proprietary Funds

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

Net position in the sewer fund is \$39.3 million. In FY 2019/20 the Sewer fund net position was \$10.0 million. A major portion of the increase was due to an increase of \$7.1M in SRF loan forgiveness and a decrease of \$17.3M in retiree healthcare costs. The sewer fund had a net operating income of \$22.3 million in FY 2020/21. Expenses in FY 2018/19 were \$40 million and \$16.7 million in FY 2019/20, and have decreased to \$3.6 million in FY 2020/21. This decrease of \$13.2 million in operating expenses was mostly driven by a decrease of \$17.3M in retiree healthcare costs due to the use of internal service fund reserves and a decrease in the OPEB liability.

Total net position in the water fund is \$130.9 million, including an operating income of \$26.5 million during the year. Net operating loss was \$13.6 million in previous year. Expense included decreases in pension expense of \$18.5M due to a decrease in the water fund net pension liability and decreases in retiree healthcare of \$18.5M due to the use of internal service fund reserves and a decrease in the OPEB liability.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

Capital Assets

At June 30, 2021, the City's net investment in capital assets for the governmental and business-type activities amounted to \$307.8 million. The investment in capital assets covers a broad variety of land, construction in progress, land improvement, infrastructure, buildings and improvements, machinery and equipment, and vehicles and is reduced by the amount of related outstanding debt. The City's investment in capital assets increased \$40.3 million. Additional information on the City's capital assets can be found in Note 8.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 14,832,845	\$ 14,287,016	\$ 1,175,844	\$ 762,394	\$ 16,008,689	\$ 15,049,410
Construction in progress	8,380,962	3,593,458	48,797,274	11,833,628	57,178,236	15,427,086
Land improvements	1,336,708	1,653,845	3,078,952	3,253,493	4,415,660	4,907,338
Infrastructure	54,792,343	63,462,995	110,903,648	103,429,666	165,695,991	166,892,661
Buildings and improvements	4,575,534	5,466,545	11,967,884	12,887,015	16,543,418	18,353,560
Machinery and equipment	2,926,096	2,101,927	37,549,987	37,252,730	40,476,083	39,354,657
Vehicles	7,262,428	7,085,329	170,989	419,357	7,433,417	7,504,686
Total capital assets, net	\$ 94,106,916	\$ 97,651,115	\$ 213,644,578	\$ 169,838,283	\$ 307,751,494	\$ 267,489,398

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 KWA. In FY 2017/18 the State forgave the City's Drinking Water Revolving Loan Fund as another support mechanism to cope with the ongoing water crisis.

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 continues to make the debt service payments.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

Long-term Debt

At year end, the City had \$30.2 million in long-term debt outstanding for governmental activities and \$105.5 million outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 9.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ 11,855,000	\$ 12,520,000	\$ -	\$ -	\$ 11,855,000	\$ 12,520,000
Loans payable	10,943,922	11,994,409	-	-	10,943,922	11,994,409
Bond premium	942,672	1,021,228	-	-	942,672	1,021,228
Agreement payable	-	-	98,703,117	101,029,474	98,703,117	101,029,474
Capital leases	3,428,313	3,612,908	6,327,420	-	9,755,733	3,612,908
Compensated absences	2,981,319	3,042,777	485,349	473,694	3,466,668	3,516,471
Total	\$ 30,151,226	\$ 32,191,322	\$ 105,515,886	\$ 101,503,168	\$ 135,667,112	\$ 133,694,490

The City of Flint entered into an agreement with KWA to purchase raw water and pledge the City's full faith and credit towards the repayment of a portion of KWA debt. Subsequent to this agreement the City transferred 97% of those water rights to the Great Lakes Water Authority (GLWA). The City of Flint has a liability of \$98.8 million to the KWA and a receivable from GLWA. The sale of the water rights to GLWA is being paid in the form of a credit on the City of Flint's water bill from GLWA. The other 3 percent represents an intangible asset on the City's books.

Limitations on Debt

The State limits the amount of general obligation debt the City can issue to up to 10 percent of the assessed value of all taxable property within the City's corporate limits. The amount of debt available to the City (unused portion of the debt limitation) is \$59.8 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

The City does not have an underlying bond rating from any rating agency at this time.

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

The city has partially strengthened its financial position since the end of state receivership in 2017. The city still faces significant challenges with long term legacy costs from the pension and retiree health care system. The Flint economy was slowly recovering in early 2020, but now faces new challenges due to the Covid-19 pandemic.

The City reviews its budgets on a monthly basis and makes various amendments to address unexpected operating events throughout the year. The General Fund originally budgeted for a decrease in fund balance of \$16.0 million and was amended for a decrease in fund balance of \$16.6 million, a decrease of \$661 thousand. The General Fund revenue budget was not amended and the General Fund expenditure budget was increased by \$661 thousand, respectively. There were no significant changes between the original and final budget.

The General Fund budgeted for a decrease in fund balance of \$16.6 million and the actual change in fund balance was an increase of \$5.3 million. Significant budgetary variances are as follows:

- Income tax revenue was under budget by \$1.6 million due to the COVID-19 pandemic.
- Charges for services were over budget by \$607 thousand due primarily to indirect cost allocations.
- Finance expenses were under budget by \$1.3 million due to vacant positions.
- General government expenses were under budget by \$2.6 million due to retiree healthcare and indirect cost allocations.
- Police expenses were under budget by \$8.8 million due to pension and retiree healthcare.
- Fire expenses were under budget by \$3.5 million due to pension and retiree healthcare.
- Transfers in were over budget by \$3.9 million due to CARES Act funding.

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:

- Dealing with the economic and financial consequences of the Covid-19 global pandemic
- An continued 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, independent of state support as the water crisis continues
- Combating high levels of crime
- Relatively higher water and sewer rates
- A shrinking population

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

- 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
- 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, the Kellogg Foundation and Ford Foundation to support a variety of activities and programs in Flint
- Diversification of Flint's economic base, especially in higher education and health care

CITY OF FLINT, MICHIGAN

Management's Discussion and Analysis

Long-term Financial Planning

- The City will continue to seek additional income tax revenue, primarily through the work of the newly established Economic Development Department.
- 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 implement the new rules established by the newly adopted City Charter, including establishing a Revenue Estimating Committee charged with providing revenue estimates that are reasonable and fair.
- The City will continue to follow 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.

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.

BASIC FINANCIAL STATEMENTS

CITY OF FLINT, MICHIGAN

Statement of Net Position

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and investments	\$ 142,774,529	\$ 54,416,999	\$ 197,191,528	\$ 169,033,296
Receivables, net	28,888,693	136,545,900	165,434,593	79,212,224
Internal balances	(2,558,565)	2,558,565	-	-
Other assets	1,191,959	7,337,624	8,529,583	10,522,809
Restricted cash and investments	-	7,721,016	7,721,016	172,608,982
Investment in joint venture	-	-	-	6,854,571
Capital assets not being depreciated	23,213,807	49,973,118	73,186,925	18,275,355
Capital assets being depreciated, net	70,893,109	163,671,460	234,564,569	108,726,230
Net OPEB asset	-	-	-	11,737,072
Total assets	264,403,532	422,224,682	686,628,214	576,970,539
Deferred outflows of resources				
Deferred charge on refunding	94,497	-	94,497	1,426,872
Deferred pension amounts	19,150,646	3,566,609	22,717,255	40,849,355
Deferred OPEB amounts	-	-	-	519,406
Total deferred outflows of resources	19,245,143	3,566,609	22,811,752	42,795,633
Liabilities				
Accounts payable and accrued liabilities	18,291,636	18,238,006	36,529,642	110,521,758
Unearned revenue	50,196,893	-	50,196,893	33,554,986
Long-term debt:				
Due within one year	3,384,048	2,477,085	5,861,133	3,131,252
Due in more than one year	26,767,178	103,038,801	129,805,979	93,570,712
Net pension liability (due in more than one year)	329,910,486	61,442,404	391,352,890	196,001,932
Net OPEB liability (due in more than one year)	129,182,182	66,815,666	195,997,848	-
Total liabilities	557,732,423	252,011,962	809,744,385	436,780,640
Deferred inflows of resources				
Deferred pension amounts	5,575,074	1,038,300	6,613,374	19,374,084
Deferred OPEB amounts	-	-	-	28,081,402
Total deferred inflows of resources	5,575,074	1,038,300	6,613,374	47,455,486
Net position				
Net investment in capital assets	89,750,681	207,317,158	297,067,839	46,800,809
Restricted for:				
Public safety	9,499,778	-	9,499,778	-
Public works	31,468,299	-	31,468,299	-
Recreation and culture	499,721	-	499,721	-
Community development	687,164	-	687,164	1,057,012
Debt service	9,679,035	-	9,679,035	-
Donor restricted	-	-	-	11,196,558
Unrestricted (deficit)	(421,243,500)	(34,576,129)	(455,819,629)	76,475,667
Total net position (deficit)	\$ (279,658,822)	\$ 172,741,029	\$ (106,917,793)	\$ 135,530,046

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 925,090	\$ -	\$ -	\$ -	\$ (925,090)
General government	13,911,324	11,741,163	1,891,563	-	(278,598)
Judicial	1,133,385	-	-	-	(1,133,385)
Public safety	44,064,111	3,234,396	5,083,571	-	(35,746,144)
Public works	22,716,601	16,825	17,857,456	-	(4,842,320)
Recreation and culture	822,757	-	1,967,134	-	1,144,377
Community development	7,399,573	551,621	12,229,262	-	5,381,310
Facilities maintenance	1,493,134	-	-	-	(1,493,134)
Interest on long-term debt	871,065	-	-	-	(871,065)
Total governmental activities	93,337,040	15,544,005	39,028,986	-	(38,764,049)
Business-type activities:					
Sewer	5,222,051	25,883,624	-	7,072,169	27,733,742
Water	5,238,488	29,864,096	-	35,163,677	59,789,285
Total business-type activities	10,460,539	55,747,720	-	42,235,846	87,523,027
Total primary government	\$ 103,797,579	\$ 71,291,725	\$ 39,028,986	\$ 42,235,846	\$ 48,758,978
Component units					
Downtown development authority	\$ 1,940,250	\$ 1,290,867	\$ 210,757	\$ 323,506	\$ (115,120)
Economic development corporation	718,976	620,437	26,393	-	(72,146)
Flint area enterprise community	1,081,442	-	-	-	(1,081,442)
Hurley medical center	457,131,611	413,101,377	83,263,972	-	39,233,738
Total component units	\$ 460,872,279	\$ 415,012,681	\$ 83,501,122	\$ 323,506	\$ 37,965,030

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CITY OF FLINT, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Changes in net position				
Net (expense) revenues	\$ (38,764,049)	\$ 87,523,027	\$ 48,758,978	\$ 37,965,030
General revenues:				
Property taxes	23,710,945	-	23,710,945	653,293
Income taxes	15,028,812	-	15,028,812	-
Grants and contributions not restricted to specific programs	16,910,747	-	16,910,747	-
Unrestricted investment earnings	177,770	80,889	258,659	(1,562,217)
Gain on sale of capital assets	38,708	(37,150)	1,558	-
Other revenues	-	-	-	203,378
Total general revenues	55,866,982	43,739	55,910,721	(705,546)
Change in net position	17,102,933	87,566,766	104,669,699	37,259,484
Net position (deficit), beginning of year	(296,761,755)	85,174,263	(211,587,492)	98,270,562
Net position (deficit), end of year	<u>\$ (279,658,822)</u>	<u>\$ 172,741,029</u>	<u>\$ (106,917,793)</u>	<u>\$ 135,530,046</u>

concluded

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2021

	Special Revenue Funds					Totals
	General	Grants	Major Streets	American Rescue Plan Act	Nonmajor Governmental Funds	
Assets						
Cash and investments	\$ 22,374,094	\$ 1,993,363	\$ 14,725,224	\$ 47,363,332	\$ 31,019,328	\$ 117,475,341
Receivables:						
Accounts receivable, net	274,586	-	-	-	10,340	284,926
Property taxes receivable	104,670	-	-	-	158,177	262,847
Income taxes receivable, net	1,312,638	-	-	-	-	1,312,638
Loans receivable	-	5,171,000	-	-	6,534	5,177,534
Prepays	61,757	152,501	-	-	-	214,258
Due from other governments	4,417,783	6,639,384	3,230,652	-	685,568	14,973,387
Due from component unit	-	-	-	-	6,631,951	6,631,951
Total assets	\$ 28,545,528	\$ 13,956,248	\$ 17,955,876	\$ 47,363,332	\$ 38,511,898	\$ 146,332,882
Liabilities						
Accounts payable	\$ 2,664,256	\$ 1,870,753	\$ 1,507,231	\$ -	\$ 1,078,870	\$ 7,121,110
Accrued and other liabilities	1,259,634	116,010	79,476	-	263,432	1,718,552
Due to other governments	184,399	-	-	-	-	184,399
Deposits payable	-	-	-	-	1,532,007	1,532,007
Unearned revenue	-	2,833,561	-	47,363,332	-	50,196,893
Total liabilities	4,108,289	4,820,324	1,586,707	47,363,332	2,874,309	60,752,961
Deferred inflows of resources						
Unavailable revenue - loans	-	5,171,000	-	-	6,647,210	11,818,210
Unavailable revenue - grants	1,395,299	4,453,251	1,445	-	112,430	5,962,425
Unavailable revenue - taxes	102,573	-	-	-	150,494	253,067
Total deferred inflows of resources	1,497,872	9,624,251	1,445	-	6,910,134	18,033,702
Fund balances						
Nonspendable	61,757	152,501	-	-	-	214,258
Restricted	-	-	16,367,724	-	28,839,885	45,207,609
Assigned	13,087,906	-	-	-	-	13,087,906
Unassigned (deficit)	9,789,704	(640,828)	-	-	(112,430)	9,036,446
Total fund balances	22,939,367	(488,327)	16,367,724	-	28,727,455	67,546,219
Total liabilities, deferred inflows of resources and fund balances	\$ 28,545,528	\$ 13,956,248	\$ 17,955,876	\$ 47,363,332	\$ 38,511,898	\$ 146,332,882

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2021

Fund balances for governmental funds	\$ 67,546,219
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	23,213,807
Capital assets being depreciated	62,872,694
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Deferred inflow for loans receivable	11,818,210
Deferred inflow for grants receivable	5,962,425
Deferred inflow for taxes receivable	253,067
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of internal service funds	23,802,128
Internal service funds net position accounted for in business-type activities	(2,558,565)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds, loans and capital leases payable	(23,049,456)
Deferred charge on bond refunding	94,497
Bond premium, net	(942,672)
Accrued interest on bonds, loans and capital leases payable	(172,761)
Compensated absences	(2,981,319)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(329,910,486)
Deferred outflows related to the net pension liability	19,150,646
Deferred inflows related to the net pension liability	(5,575,074)
Total OPEB liability	<u>(129,182,182)</u>
Net position of governmental activities	<u>\$ (279,658,822)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Funds					Totals
	General	Grants	Major Streets	American Rescue Plan Act	Nonmajor Governmental Funds	
Revenues						
Property taxes	\$ 6,036,217	\$ -	\$ -	\$ -	\$ 17,674,728	\$ 23,710,945
Income taxes	15,028,812	-	-	-	-	15,028,812
Cable franchise fees	919,339	-	-	-	-	919,339
Federal sources	-	6,762,652	-	-	3,891,843	10,654,495
State sources	21,130,654	73,375	13,640,891	-	4,626,510	39,471,430
Charges for services	13,036,475	397,553	16,825	-	147,675	13,598,528
Fines and forfeitures	69,651	-	-	-	161,925	231,576
Licenses and permits	60,765	-	-	-	1,653,976	1,714,741
Local contributions	-	2,130,335	-	-	1,670,205	3,800,540
Interest	118,011	212,270	12,652	-	25,421	368,354
Other revenues	358,366	279,990	114,293	-	128,170	880,819
Total revenues	56,758,290	9,856,175	13,784,661	-	29,980,453	110,379,579
Expenditures						
Current:						
Legislative	833,422	-	-	-	-	833,422
General government	19,288,140	312,328	-	-	-	19,600,468
Judicial	1,133,385	-	-	-	-	1,133,385
Public safety	32,088,140	1,653,647	-	-	8,686,953	42,428,740
Public works	-	2,675	10,753,198	-	11,266,802	22,022,675
Recreation and culture	-	-	-	-	697,735	697,735
Community development	614,493	8,051,712	-	-	112,498	8,778,703
Facilities maintenance	1,347,172	-	-	-	-	1,347,172
Debt service:						
Principal	-	492,000	176,046	-	1,172,633	1,840,679
Interest	-	206,793	5,207	-	589,381	801,381
Total expenditures	55,304,752	10,719,155	10,934,451	-	22,526,002	99,484,360
Revenues over (under) expenditures	1,453,538	(862,980)	2,850,210	-	7,454,451	10,895,219
Other financing sources (uses)						
Issuance of long-term debt	-	-	187,900	-	187,900	375,800
Transfers in	3,891,843	1,303	-	-	3,371,285	7,264,431
Transfers out	(1,303)	-	(1,500,000)	-	(5,763,128)	(7,264,431)
Total other financing sources (uses)	3,890,540	1,303	(1,312,100)	-	(2,203,943)	375,800
Net change in fund balances	5,344,078	(861,677)	1,538,110	-	5,250,508	11,271,019
Fund balances, beginning of year	17,595,289	373,350	14,829,614	-	23,476,947	56,275,200
Fund balances, end of year	\$ 22,939,367	\$ (488,327)	\$ 16,367,724	\$ -	\$ 28,727,455	\$ 67,546,219

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 11,271,019

Amounts reported for *governmental activities* in the statement of activities are different because:

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

Capital assets purchased/constructed	7,122,156
Depreciation	(10,784,328)
Gain on sale of capital assets	38,708

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred long-term receivables	627,679
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	1,840,679
Issuance of long-term debt	(375,800)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on bonds, loans and capital leases payable	(4,711)
Amortization of bond premium	78,556
Net change in deferred charge	(7,062)
Change in the net pension liability and related deferred amounts	(29,695,576)
Change in the total OPEB liability and related deferred amounts	43,374,075
Change in compensated absences	61,458

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Total change in net position of the internal service funds	(9,904,010)
Internal service fund change in net position accounted for in business-type activities	3,460,090

Change in net position of governmental activities \$ 17,102,933

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,402,926	\$ 5,402,926	\$ 6,036,217	\$ 633,291
Income taxes	16,670,472	16,670,472	15,028,812	(1,641,660)
Licenses and permits	56,750	56,750	60,765	4,015
State sources	20,775,510	20,775,510	21,130,654	355,144
Charges for services	12,429,454	12,429,454	13,036,475	607,021
Fines and forfeitures	206,600	206,600	69,651	(136,949)
Interest	390,700	390,700	118,011	(272,689)
Cable franchise fees	830,000	830,000	919,339	89,339
Other revenues	213,755	213,755	358,366	144,611
Total revenues	56,976,167	56,976,167	56,758,290	(217,877)
Expenditures				
Current:				
Legislative :				
City council	976,109	976,109	833,422	(142,687)
General government:				
Mayor's office	698,830	822,130	703,398	(118,732)
Finance	5,939,644	6,082,418	4,737,933	(1,344,485)
Clerk	1,469,010	1,638,566	1,360,730	(277,836)
Law office	1,212,141	1,212,141	790,428	(421,713)
Human resources	1,186,635	1,411,596	886,482	(525,114)
General government	13,057,926	13,057,926	10,479,283	(2,578,643)
City administrator	380,356	380,356	329,886	(50,470)
Total general government	23,944,542	24,605,133	19,288,140	(5,316,993)
Judicial:				
68th district court	977,500	977,500	1,133,385	155,885
Public safety:				
Police	29,832,525	29,832,525	21,036,581	(8,795,944)
Fire	14,512,792	14,512,792	11,051,559	(3,461,233)
Total public safety	44,345,317	44,345,317	32,088,140	(12,257,177)
Community development	984,313	984,313	614,493	(369,820)
Facilities maintenance	1,683,373	1,683,373	1,347,172	(336,201)
Total expenditures	72,911,154	73,571,745	55,304,752	(18,266,993)
Revenues over (under) expenditures	(15,934,987)	(16,595,578)	1,453,538	18,049,116

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CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ 3,891,843	\$ 3,891,843
Transfers out	(15,641)	(15,641)	(1,303)	(14,338)
Total other financing sources	<u>(15,641)</u>	<u>(15,641)</u>	<u>3,890,540</u>	<u>3,906,181</u>
Net change in fund balance	(15,950,628)	(16,611,219)	5,344,078	21,955,297
Fund balance, beginning of year	<u>17,595,289</u>	<u>17,595,289</u>	<u>17,595,289</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,644,661</u>	<u>\$ 984,070</u>	<u>\$ 22,939,367</u>	<u>\$ 21,955,297</u>

concluded

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal sources	\$ -	\$ 46,585,789	\$ 6,762,652	\$ (39,823,137)
State sources	-	1,296,487	73,375	(1,223,112)
Local contributions	-	5,028,433	2,130,335	(2,898,098)
Charges for services	-	-	397,553	397,553
Interest	-	-	212,270	212,270
Other revenues	-	127,589	279,990	152,401
Total revenues	-	53,038,298	9,856,175	(43,182,123)
Expenditures				
Current:				
General government	-	-	312,328	312,328
Public safety:				
Police	-	4,362,779	1,650,667	(2,712,112)
Fire	-	5,000	2,980	(2,020)
Public works	-	2,675	2,675	-
Community development	-	35,730,555	8,051,712	(27,678,843)
Debt service:				
Principal	-	-	492,000	492,000
Interest	-	-	206,793	206,793
Total expenditures	-	40,101,009	10,719,155	(29,381,854)
Revenues over (under) expenditures	-	12,937,289	(862,980)	(13,800,269)
Other financing sources				
Transfers in	-	-	1,303	1,303
Net change in fund balance	-	12,937,289	(861,677)	(13,798,966)
Fund balance, beginning of year	373,350	373,350	373,350	-
Fund balance, end of year	\$ 373,350	\$ 13,310,639	\$ (488,327)	\$ (13,798,966)

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State sources	\$ 13,062,440	\$ 13,062,440	\$ 13,640,891	\$ 578,451
Charges for services	26,800	26,800	16,825	(9,975)
Local contributions	23,500	23,500	-	(23,500)
Interest	88,100	88,100	12,652	(75,448)
Other revenues	81,900	81,900	114,293	32,393
Total revenues	<u>13,282,740</u>	<u>13,282,740</u>	<u>13,784,661</u>	<u>501,921</u>
Expenditures				
Current -				
Public works -				
Streets	16,390,993	22,596,194	10,753,198	(11,842,996)
Debt service:				
Principal	113,420	176,053	176,046	(7)
Interest	5,210	5,210	5,207	(3)
Total expenditures	<u>16,509,623</u>	<u>22,777,457</u>	<u>10,934,451</u>	<u>(11,843,006)</u>
Revenues over (under) expenditures	<u>(3,226,883)</u>	<u>(9,494,717)</u>	<u>2,850,210</u>	<u>12,344,927</u>
Other financing sources (uses)				
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	-
Proceeds from issuance of long-term debt	-	-	187,900	187,900
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,312,100)</u>	<u>187,900</u>
Net change in fund balance	<u>(4,726,883)</u>	<u>(10,994,717)</u>	<u>1,538,110</u>	<u>12,532,827</u>
Fund balance, beginning of year	<u>14,829,614</u>	<u>14,829,614</u>	<u>14,829,614</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,102,731</u>	<u>\$ 3,834,897</u>	<u>\$ 16,367,724</u>	<u>\$ 12,532,827</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 38,097,215	\$ 16,319,784	\$ 54,416,999	\$ 25,299,188
Accounts receivable, net	11,429,189	10,955,336	22,384,525	36,775
Due from other governments	5,151,399	13,267,953	18,419,352	208,635
Due from GLWA	-	2,362,845	2,362,845	-
Inventory	320,230	290,930	611,160	97,077
Prepays	24,994	3,814,156	3,839,150	880,624
Total current assets	55,023,027	47,011,004	102,034,031	26,522,299
Noncurrent assets:				
Due from GLWA, net of current portion	-	93,379,178	93,379,178	-
Right to use asset	-	2,887,314	2,887,314	-
Restricted cash and investments	7,721,016	-	7,721,016	-
Capital assets not being depreciated	16,786,656	33,186,462	49,973,118	-
Capital assets being depreciated, net	44,247,928	119,423,532	163,671,460	8,020,415
Total noncurrent assets	68,755,600	248,876,486	317,632,086	8,020,415
Total assets	123,778,627	295,887,490	419,666,117	34,542,714
Deferred outflows of resources				
Deferred pension amounts	2,044,553	1,522,056	3,566,609	-
Liabilities				
Current liabilities:				
Accounts payable	7,032,368	9,655,285	16,687,653	6,357,507
Accrued liabilities	198,787	128,158	326,945	133,769
Deposits payable	-	1,215,351	1,215,351	-
Accrued interest	8,057	-	8,057	70,518
Current portion of claims payable	-	-	-	274,155
Current portion of compensated absences	23,620	17,542	41,162	-
Current portion of long-term debt	-	2,435,923	2,435,923	1,170,405
Total current liabilities	7,262,832	13,452,259	20,715,091	8,006,354
Noncurrent liabilities:				
Claims payable, net of current portion	-	-	-	726,858
Compensated absences, net of current portion	254,887	189,300	444,187	-
Long-term debt, net of current portion	6,327,420	96,267,194	102,594,614	2,007,374
Net pension liability	35,221,760	26,220,644	61,442,404	-
Total OPEB liability	36,867,195	29,948,471	66,815,666	-
Total noncurrent liabilities	78,671,262	152,625,609	231,296,871	2,734,232
Total liabilities	85,934,094	166,077,868	252,011,962	10,740,586
Deferred inflows of resources				
Deferred pension amounts	595,204	443,096	1,038,300	-
Net position				
Net investment in capital assets	54,707,164	152,609,994	207,317,158	4,842,636
Unrestricted (deficit)	(15,413,282)	(21,721,412)	(37,134,694)	18,959,492
Total net position	\$ 39,293,882	\$ 130,888,582	\$ 170,182,464	\$ 23,802,128

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2021

Net position - total enterprise funds \$ 170,182,464

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental activities internal service funds

2,558,565

Net position of business-type activities \$ 172,741,029

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Operating revenues				
Charges for services	\$ 25,875,398	\$ 29,839,670	\$ 55,715,068	\$ 56,690,361
Other	8,226	24,426	32,652	357,392
Total operating revenues	<u>25,883,624</u>	<u>29,864,096</u>	<u>55,747,720</u>	<u>57,047,753</u>
Operating expenses				
Salaries and benefits	11,908,268	9,690,291	21,598,559	3,175,327
Benefits - OPEB and pension	(19,776,204)	(28,303,656)	(48,079,860)	-
Supplies	605,745	661,642	1,267,387	874,671
Contractual services	1,244,388	350,525	1,594,913	7,624,207
Utilities	1,469,658	396,337	1,865,995	15,405
Equipment operation	789,478	489,727	1,279,205	-
Repairs and maintenance	620,704	60,976	681,680	214,343
Insurance	-	-	-	815,468
Costs of materials and services rendered	-	12,354,561	12,354,561	52,527,433
Other	3,265,861	3,186,610	6,452,471	(26,148)
Depreciation	3,453,835	4,523,646	7,977,481	1,824,911
Total operating expenses	<u>3,581,733</u>	<u>3,410,659</u>	<u>6,992,392</u>	<u>67,045,617</u>
Operating income (loss)	<u>22,301,891</u>	<u>26,453,437</u>	<u>48,755,328</u>	<u>(9,997,864)</u>
Nonoperating revenues (expenses)				
Interest revenue	73,962	6,927	80,889	21,686
Interest expense and fees	(8,057)	-	(8,057)	(136,467)
Gain (loss) on sale of capital assets	(182,932)	145,782	(37,150)	-
Federal grant proceeds	-	170	170	208,635
Total nonoperating revenues (expenses)	<u>(117,027)</u>	<u>152,879</u>	<u>35,852</u>	<u>93,854</u>
Income (loss) before capital contributions	<u>22,184,864</u>	<u>26,606,316</u>	<u>48,791,180</u>	<u>(9,904,010)</u>
Capital contributions				
Federal	6,020,298	-	6,020,298	-
State	1,051,871	35,163,507	36,215,378	-
Total capital contributions	<u>7,072,169</u>	<u>35,163,507</u>	<u>42,235,676</u>	<u>-</u>
Change in net position	<u>29,257,033</u>	<u>61,769,823</u>	<u>91,026,856</u>	<u>(9,904,010)</u>
Net position, beginning of year	<u>10,036,849</u>	<u>69,118,759</u>	<u>79,155,608</u>	<u>33,706,138</u>
Net position, end of year	<u>\$ 39,293,882</u>	<u>\$ 130,888,582</u>	<u>\$ 170,182,464</u>	<u>\$ 23,802,128</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2021

Change in net position - total enterprise funds \$ 91,026,856

Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating income (loss) of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating loss from business-type activities accounted for in governmental activities internal service funds

(3,460,090)

Change in net position of business-type activities

\$ 87,566,766

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Cash flows from operating activities				
Cash received from customers	\$ 24,315,778	\$ 28,121,758	\$ 52,437,536	\$ -
Cash received from interfund services	-	-	-	56,803,727
Cash payments for goods and services	(1,748,490)	12,405,937	10,657,447	(62,300,820)
Cash payments to employees	(11,932,686)	(38,040,188)	(49,972,874)	(3,163,469)
Net cash provided by (used in) operating activities	<u>10,634,602</u>	<u>2,487,507</u>	<u>13,122,109</u>	<u>(8,660,562)</u>
Cash flows from noncapital financing activities				
Payments received from GLWA	-	2,256,567	2,256,567	-
Federal grant proceeds	-	170	170	208,635
Net cash flows from noncapital financing activities	<u>-</u>	<u>2,256,737</u>	<u>2,256,737</u>	<u>208,635</u>
Cash flows from capital and related financing activities				
Capital contributions	1,920,770	43,609,831	45,530,601	-
Acquisition/construction of capital assets	(17,044,163)	(35,105,341)	(52,149,504)	(1,473,126)
Proceeds from the sale of capital assets	298,867	29,711	328,578	18,107
Proceeds from issuance of long-term debt	6,327,420	-	6,327,420	-
Principal paid on long-term debt	-	(2,326,357)	(2,326,357)	(923,132)
Interest paid on long-term debt	-	-	-	(126,350)
Net cash provided by (used in) capital and related financing activities	<u>(8,497,106)</u>	<u>6,207,844</u>	<u>(2,289,262)</u>	<u>(2,504,501)</u>
Cash flows from investing activities				
Interest received	73,962	6,927	80,889	21,686
Net change in cash and investments	<u>2,211,458</u>	<u>10,959,015</u>	<u>13,170,473</u>	<u>(10,934,742)</u>
Cash and investments, beginning of year	43,606,773	5,360,769	48,967,542	36,233,930
Cash and investments, end of year	<u>\$ 45,818,231</u>	<u>\$ 16,319,784</u>	<u>\$ 62,138,015</u>	<u>\$ 25,299,188</u>
Reconciliation to statement of net position				
Cash and investments	\$ 38,097,215	\$ 16,319,784	\$ 54,416,999	\$ 25,299,188
Restricted cash and investments	7,721,016	-	7,721,016	-
	<u>\$ 45,818,231</u>	<u>\$ 16,319,784</u>	<u>\$ 62,138,015</u>	<u>\$ 25,299,188</u>

continued...

CITY OF FLINT, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 22,301,891	\$ 26,453,437	\$ 48,755,328	\$ (9,997,864)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,453,835	4,523,646	7,977,481	1,824,911
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(1,567,846)	(1,820,437)	(3,388,283)	(35,391)
Due from other governments	-	-	-	(208,635)
Inventory	-	-	-	6,937
Prepays	(24,994)	(1,629)	(26,623)	(581,228)
Right to use asset	-	106,937	106,937	-
Accounts payable	6,272,338	1,497,351	7,769,689	321,476
Accrued liabilities	23,603	4,820	28,423	11,858
Due to other governments	-	-	-	(90,953)
Claims payable	-	-	-	88,327
Deposits	-	78,099	78,099	-
Compensated absences	6,570	5,085	11,655	-
Change in net pension liability	5,360,146	(18,753,425)	(13,393,279)	-
Change in deferred outflows - pensions	(425,788)	4,255,641	3,829,853	-
Change in deferred inflows - pensions	(12,070,792)	443,096	(11,627,696)	-
Change in total OPEB liability	(12,694,361)	(14,305,114)	(26,999,475)	-
Net cash provided by operating activities	<u>\$ 10,634,602</u>	<u>\$ 2,487,507</u>	<u>\$ 13,122,109</u>	<u>\$ (8,660,562)</u>
Noncash transactions:				
Capital asset financed with lease payable	\$ -	\$ -	\$ -	\$ 487,929

concluded

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Death Benefit Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ (3,500)	\$ 2,464,428
Investments -		
Corporate stocks	927,641	-
Loans receivable	-	35,000
Total assets	<u>924,141</u>	<u>2,499,428</u>
Liabilities		
Undistributed receipts	-	1,942,555
Due to other governments	-	105
Total liabilities	<u>-</u>	<u>1,942,660</u>
Net position		
Restricted for:		
Other postemployment benefits	924,141	-
Individuals, organizations, and other governments	-	556,768
Total net position	<u>\$ 924,141</u>	<u>\$ 556,768</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds
For the Year Ended June 30, 2021

	Death Benefit Trust Fund	Custodial Funds
Additions		
Investment income	\$ 255,729	\$ -
Other:		
Collections from or on behalf of other governments	-	221,241
Other taxes collection for other governments	-	31,447,420
Total additions	<u>255,729</u>	<u>31,668,661</u>
Deductions		
Payments to or on behalf of other governments	-	221,213
Payments of other taxes to other governments	-	31,447,420
Total deductions	<u>-</u>	<u>31,668,633</u>
Change in net position	255,729	28
Net position, beginning of year, as restated	<u>668,412</u>	<u>556,740</u>
Net position, end of year	<u>\$ 924,141</u>	<u>\$ 556,768</u>

The accompanying notes are an integral part of these basic financial statements.

COMPONENT UNITS

CITY OF FLINT, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2021

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Totals
Assets					
Cash and investments	\$ 60,958	\$ 864,052	\$ 1,048,245	\$ 167,060,041	\$ 169,033,296
Receivables, net	288,298	7,521,913	-	71,402,013	79,212,224
Other assets	710	14,336	-	10,507,763	10,522,809
Restricted cash and investments	-	604,783	-	172,004,199	172,608,982
Investment in joint venture	-	-	-	6,854,571	6,854,571
Capital assets not being depreciated	4,878,067	93,860	-	13,303,428	18,275,355
Capital assets being depreciated, net	7,866,992	161,445	-	100,697,793	108,726,230
Net OPEB asset	-	-	-	11,737,072	11,737,072
Total assets	13,095,025	9,260,389	1,048,245	553,566,880	576,970,539
Deferred outflows of resources					
Deferred charge on refunding	45,721	-	-	1,381,151	1,426,872
Deferred pension amounts	-	-	-	40,849,355	40,849,355
Deferred OPEB amounts	-	-	-	519,406	519,406
Total deferred outflows of resources	45,721	-	-	42,749,912	42,795,633
Liabilities					
Accounts payable and accrued liabilities	267,441	141,898	1,048,245	109,064,174	110,521,758
Unearned revenue	440	-	-	33,554,546	33,554,986
Long-term debt:					
Due within one year	504,126	145,000	-	2,482,126	3,131,252
Due in more than one year	6,591,719	7,305,000	-	79,673,993	93,570,712
Net pension liability (due in more than one year)	-	-	-	196,001,932	196,001,932
Total liabilities	7,363,726	7,591,898	1,048,245	420,776,771	436,780,640
Deferred inflows of resources					
Deferred pension amounts	-	-	-	19,374,084	19,374,084
Deferred OPEB amounts	-	-	-	28,081,402	28,081,402
Total deferred inflows of resources	-	-	-	47,455,486	47,455,486
Net position					
Net investment in capital assets	5,694,935	255,305	-	40,850,569	46,800,809
Restricted	-	1,057,012	-	11,196,558	12,253,570
Unrestricted	82,085	356,174	-	76,037,408	76,475,667
Total net position	\$ 5,777,020	\$ 1,668,491	\$ -	\$ 128,084,535	\$ 135,530,046

The accompanying notes are an integral part of these basic financial statements.

CITY OF FLINT, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended June 30, 2021

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Totals
Expenses					
Downtown Development Authority	1,940,250	\$ -	\$ -	\$ -	\$ 1,940,250
Economic Development Corporation	-	718,976	-	-	718,976
Flint Area Enterprise Community	-	-	1,081,442	-	1,081,442
Hurley Medical Center	-	-	-	457,131,611	457,131,611
Total expenses	1,940,250	718,976	1,081,442	457,131,611	460,872,279
Program revenues					
Charges for services	1,290,867	620,437	-	413,101,377	415,012,681
Capital grants and contributions	323,506	-	-	-	323,506
Operating grants and contributions	210,757	26,393	-	83,263,972	83,501,122
Total program revenues	1,825,130	646,830	-	496,365,349	498,837,309
Net program revenue (expense)	(115,120)	(72,146)	(1,081,442)	39,233,738	37,965,030
General revenues					
Property taxes	653,293	-	-	-	653,293
Unrestricted investment earnings (loss)	-	3,670	-	(1,565,887)	(1,562,217)
Other revenue	95,744	30,000	2,704	74,930	203,378
Total general revenues	749,037	33,670	2,704	(1,490,957)	(705,546)
Change in net position	633,917	(38,476)	(1,078,738)	37,742,781	37,259,484
Net position, beginning of year	5,143,103	1,706,967	1,078,738	90,341,754	98,270,562
Net position, end of year	\$ 5,777,020	\$ 1,668,491	\$ -	\$ 128,084,535	\$ 135,530,046

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component units, each with a June 30 fiscal year end, are as follows:

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 Flint Economic Development Corporation (the "EDC") was created under state law to provide financing and development opportunities for businesses located within the City. The City appoints the board. The EDC 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 EDC vest to the City. The EDC has both governmental and business-type activities. The EDC does not issue a separate audit report.

The Flint Area Enterprise Community (the "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. On March 31, 2021, Flint Area Enterprise Community ceased operations. FAEC has calculated the payout to the related parties and will issue checks payable, currently classified as due to other governmental units, to the City of Flint, Michigan and Mt. Morris Township in compliance with the grant agreement executed in 1996. The payout amount is estimated to be \$938,452 to the City of Flint, Michigan and \$109,792 to Mt. Morris Township. To the best of our knowledge, there will be no further activity.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

The Hurley Medical Center (the "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.

Component Unit Financial Statements

Complete financial statements for the individual component units may be obtained from each entity's administrative offices.

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

Flint Area Enterprise Community
805 Welch Boulevard
Flint, Michigan 48504

Hurley Medical Center
One Hurley Plaza
Flint, Michigan 48503

Joint Ventures

The 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 statements 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.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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, 2021 was \$6,885,571. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. The equity (loss) gain to the Medical Center from this joint venture was approximately \$88,289 for the year ended June 30, 2021, and is included in other income (expense) on the statement of activities. No distributions were made to the Medical Center during the year ended June 30, 2021. GHCI paid the Medical Center \$528,765 for leased employees for the year ended June 30, 2021. The following is a summary of financial position and results of operations of GHCI as of and for the year ended June 30, 2021 (in thousands):

Total assets	\$ 18,493
Total liabilities	<u>4,732</u>
Net assets	<u>\$ 13,761</u>
Operating revenues	\$ 8,896
Operating expenses	<u>8,841</u>
Operating loss	55
Nonoperating income	<u>509</u>
Excess of expenses over revenues	<u>\$ 564</u>

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental 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 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 segment 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*.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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 funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when 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. The City considers all revenues reported in the governmental funds to be available if they are collected within three months after year-end, except for income taxes that use a 45-day collection period and property taxes that use a 60-day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such 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 City.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all the financial resources of the primary government, except those accounted for and reported in another fund.

The *grants fund* accounts for entitlement and specific purpose grants received from the U.S. Department of Housing and Urban Development and other grantors.

The *major streets fund* accounts for the maintenance and improvement activities for streets designated as "major" within the City. Funding is primarily through state-shared gas and weight taxes.

The *American Rescue Plan Act fund* accounts for receipt and use of the funds related to the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

The City reports the following major enterprise funds:

The *water fund* accounts for the activities of the City's water distribution and treatment system.

The *sewer fund* accounts for the activities of the City's sewage disposal and treatment system.

Additionally, the City reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and require separate accounting because of legal or regulatory provisions or administrative requirements.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs.

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Other postemployment benefits trust fund accounts for the accumulation of resources to be used for death benefit payments to eligible employees of the City and certain healthcare costs.

Custodial funds. The custodial funds account for assets held by the City in a fiduciary capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes 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 City's enterprise and 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 customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31 and are payable in two installments. Summer taxes are considered delinquent on September 1, at which time penalties and interest are assessed. Winter taxes are considered delinquent on February 15 of the following year, at which time a 3 percent penalty is assessed. Summer and winter taxes (including any penalty and interest) are turned over to Genesee County for collection.

The City of Flint 2020 tax is levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the City of Flint totaled approximately \$771 million, on which taxes levied consisted of 7.5 mills for operating purposes, 2.5 mills for public improvement, 0.5 mills for parks and recreation, 6.0 for public safety, and 2.0 mills for neighborhood police.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Notes to Financial Statements

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Restricted Cash and Investments

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.

Receivables and Payables

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

Transactions 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."

Inventories and Prepaids

All inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financials.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets having a useful life in excess of one year and whose costs exceed \$5,000. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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 asset constructed.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	50
Building improvements	40-50
Improvements other than building:	5-50
Land improvements	5-50
Public domain infrastructure	10-50
Water and sewer infrastructure	10-50
Machinery and equipment	3-20
Other furnishings	5-7

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City and Medical Center report deferred outflows for the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to the net pension liability. A portion of these amounts represent contributions to the plan subsequent to the plan measurement date.

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.

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to pension and other postemployment benefit costs. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-makers, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The City Council has not delegated the authority to assign fund balance. Unassigned fund balance is the residual classification for the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned.

Notes to Financial Statements

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the City. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenue. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

Hurley Medical Center – Patient Accounts Receivable

Patient accounts receivable at June 30, 2021 and revenue 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 \$9,000,000 for 2021. The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

Notes to Financial Statements

Hurley Medical Center – Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs and are subject to audit by fiscal intermediaries. The Medical Center recognized increases totaling approximately \$459,000 in net patient service revenue during the year ended June 30, 2021 as a result of unfavorable and favorable changes to prior year settlement estimates and activity.

Hurley Medical Center – Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on data derived from the Medical Center's cost accounting system using the ratio of cost to charges.

2. BUDGETARY INFORMATION

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

1. On June 1, 2020, 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 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.
2. Department heads are authorized to transfer budgeted amounts with departmental appropriation accounts, except as those designated by the City's "Amendment of Adopted Budgets" ordinance. Revisions that require Council approval must be adopted by resolution.
3. 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.
4. 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.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. Excess of expenditures or transfers out over appropriated amounts in individual funds are as follows:

	Final Budget	Actual	Over Budget
General fund			
Judicial :			
68th district court	\$ 977,500	\$ 1,133,385	\$ 155,885
Grants			
General government	-	312,328	312,328
Debt service:			
Principal	-	492,000	492,000
Interest	-	206,793	206,793

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

State of Michigan statutes authorize the City to invest in bonds and other direct and certain indirect obligations of the US Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration; and commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The City's investment policy allows for all of these types of investments.

As of June 30, 2021, the City's deposits and investments were reported in the basic financial statements in the following categories:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 197,191,528	\$ 169,033,296	\$ 366,224,824
Restricted cash and investments	7,721,016	172,608,982	180,329,998
	<u>204,912,544</u>	<u>341,642,278</u>	<u>546,554,822</u>
Statement of Fiduciary Net Position			
Death Benefit trust fund:			
Cash and investments	924,141	-	924,141
Custodial funds:			
Cash and investments	2,464,428	-	2,464,428
	<u>3,388,569</u>	<u>-</u>	<u>3,388,569</u>
Total	<u>\$ 208,301,113</u>	<u>\$ 341,642,278</u>	<u>\$ 549,943,391</u>
Deposits and investments			
Bank deposits (checking and savings accounts)			\$ 296,278,558
Certificates of deposit with maturities less than one year			11,400,575
Certificates of deposit with maturities greater than one year			18,469,404
Investments:			
Commercial paper			3,999,510
Equity mutual funds			934,279
Treasury obligations			946,690
U.S. government bonds			8,907,272
Money market accounts			32,201,278
Municipal bonds			9,731,036
Total investments			<u>56,720,065</u>
Hurley Medical Center restricted cash and investments			167,060,014
Cash on hand			<u>14,775</u>
Total			<u>\$ 549,943,391</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Investment and Deposit Risk

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. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates for funds are disclosed below:

	Fair Value	Weighted Average Maturity (Years)
Commercial paper	\$ 3,999,510	0.02
U.S. government bonds	8,907,272	1.95
Municipal bonds	<u>9,731,036</u>	3.61
Total	<u>\$ 22,637,818</u>	

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2021, the City's investment ratings are disclosed below:

	Fair Value	Standard & Poor's Rating
Commercial paper	\$ 999,878	A1
Commercial paper	2,999,632	A2
Equity mutual funds	934,279	N/A
Treasury obligations	946,690	AAA
U.S. government bonds	8,907,272	AA+
Money market accounts	32,201,278	N/A
Municipal bonds	2,374,654	AA+
Municipal bonds	814,975	A
Municipal bonds	369,878	A+
Municipal bonds	957,177	A-
Municipal bonds	2,193,383	AA
Municipal bonds	331,136	AA-
Municipal bonds	<u>2,689,833</u>	N/A
Total	<u>\$ 56,720,065</u>	

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year end, approximately \$315,057,801 of the City’s bank balance of approximately \$317,838,986 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. As of June 30, 2021, the City’s investments consisted of commercial paper, mutual funds, government obligations and other assets. For 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’s investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2021, none of the City’s investments were exposed to risk since the securities are held in the City’s name by the counterparty.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Fair Value Measurements. The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City’s management review of the type and substance of investments held by the City.

The City had the following recurring fair value measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 3,999,510	\$ -	\$ 3,999,510
Equity mutual funds	927,641	6,638	-	934,279
Treasury obligations	-	946,690	-	946,690
U.S. government bonds	-	8,907,272	-	8,907,272
Municipal bonds	-	9,731,036	-	9,731,036
Total investments at fair value	<u>\$ 927,641</u>	<u>\$ 23,591,146</u>	<u>\$ -</u>	<u>24,518,787</u>
Money market funds (carried at amortized cost)				<u>32,201,278</u>
				<u>\$ 56,720,065</u>

Hurley Medical Center Component Unit

All required cash and investment disclosures for the Hurley Medical Center are available in the separately issued Hurley Medical Center financial statements.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables, of which \$8,332,308 of loans receivable and \$6,631,951 in due from component units in governmental activities and \$171,170 of loans receivable and \$7,305,000 of leases receivable in the component units are not expected to be collected within one year, are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 985,813	\$ 41,780,610	\$ 8,510,720
Property taxes	565,151	-	-
Income taxes	10,177,234	-	-
Patient	-	-	61,274,845
Estimated third-party payor settlements	-	-	10,961,648
Loans	8,332,308	-	171,170
Leases	-	-	7,475,372
Due from other governments	15,198,744	18,419,352	166
Due from GLWA	-	95,742,023	-
Due from component units	6,631,951	-	-
Less: allowance for uncollectibles	<u>(13,002,508)</u>	<u>(19,396,085)</u>	<u>(9,181,697)</u>
	<u>\$ 28,888,693</u>	<u>\$ 136,545,900</u>	<u>\$ 79,212,224</u>

The amount due from the DDA component unit to the City is a result of the City's issuance of bonds on the Authority's behalf for the James Rutherford Parking Deck. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. The DDA has not been able to make the full bond payments to date and each year an amount is determined to be forgiven.

6. INTANGIBLE ASSET - RIGHT TO USE

Effective December 1, 2017, the City, Great Lakes Water Authority ("GLWA"), Karegnondi Water Authority (KWA), Genesee County Drain Commission ("GCDC") and the State of Michigan entered into a long-term partnership agreement to satisfy a number of critical water service needs across the region. Key provisions of a master agreement includes: 1) a 30-year water service contract with the City of Flint that establishes the Authority as the long-term water source for the City of Flint and credits the City of Flint for its debt service payment obligations on existing KWA bonds for the building of its raw water intake and supply line; 2) a long-term lease to GLWA of the 72-inch line serving the City of Flint; and 3) a 30-year contract for reciprocal, emergency water services between GLWA and GCDC.

The 30-year water service contract with the City includes a license to raw water rights of 18 MGD purchased by Flint as part of KWA bond obligation of which 97% (17.46 MGD) was transferred to GLWA through an agreement between GLWA and the City (see FN 9). The remaining 3% constitute an intangible right to use asset for the City under governmental accounting standards. The City is amortizing the intangible asset over the agreement period of 30 years.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

An interfund balance existed between governmental activities and business-type activities in the amount of \$2,558,565. This resulted from the allocation of a portion of internal service fund net position of governmental activities internal service funds to business-type activities.

Interfund transfers between the funds within the primary government were as follows:

Transfers out	Transfers In			Totals
	General	Grants	Nonmajor Governmental Funds	
General fund	\$ -	\$ 1,303	\$ -	\$ 1,303
Major streets	-	-	1,500,000	1,500,000
Nonmajor governmental funds	3,891,843	-	1,871,285	5,763,128
	<u>\$ 3,891,843</u>	<u>\$ 1,303</u>	<u>\$ 3,371,285</u>	<u>\$ 7,264,431</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

During the year, transfers between funds were primarily for operating purposes or to cover operating deficits. The transfer from general fund to the grants fund was to cover the interest on debt reported under the grants fund. The transfers from the public improvement fund (nonmajor) to the debt service fund (nonmajor) was for the payment of principal and interest on the parking deck debt, the Fiscal Stabilization Loan, and the emergency loan note. The transfer from the major streets fund to the local streets fund (nonmajor) was for Act 51 funds.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

Capital asset activity for the current year was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 14,287,016	\$ 545,829	\$ -	\$ -	\$ 14,832,845
Construction in progress	3,593,458	4,787,504	-	-	8,380,962
	<u>17,880,474</u>	<u>5,333,333</u>	<u>-</u>	<u>-</u>	<u>23,213,807</u>
Capital assets, being depreciated:					
Land improvements	14,592,604	-	-	-	14,592,604
Infrastructure	384,658,926	688,578	-	-	385,347,504
Buildings, additions and improvements	23,628,051	514,153	-	(1,055,777)	23,086,427
Machinery and equipment	13,124,478	1,517,121	(51,430)	-	14,590,169
Vehicles	20,324,300	1,030,026	(2,801,529)	1,055,777	19,608,574
	<u>456,328,359</u>	<u>3,749,878</u>	<u>(2,852,959)</u>	<u>-</u>	<u>457,225,278</u>
Less accumulated depreciation for:					
Land improvements	(12,938,759)	(317,137)	-	-	(13,255,896)
Infrastructure	(321,195,931)	(9,358,690)	-	(540)	(330,555,161)
Buildings, additions and improvements	(18,161,506)	(336,967)	-	(12,420)	(18,510,893)
Machinery and equipment	(11,022,551)	(692,952)	51,430	-	(11,664,073)
Vehicles	(13,238,971)	(1,903,493)	2,783,358	12,960	(12,346,146)
	<u>(376,557,718)</u>	<u>(12,609,239)</u>	<u>2,834,788</u>	<u>-</u>	<u>(386,332,169)</u>
Total capital assets being depreciated, net	<u>79,770,641</u>	<u>(8,859,361)</u>	<u>(18,171)</u>	<u>-</u>	<u>70,893,109</u>
Governmental activities capital assets, net	<u>\$ 97,651,115</u>	<u>\$ (3,526,028)</u>	<u>\$ (18,171)</u>	<u>\$ -</u>	<u>\$ 94,106,916</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 762,394	\$ 413,450	\$ -	\$ -	\$ 1,175,844
Construction in progress	11,833,628	38,039,756	-	(1,076,110)	48,797,274
	<u>12,596,022</u>	<u>38,453,206</u>	<u>-</u>	<u>(1,076,110)</u>	<u>49,973,118</u>
Capital assets, being depreciated:					
Land improvements	6,249,260	-	-	-	6,249,260
Infrastructure	195,375,922	10,128,734	-	1,076,110	206,580,766
Buildings, additions and improvements	57,690,287	72,208	(58,929)	-	57,703,566
Machinery and equipment	110,208,393	3,495,356	(211,833)	-	113,491,916
Vehicles	5,612,557	-	(1,448,271)	-	4,164,286
	<u>375,136,419</u>	<u>13,696,298</u>	<u>(1,719,033)</u>	<u>1,076,110</u>	<u>388,189,794</u>
Less accumulated depreciation for:					
Land improvements	(2,995,767)	(174,541)	-	-	(3,170,308)
Infrastructure	(91,946,256)	(3,730,862)	-	-	(95,677,118)
Buildings, additions and improvements	(44,803,272)	(932,410)	-	-	(45,735,682)
Machinery and equipment	(72,955,663)	(2,986,266)	-	-	(75,941,929)
Vehicles	(5,193,200)	(153,402)	1,353,305	-	(3,993,297)
	<u>(217,894,158)</u>	<u>(7,977,481)</u>	<u>1,353,305</u>	<u>-</u>	<u>(224,518,334)</u>
Total capital assets being depreciated, net	<u>157,242,261</u>	<u>5,718,817</u>	<u>(365,728)</u>	<u>1,076,110</u>	<u>163,671,460</u>
Business-type activities capital assets, net	<u>\$ 169,838,283</u>	<u>\$ 44,172,023</u>	<u>\$ (365,728)</u>	<u>\$ -</u>	<u>\$ 213,644,578</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function	
General government	\$ 911,341
Public safety	2,666
Public works	9,481,725
Recreation and culture	388,596
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,824,911</u>
Total depreciation expense - governmental activities	<u><u>\$ 12,609,239</u></u>
Depreciation of business-type activities by function	
Sewer	\$ 3,453,835
Water	<u>4,523,646</u>
Total depreciation expense - business-type activities	<u><u>\$ 7,977,481</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2021. The projects and City commitments with contractors were as follows:

	Spent to Date	Remaining Commitment
Water supply improvements	\$ 30,968,655	\$ 6,380,325
Road rehabilitation	17,212,871	6,431,619
Water pollution control	8,020,245	27,385,037
Planning and Development	3,193,182	1,515,653
Water service center	<u>2,524,878</u>	<u>131,122</u>
Total	<u><u>\$ 61,919,831</u></u>	<u><u>\$ 41,843,756</u></u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Downtown Development Authority					
Capital assets, not being depreciated -					
Land	\$ 4,878,067	\$ -	\$ -	\$ -	\$ 4,878,067
Capital assets, being depreciated:					
Land improvements	10,934,166	-	-	-	10,934,166
Leasehold improvements	5,787,190	7,276	-	-	5,794,466
Buildings, additions and improvements	331,632	-	-	-	331,632
Machinery and equipment	1,717,131	360,000	(25,791)	-	2,051,340
Vehicles	33,501	2,000	-	-	35,501
	<u>18,803,620</u>	<u>369,276</u>	<u>(25,791)</u>	<u>-</u>	<u>19,147,105</u>
Less accumulated depreciation for:					
Land improvements	(4,083,321)	(283,040)	-	-	(4,366,361)
Leasehold improvements	(5,668,724)	(20,150)	-	-	(5,688,874)
Buildings, additions and improvements	(45,320)	(8,291)	-	-	(53,611)
Machinery and equipment	(1,089,084)	(89,100)	25,791	-	(1,152,393)
Vehicles	(13,160)	(5,714)	-	-	(18,874)
	<u>(10,899,609)</u>	<u>(406,295)</u>	<u>25,791</u>	<u>-</u>	<u>(11,280,113)</u>
Total capital assets being depreciated, net	<u>7,904,011</u>	<u>(37,019)</u>	<u>-</u>	<u>-</u>	<u>7,866,992</u>
Downtown Development Authority capital assets, net	<u>\$ 12,782,078</u>	<u>\$ (37,019)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,745,059</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Economic Development Corporation					
Capital assets, not being depreciated -					
Land	\$ 93,860	\$ -	\$ -	\$ -	\$ 93,860
Capital assets, being depreciated:					
Buildings	514,782	-	-	-	514,782
Building improvements	725,097	-	-	-	725,097
Machinery and equipment	276,502	-	-	-	276,502
	<u>1,516,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516,381</u>
Less accumulated depreciation for:					
Buildings	(514,782)	-	-	-	(514,782)
Building improvements	(531,872)	(31,780)	-	-	(563,652)
Machinery and equipment	(276,502)	-	-	-	(276,502)
	<u>(1,323,156)</u>	<u>(31,780)</u>	<u>-</u>	<u>-</u>	<u>(1,354,936)</u>
Total capital assets being depreciated, net	<u>193,225</u>	<u>(31,780)</u>	<u>-</u>	<u>-</u>	<u>161,445</u>
Economic Development Corporation					
capital assets, net	<u>\$ 287,085</u>	<u>\$ (31,780)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,305</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals and Transfers	Ending Balance
Component Unit -				
Hurley Medical Center				
Capital assets, not being depreciated:				
Land	\$ 4,930,372	\$ -	\$ -	\$ 4,930,372
Construction in progress	5,713,171	19,014,420	(16,354,535)	8,373,056
	<u>10,643,543</u>	<u>19,014,420</u>	<u>(16,354,535)</u>	<u>13,303,428</u>
Capital assets, being depreciated:				
Land improvements	3,535,240	243,516	(101,577)	3,677,179
Buildings	194,973,403	9,110,071	(21,338,256)	182,745,218
Machinery and equipment	133,092,830	6,981,719	(12,948,665)	127,125,884
Automotive equipment	234,967	19,229	-	254,196
Leasehold improvements	268,497	6,434	-	274,931
Equipment and furnishings	741,014	9,025	(13,359)	736,680
	<u>332,845,951</u>	<u>16,369,994</u>	<u>(34,401,857)</u>	<u>314,814,088</u>
Less accumulated depreciation for:				
Land improvements	(2,085,786)	(248,904)	99,577	(2,235,113)
Buildings	(130,258,879)	(4,891,919)	20,873,851	(114,276,947)
Machinery and equipment	(101,018,561)	(8,141,547)	12,595,506	(96,564,602)
Automotive equipment	(209,233)	(13,857)	-	(223,090)
Leasehold improvements	(165,343)	(7,634)	-	(172,977)
Equipment and furnishings	(642,989)	(577)	-	(643,566)
	<u>(234,380,791)</u>	<u>(13,304,438)</u>	<u>33,568,934</u>	<u>(214,116,295)</u>
Total capital assets being depreciated, net	<u>98,465,160</u>	<u>3,065,556</u>	<u>(832,923)</u>	<u>100,697,793</u>
Hurley Medical Center				
capital assets, net	<u>\$ 109,108,703</u>	<u>\$ 22,079,976</u>	<u>\$ (17,187,458)</u>	<u>\$ 114,001,221</u>

9. LONG-TERM DEBT

Primary Government

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.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Long-term debt activity for the primary government for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	\$ 12,520,000	-	\$ (665,000)	\$ 11,855,000	\$ 690,000
Direct borrowings and direct placements -					
Loans payable	11,994,409	-	(1,050,487)	10,943,922	1,066,981
Capital leases payable	3,612,908	863,729	(1,048,324)	3,428,313	1,295,673
	<u>15,607,317</u>	<u>863,729</u>	<u>(2,098,811)</u>	<u>14,372,235</u>	<u>2,362,654</u>
Total installment debt	28,127,317	863,729	(2,763,811)	26,227,235	3,052,654
Bond premium	1,021,228	-	(78,556)	942,672	78,556
Compensated absences	3,042,777	104,928	(166,386)	2,981,319	252,838
Total governmental activities	<u>\$ 32,191,322</u>	<u>\$ 968,657</u>	<u>\$ (3,008,753)</u>	<u>\$ 30,151,226</u>	<u>\$ 3,384,048</u>
Business-type Activities					
Direct borrowings and direct placements -					
KWA agreement payable Sewage Disposal System	\$ 101,029,474	\$ -	\$ (2,326,357)	\$ 98,703,117	\$ 2,435,923
Junior Lien Revenue Bond, SRF Series 2020	-	6,327,420	-	6,327,420	-
Total installment debt	101,029,474	6,327,420	(2,326,357)	105,030,537	2,435,923
Compensated absences	473,694	11,655	-	485,349	41,162
Total business-type activities	<u>\$ 101,503,168</u>	<u>\$ 6,339,075</u>	<u>\$ (2,326,357)</u>	<u>\$ 105,515,886</u>	<u>\$ 2,477,085</u>

For the governmental activities, compensated absences, net pension liability and total OPEB liability are generally liquidated by the general fund.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Installment debt outstanding for governmental activities as of the end of the year are as follows:

	Interest Rate	Year of Maturity	Outstanding Principal	Original Amount
Bonds payable:				
2019A Local Government Loan Program	5.00%	2033	\$ 5,735,000	\$ 6,475,000
2019B Local Government Loan Program	2.36-3.56%	2036	6,120,000	6,795,000
Loans payable:				
Section 108 Loan - 500 Block	1.34-4.13%	2026	1,480,000	3,840,000
Section 108 Loan - Guaranteed Funds	0.56-4.28%	2028	3,273,000	5,180,000
Section 108 Loan - W. Carpenter Rd	LIBOR + 1.50%	2029	798,000	1,875,000
SIB 3rd Avenue Reconstruction Loan	0.50%	2029	927,922	2,241,000
Emergency Loan - G.O. Limited Tax 2014-15	2.09%	2030	4,465,000	7,000,000
Capital leases payable:				
Tri-County International Trucks	4.75%	2024	402,145	787,747
Police Vehicles	4.29%	2022	247,275	969,618
Vactor	3.15%	2024	1,055,023	1,757,120
Snow Plows	3.80%	2025	985,333	1,491,805
John Deere	0.00%	2023-2026	738,537	738,537
Total			<u>\$ 26,227,235</u>	<u>\$ 39,150,827</u>

Annual debt service requirements to maturity for installment debt for governmental activities are as follows:

Year Ended June 30,	Governmental Activities			
	Direct Borrowings and Direct Placements		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 2,362,654	\$ 425,010	\$ 690,000	\$ 461,623
2023	2,149,525	359,906	715,000	435,172
2024	2,013,987	300,633	740,000	407,358
2025	1,499,509	238,458	770,000	378,094
2026	1,208,280	190,837	810,000	347,072
2027-2031	5,138,280	286,078	4,550,000	1,185,553
2032-2036	-	-	3,580,000	285,280
	<u>\$ 14,372,235</u>	<u>\$ 1,800,922</u>	<u>\$ 11,855,000</u>	<u>\$ 3,500,151</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

KWA Agreement Payable - Karegnondi Water Authority (KWA) was formed in 2013 for the purpose of constructing a new raw water supply system (the "System"). Effective August 1, 2013, the City entered into an agreement (the "Agreement") with KWA and Genesee County (the "County") to issue debt to acquire, construct, and operate the System, which became operational in 2018. The County's share of the debt is 65.8 percent and the City's share of the debt is 34.2 percent. The City pledged its full faith and credit of certain state revenue as security of the repayment of the City's portion of this debt. During the year ended June 30, 2021, the City made total payments on this agreement in the amount of \$2,326,357. In addition, the City reached a 30-year agreement with the Great Lakes Water Authority ("GLWA") to purchase water. The contract with GLWA includes a monthly credit to the City equal to 97% (17.46 MGD of the 18 MGD) of the City's obligation under the Agreement, which offsets the debt and is recorded as a receivable in the City's water fund. The City pays the debt service payments to KWA on a monthly basis.

Sewage Disposal Revenue Bond - During the year, the City issued \$28,288,000 of Series 2020, Sewer Revenue bonds. Principal payments ranging from \$733,000 to \$1,345,000 are due annually on October 1 starting on April 1, 2023 through fiscal year 2050. Interest is charged on the outstanding balance at 2.25% and is due April 1 and October 1 of each year.

Annual debt service requirements to maturity for the installment debt for business-type activities (water fund) are as follows:

Business-type Activities		
Direct Borrowings and Direct Placements		
Year Ended June 30,	Principal	Interest
2022	\$ 2,435,923	\$ 5,069,801
2023	3,279,395	5,254,999
2024	3,419,651	5,389,404
2025	3,577,134	5,236,214
2026	3,730,407	5,074,207
2027-2031	21,347,822	22,619,793
2032-2036	26,714,248	17,132,202
2037-2041	32,589,203	11,983,679
2042-2046	24,697,334	2,786,461
2047-2051	5,200,000	295,875
	<u>126,991,117</u>	<u>80,842,633</u>
Remaining available to draw	<u>(21,960,580)</u>	<u>-</u>
	<u>\$ 105,030,537</u>	<u>\$ 161,685,266</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Capital Leases – In the current and prior years, the City entered into lease agreements as lessee for financing the acquisitions of vactor trucks, snow plows, police vehicles, and John Deere equipment. The interest rates range from 0.00%-4.75% and have maturity dates of 2023 to 2026. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are summarized as follows:

Machinery and equipment	\$ 5,744,827
Less accumulated depreciation	<u>(2,065,654)</u>
Net book value	<u><u>\$ 3,679,173</u></u>

The net present value of future minimum lease payments as of June 30, 2021, were as follows:

	Governmental Activities
2022	1,397,943
2023	1,054,040
2024	874,291
2025	<u>317,893</u>
Total minimum lease payments	3,644,167
Less: amount representing interest	<u>(215,854)</u>
Present value of minimum lease payments	<u><u>\$ 3,428,313</u></u>

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 2032. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. 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.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

Downtown Development Authority

The DDA issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City of Flint. Long-term obligation activity is summarized as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Downtown Development Authority				
Direct placement:				
James Rutherford Parking Deck				
Note Payable (Refunded)	2032	5.00%	\$ 6,475,000	\$ 5,735,000
Electric Vehicle Charging Loan	2025	6.69%	31,494	28,795
Parking System Improvement Revenue Bonds	2026	2.50%	648,964	<u>389,378</u>
Total				<u><u>\$ 6,153,173</u></u>

Debt service requirements to maturity for the DDA's long-term debt are as follows:

Year Ended June 30,	Direct Placement		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 360,674	\$ 279,626	\$ 64,896	\$ 8,923
2023	381,068	260,985	64,896	7,301
2024	401,487	241,316	64,896	5,678
2025	421,934	220,619	64,896	4,056
2026	443,632	198,821	64,896	2,434
2027-2031	2,545,000	633,375	64,898	811
2032	1,210,000	61,250	-	-
	<u>\$ 5,763,795</u>	<u>\$ 1,895,992</u>	<u>\$ 389,378</u>	<u>\$ 29,203</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal year 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Downtown Development Authority					
Notes from direct borrowings and direct placements -					
James Rutherford Parking - Deck Note Payable	\$ 6,075,000	\$ -	\$ (340,000)	\$ 5,735,000	\$ 355,000
Electric Vehicle Charging Loan	-	31,494	(2,699)	28,795	5,674
Parking System Improvement Revenue Bonds	454,275	-	(64,897)	389,378	64,896
Total installment debt	6,529,275	31,494	(407,596)	6,153,173	425,570
Bond premium	1,021,228	-	(78,556)	942,672	78,556
Total	\$ 7,550,503	\$ 31,494	\$ (486,152)	\$ 7,095,845	\$ 504,126

Contractual Obligations - The above contractual obligations to the City for the James Rutherford Parking Deck are the result of the City's issuance of bonds on the Authority's behalf. The City refunded and reissued the bonds with a lower interest rate in the current year. The renegotiation of the bonds resulted in income to the Authority of \$845,000. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. During the current year, the operating loss from the parking operations was \$276,546 and TIF payments were \$565,911.

At year end, the funds generated by the Authority from the parking structure, net operating revenue, and tax increment revenue did not cover its debt obligation for the bonds. Due to the fact that the City of Flint issued the bonds on behalf of the Authority, the City of Flint has been remitting the full debt payments. According to the agreement between the City and the Authority, the Authority has the obligation to pay the full principal and interest, however, for the current year the City forgave the portion of the principal and interest that was due for the current year that exceeded the Authority's TIF capture.

Economic Development Corporation

On December 1, 2011, the Authority issued \$8,435,000 of Series 2011, Limited Obligation Revenue bonds. Principal payments ranging from \$110,000 to \$790,000 are due annually on October 1 through fiscal year 2042. Interest is charged on the outstanding balance at 2.00% to 5.25% and is due April 1 and October 1 of each year.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Long-term liability activity for EDC for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Economic Development Corporation					
Revenue Bond	\$ 7,585,000	\$ -	\$ (135,000)	\$ 7,450,000	\$ (145,000)

Debt service requirements to maturity for the EDC's bond are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 145,000	\$ 376,213
2023	170,000	369,125
2024	180,000	361,250
2025	185,000	353,038
2026	195,000	344,488
2027-2031	1,305,000	1,554,688
2032-2036	1,900,000	1,146,925
2037-2041	2,580,000	562,013
2042	790,000	20,738
	<u>\$ 7,450,000</u>	<u>\$ 5,088,478</u>

Hurley Medical Center

Long-term debt activity for Hurley Medical Center for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Hurley Medical Center					
Notes from direct borrowings and direct placements:					
Series 2013A	\$ 21,395,000	\$ -	\$ (935,000)	\$ 20,460,000	\$ 1,300,000
Series 2013B	14,510,000	-	(5,590,000)	8,920,000	945,000
Series 2020	45,830,000	-	-	45,830,000	180,000
Mortgage payable	312,377	-	(54,346)	258,031	57,126
	<u>82,047,377</u>	<u>-</u>	<u>(6,579,346)</u>	<u>75,468,031</u>	<u>2,482,126</u>
Unamortized bond premium	7,212,495	-	(524,407)	6,688,088	-
Total Hurley Medical Center	<u>\$ 89,259,872</u>	<u>\$ -</u>	<u>\$ (7,103,753)</u>	<u>\$ 82,156,119</u>	<u>\$ 2,482,126</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2022	\$ 2,482,126	\$ 3,358,217
2023	2,600,049	3,231,019
2024	2,728,121	3,097,784
2025	3,581,351	2,954,255
2026	3,646,384	2,769,000
2027-2031	17,635,000	11,192,300
2032-2036	17,265,000	7,479,963
2037-2041	20,925,000	3,419,875
2042	4,605,000	184,200
	<u>\$ 75,468,031</u>	<u>\$ 37,686,613</u>

Current Bond Refunding

During 2020, the City of Flint Hospital Building Authority issued general obligation (revenue) bonds, Series 2020, totaling \$45,830,000 (the "2020 Bonds"). The 2020 Bonds consist of serial bonds and term bonds. The serial bonds bear interest ranging from 4.00 to 5.00 percent and have annual maturities ranging from \$180,000 to \$2,835,000 beginning in 2021 through 2035. The term bonds have amounts and interest due of \$9,205,000 and 4 percent, \$1,515,000 and 5.00 percent, and \$12,345,000 and 4.00 percent on July 1, 2038, July 1, 2038, and July 1, 2041, respectively. The bonds are secured by the gross revenue of the Medical Center pursuant to a lease/purchase agreement between the City of Flint Hospital Building Authority and the Medical Center. The net proceeds of the 2020 Bonds were used to immediately refund \$31,740,300 of outstanding Series 2010 Bonds with interest rates ranging from 5.84 to 7.50 percent. As a result, the liability for the Series 2010 Bonds has been removed from long-term debt. The refunding reduced total debt service payments for the year by \$1,300,000. Total reduction in debt service payments through 2039 totaled \$17,100,000, which represents an economic gain of approximately \$15,800,000.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Direct Borrowings and Direct Placements

The Medical Center's outstanding revenue refunding bonds are payable from the revenue of the Medical Center pursuant to lease/purchase agreements between the Medical Center and the City of Flint Hospital Building Authority. Under terms of the lease/purchase agreements, the Medical Center transferred title to substantially all of its facilities to the Authority and leases such facilities from the Authority. Ownership of the facilities reverts to the Medical Center upon payment of the bonds. Rental payments to the Authority are equal to the amounts required to make principal and interest payments on the bonds. Payments on Series 2013A range from \$1,300,000 in 2022 to \$930,000 in 2040, plus interest from 5.0 to 5.25 percent through 2040. Payments on Series 2013B range from \$945,000 in 2022 to \$1,305,000 in 2029, plus interest ranging from 3.5 percent to 5.0 percent over the life of the bond.

The net revenue of the Medical Center is pledged for payment of principal and interest on the revenue rental and revenue refunding bonds. Accordingly, the basic 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.

The outstanding 2020 Series bond lease agreement with the Authority includes certain financial covenants that, if not met, require the hiring of a consultant. The Medical Center is not in default as a result of violating the covenants unless the Medical Center fails to hire a consultant within 90 days of year end or if days cash on hand falls below 50 days.

Other Debt

The outstanding lease purchase agreement contains certain restrictive covenants, including maintaining a certain minimum debt service ratio and minimum days cash on hand.

During 2016, HHS 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.

10. RISK MANAGEMENT

Primary Government

The City is a defendant in various civil and administrative legal actions arising during the normal course of its activities. 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 for specific City facilities or events.

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.

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 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 various diagnostic imaging radiation equipment. As the disposal of this equipment is included as part of the service agreement when purchasing new equipment, no liability has been recorded at this time.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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

Changes in the reported liability for the fiscal years 2020 and 2021 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 1,437,611	\$ 140,745	\$ (665,670)	\$ 912,686
2021	912,686	457,724	(369,397)	1,001,013

As of June 30, 2021, general liability insurance has \$274,155 of current claims payable, and the remaining \$726,858 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.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

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 and retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and HAP 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. The City also provides fully insured HMO health insurance coverage to a limited number of employees.

Changes in the reported liability for the fiscal years 2020 and 2021 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 1,098,031	\$ 8,837,913	\$ (8,831,950)	\$ 1,103,994
2021	1,103,994	7,091,403	(7,284,797)	910,600

The claims payable as of June 30, 2021 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, 2021 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.

Changes in the reported liability for the fiscal years 2020 and 2021 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 1,455,210	\$ (146,381)	\$ (114,159)	\$ 1,194,670
2021	1,194,670	920,478	(252,856)	1,862,292

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

The claims payable as of June 30, 2021 are included in accounts payable on the financial statements.

Hurley Medical Center

The Medical Center's self-insured retention is \$6 million per occurrence annually, with excess claims made coverage up to \$20 million annually. 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 malpractice claims for the fiscal years 2020 and 2021 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 23,952,928	\$ 7,025,611	\$ (5,352,629)	\$ 25,625,910
2021	25,625,910	4,727,475	(5,916,385)	24,437,000

Professional liability for claims is reported in other long-term liabilities, net of \$2,000,000 included as a current liability in accrued expenses for the year ending June 30, 2021. The carrying amount of the insurance trust assets (at market) amounted to \$14,817,808 at June 30, 2021.

The Medical Center is self-insured for workers' compensation claims with a self-insured retainer of \$600,000 per claim. As of June 30, 2021, the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,723,983. The changes in the aggregate workers' compensation claims for the past two years were as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 1,901,763	\$ 3,260,248	\$ (2,507,830)	\$ 2,654,181
2021	2,654,181	(520,433)	(409,765)	1,723,983

Total long-term accrued liabilities as of June 30, 2021 are \$24,228,054.

There are various legal actions pending against HHS, its subsidiaries, and certain employees. Due to the inconclusive nature of these actions, it is not possible for legal counsel of HHS to determine in the aggregate either the probable outcome of these actions or a reasonable estimate of HHS' ultimate liability, if any. HHS maintains what it believes to be adequate coverage of malpractice, errors and omissions, and directors and officers insurances to cover any possible claims.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

12. 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.

There are numerous cases arising out of the Flint Water Crisis that remain pending. These cases name the City or one of its former officials or employees (including, for these purposes, former state-appointed Emergency Managers). There are over 100 cases pending in federal or state courts, including putative class actions. To date, the City has successfully gotten many claims in those cases dismissed, with the exception of claims based on a violation of bodily integrity under the state or federal constitutions, unjust enrichment, and inverse condemnation.

The vast majority of the remaining claims against the City are being resolved through a settlement agreement that has recently been approved by Judge Judith Levy of the U.S. District Court for the Eastern District of Michigan. This settlement agreement resolves both the class action and individual cases against the City of Flint. Over 50,164 claimants have registered for the settlements, with less than 0.002 of those registrants objecting to the settlement. Potential claimants who failed to register for the settlement, and who have not already filed lawsuits, will be considered members of the settlement class and will be unable to bring claims against the City. In addition, only 112 people have opted out of the settlement agreement.

While the City may still have to defend against some Flint Water Crisis Claims, dispositive motion practice based on the record established during discovery may dispose of any remaining claims before trial. The largest remaining potential liability against the City will likely consist of claims of minors, who are subject to special protections under the law and will be able to bring claims until they reach 19 years of age ("future minor claimants"). To minimize those risks, the Settlement Agreement explicitly reserves funds for such future minor claimants. Combined with the restrictive case management orders, exposure of the City to future Flint Water Crisis Claims should be minimized to the extent possible.

The City also is involved in long-standing litigation regarding the City's water rate in state court. These cases are separate from the Flint Water Crisis litigation described previously. After a recent consolidation and amended complaint, this case is currently on appeal in the Michigan Court of Appeals after the City received a favorable ruling in the trial court that significantly reduced the exposure of the City. Once the appeal has been resolved, the City expects to engage in discovery, dispositive motion practice, and potentially trial. Settlement has been explored but Plaintiffs expectations have reflected an unrealistic expectation of recovery.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Related to other litigation, the City of Flint is a party in a variety of lawsuits involving matters ranging from discrimination, retaliation, personal injury, rental code violations, election law, tort, civil rights claims, breach of contract, pension, healthcare and other benefits for Flint retirees, whistleblower protection act violations, and other legal proceedings and investigations that occur in the normal course of governmental operations.

13. PENSION PLANS

Michigan Municipal Employees' Retirement System

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Benefits provided include plans with multipliers ranging from 1.50% to 2.60%. Vesting periods range from 6 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%.

Employees Covered by Benefit Terms. At the December 31, 2020 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,733
Inactive employees entitled to but not yet receiving benefits	130
Active employees	<u>429</u>
Total membership	<u><u>2,292</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. 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 City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Long-term Expected Rate of Return. 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 of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	20.0%	7.25%	1.45%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.60%</u></u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2020 was 7.6%. 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 plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 546,154,990	\$ 157,810,344	\$ 388,344,646
Changes for the year:			
Service cost	2,222,725	-	2,222,725
Interest	39,680,575	-	39,680,575
Differences between expected and actual experience	(4,373,958)	-	(4,373,958)
Changes in assumptions	13,913,983	-	13,913,983
Employer contributions	-	28,790,184	(28,790,184)
Employee contributions	-	1,286,075	(1,286,075)
Net investment income	-	18,651,212	(18,651,212)
Benefit payments, including refunds of employee contributions	(50,307,036)	(50,307,036)	-
Administrative expense	-	(292,390)	292,390
Net changes	<u>1,136,289</u>	<u>(1,871,955)</u>	<u>3,008,244</u>
Balances at December 31, 2020	<u>\$ 547,291,279</u>	<u>\$ 155,938,389</u>	<u>\$ 391,352,890</u>

Changes in assumptions. A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.6%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
\$ 441,622,159	\$ 391,352,890	\$ 348,334,583

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of \$40,831,764. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 2,186,979	(2,186,979)
Changes in assumptions	6,956,991	-	6,956,991
Net difference between projected and actual earnings on pension plan investments	-	4,426,395	(4,426,395)
	6,956,991	6,613,374	343,617
Contributions subsequent to the measurement date	15,760,264	-	15,760,264
Total	22,717,255	6,613,374	16,103,881

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 June 30, 2022. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	3,925,724
2023	1,099,007
2024	(3,193,610)
2025	(1,487,504)
Total	\$ 343,617

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Payable to the Pension Plan. At June 30, 2021, the City had \$2,623,955 payable for contributions to the pension plan.

Hurley Medical Center Component Unit

The Hurley Medical Center also participates in MERS and has a defined contribution plan, profit-sharing plan and deferred compensation plan. Detailed information on these plans, including all required footnote disclosures, is available in the separately issued Hurley Medical Center financial statements.

14. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City administers a single-employer defined-benefit other postemployment benefits plan (the "Plan"). 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. City Council has the authority to establish and amend the contribution requirements of the City and the Plan members.

Benefits Provided. The City provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees. The benefits are provided under collective bargaining agreements of Local 1799, Local 1600, and Fire Local 352.

The City also provides postemployment 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 \$38,000 depending on the employee's contract. Employees who retired as of June 30, 2012 are eligible for this benefit. The death benefit trust fund is reported as an other postemployment benefits trust fund; however, the City has not created a formal irrevocable trust in accordance with GASB 74. Therefore, the assets in the death benefit trust fund are not considered assets of the plan.

Employees Covered by Benefit Terms. At June 30, 2021 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	1,273
Active employees	<u>222</u>
Total membership	<u>1,495</u>

Contributions. 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 administering the plan are borne by the City's general fund.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Total OPEB Liability

The City is not prefunding the plan and the total OPEB liability was measured as of June 30, 2021.

Actuarial Assumptions. The total OPEB liability in the June 30, 2021 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.75% per year for wage inflation plus merit and productivity increase
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Healthcare cost trend rate	8.0% and gradually decreasing to an ultimate trend rate of 4.5%

Mortality rates were based on the following tables: (1) General retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020, (2) Police and Fire retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 and (3) Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study done during 2005.

Discount Rate. The discount rate used to measure the total OPEB liability was 2.19%. The projection of cash flows used to determine the discount rate assumed that Plan does not require and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Plan is funded on a pay-as-you-go basis, therefore, the AA municipal index bond rate of 2.19% was applied for future periods. The municipal index bond rate was obtained from the Bond Buyer 20-Bond GO index.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Changes in the Total OPEB Liability. The components of the change in the total OPEB liability are summarized as follows:

	Total OPEB Liability
Balances at June 30, 2020	<u>\$ 266,371,398</u>
Changes for the year:	
Service cost	2,202,617
Interest on total OPEB liability	6,990,415
Differences between expected and actual experience	(92,199,811)
Changes in assumptions	24,262,502
Benefit payments	<u>(11,629,273)</u>
Net changes	<u>(70,373,550)</u>
Balances at June 30, 2021	<u><u>\$ 195,997,848</u></u>

Changes in assumptions. In 2021, the amounts reported as changes in assumptions resulted primarily from health care trend rates were reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-Medicare and post-Medicare medical/rx costs, mortality tables were updated from using Scale MP-2019 to Scale MP-2020, the salary scale for Merit and Longevity was updated based on the MERS December 31, 2020 actuarial valuation, and the discount rate was been updated from 2.66% to 2.19%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, calculated using the discount rate of 2.19%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.19%) or 1% higher (3.19%) than the current rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
City's total OPEB liability	\$ 230,017,645	\$ 195,997,848	\$ 169,383,085

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 8.0% (decreasing to an ultimate rate of 4.5%), as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (7.0% trending to 3.5%) or 1% higher (9.0% trending to 5.5%) than the current rate:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
City's total OPEB liability	\$ 168,995,377	\$ 195,997,848	\$ 230,090,031

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$(58,744,277). The City reported no deferred outflows or inflows of resources related to OPEB.

Payable to the OPEB Plan. At June 30, 2021, the City had no amount payable to the OPEB plan.

Hurley Medical Center Component Unit

The Hurley Medical Center operates its own Retiree Health Benefits Plan. Detailed information on this plan, including all required footnote disclosures, is available in the separately issued Hurley Medical Center financial statements.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2021, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 23,213,807	\$ 49,973,118
Capital assets being depreciated, net	<u>70,893,109</u>	<u>163,671,460</u>
	<u>94,106,916</u>	<u>213,644,578</u>
Total installment debt	26,227,235	105,030,537
Less noncapital debt:		
Grant program related debt	(5,551,000)	-
Debt used for noncapital purposes	<u>(16,320,000)</u>	<u>(98,703,117)</u>
	<u>4,356,235</u>	<u>6,327,420</u>
Net investment in capital assets	<u><u>\$ 89,750,681</u></u>	<u><u>\$ 207,317,158</u></u>

Certain loans payable are not considered capital-related, as they were used for grant programs or government operations.

The KWA agreement payable is not considered to be capital-related debt, in that it is partially offset by a long-term receivable from GLWA and the City does not have ownership of the related capital assets, which are owned by KWA.

16. 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:

Year Ended June 30,	Amount
2022	\$ 2,140,897
2023	1,661,592
2024	1,450,508
2025	687,728
2026	187,644
Thereafter	<u>235,066</u>
	<u><u>\$ 6,363,435</u></u>

Total rent expense under these leases was approximately \$1,100,000 for the year ended June 30, 2021.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

17. TAX ABATEMENTS

The City received reduced property tax revenues during the current year as a result of industrial facilities tax exemptions (IFT's) entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements for the current year amounted to approximately \$254,000 in reduced tax revenues.

18. DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, is as follows:

	General	Grants	Major Streets	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays	\$ 61,757	\$ 152,501	\$ -	\$ -	\$ 214,258
Restricted					
Roads	-	-	16,367,724	8,176,277	24,544,001
Public safety	-	-	-	1,765,772	1,765,772
Police	-	-	-	2,049,145	2,049,145
Parks and recreation	-	-	-	492,883	492,883
Street lights	-	-	-	4,516,665	4,516,665
Garbage collection	-	-	-	2,406,188	2,406,188
Revolving loans	-	-	-	680,630	680,630
State forfeitures	-	-	-	1,226,606	1,226,606
Building inspections	-	-	-	4,348,790	4,348,790
Debt service	-	-	-	3,176,929	3,176,929
	-	-	16,367,724	28,839,885	45,207,609
Assigned					
Subsequent years expenditures	13,087,906	-	-	-	13,087,906
Unassigned					
	9,789,704	(640,828)	-	(112,430)	9,036,446
	<u>\$ 22,939,367</u>	<u>\$ (488,327)</u>	<u>\$ 16,367,724</u>	<u>\$ 28,727,455</u>	<u>\$ 67,546,219</u>

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

Deficit Fund Equity

The sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$21,740,702 at June 30, 2021. The fund had total net position of \$39,293,882.

The water enterprise fund reported a deficit in unrestricted net position in the amount of \$21,721,412 at June 30, 2021. The fund had total net position of \$130,888,582.

The self-insurance internal service fund reported a deficit in unrestricted net position in the amount of \$2,623,808 at June 30, 2021 which was also equal to total net position.

The grants fund and CARES Act fund reported an unassigned fund balance deficit of \$640,828 and \$112,430, respectively, at June 30, 2021.

19. RESTATEMENTS

The City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, during the current year. The implementation of this new standard includes a restatement to net position at the beginning of the year for certain fiduciary activities. The adjustment increased beginning net position of the custodial funds by \$556,740.

20. SUBSEQUENT EVENT

On July 26, 2021, the Council approved issuance of bonds payable for the next phase of the sewer system improvements in the amount of \$46,000,000.

On August 4, 2021, the Council approved the Water Pollution Control Battery B Grit and Primary Settling Tank improvements, the Northwest Pump Station rehabilitation and the Third Avenue Pump Station improvements in the amounts of \$20,526,900, \$6,283,416, and \$8,347,500, respectively.

On September 8, 2021, the Council approved upgrades to IT computers and equipment in the amount of \$651,087.

On October 20, 2021, the Council approved the purchase of a fire quint apparatus, a fire rescue pumper apparatus, and a special service fire rescue apparatus in the total amount of \$1,816,248.

CITY OF FLINT, MICHIGAN

Notes to Financial Statements

21. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$4.0 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases of personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLINT, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
 Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,			
	2021	2020	2019	2018
Change in total pension liability				
Service cost	\$ 2,222,725	\$ 2,164,613	2,225,716	\$ 2,271,177
Interest	39,680,575	41,008,971	41,507,314	41,968,824
Differences between expected and actual experience	(4,373,958)	55,724	1,196,815	823,878
Changes in assumptions	13,913,983	17,084,353	-	-
Benefit payments, including refunds of member contributions	(50,307,036)	(51,377,003)	(50,880,152)	(50,739,893)
Other changes	-	-	-	(3)
Net change in total pension liability	<u>1,136,289</u>	<u>8,936,658</u>	<u>(5,950,307)</u>	<u>(5,676,017)</u>
Total pension liability, beginning	<u>546,154,990</u>	<u>537,218,332</u>	<u>543,168,639</u>	<u>548,844,656</u>
Total pension liability, ending (a)	<u>547,291,279</u>	<u>546,154,990</u>	<u>537,218,332</u>	<u>543,168,639</u>
Change in plan fiduciary net position				
Contributions - employer	28,790,184	23,133,233	23,514,772	18,869,912
Contributions - member	1,286,075	1,523,222	1,624,560	1,558,004
Net investment income (loss)	18,651,212	20,591,049	(6,736,753)	24,736,166
Benefit payments, including refunds of member contributions	(50,307,036)	(51,377,003)	(50,880,152)	(50,739,893)
Administrative expense	(292,390)	(353,408)	(357,675)	(395,183)
Net change in plan fiduciary net position	<u>(1,871,955)</u>	<u>(6,482,907)</u>	<u>(32,835,248)</u>	<u>(5,970,994)</u>
Plan fiduciary net position, beginning	<u>157,810,344</u>	<u>164,293,251</u>	<u>197,128,499</u>	<u>203,099,493</u>
Plan fiduciary net position, ending (b)	<u>155,938,389</u>	<u>157,810,344</u>	<u>164,293,251</u>	<u>197,128,499</u>
City's net pension liability, ending (a)-(b)	<u>\$ 391,352,890</u>	<u>\$ 388,344,646</u>	<u>\$ 372,925,081</u>	<u>\$ 346,040,140</u>
Plan fiduciary net position as a percentage of the total pension liability	28.49%	28.89%	30.58%	36.29%
Covered payroll	\$ 24,083,465	\$ 22,736,587	\$ 22,408,172	\$ 22,010,179
City's net pension liability as a percentage of covered payroll	1624.99%	1708.02%	1664.24%	1572.18%

See notes to required supplementary information.



Year Ended June 30,		
2017	2016	2015
\$ 2,233,013	\$ 2,240,734	\$ 2,288,673
42,351,721	41,160,626	41,626,038
1,729,337	(3,016,376)	-
-	24,031,996	-
(51,497,082)	(50,963,762)	(51,039,410)
(882)	1,705,992	1,293,199
<u>(5,183,893)</u>	<u>15,159,210</u>	<u>(5,831,500)</u>
<u>554,028,549</u>	<u>538,869,339</u>	<u>544,700,839</u>
<u>548,844,656</u>	<u>554,028,549</u>	<u>538,869,339</u>
22,022,738	8,119,213	20,420,923
1,665,719	2,128,481	2,999,208
22,386,661	(3,316,770)	16,151,453
(51,497,082)	(50,963,762)	(51,039,410)
(443,862)	(512,817)	(584,862)
<u>(5,865,826)</u>	<u>(44,545,655)</u>	<u>(12,052,688)</u>
<u>208,965,319</u>	<u>253,510,974</u>	<u>265,563,662</u>
<u>203,099,493</u>	<u>208,965,319</u>	<u>253,510,974</u>
<u>\$ 345,745,163</u>	<u>\$ 345,063,230</u>	<u>\$ 285,358,365</u>
37.00%	37.72%	47.04%
\$ 21,427,792	\$ 18,783,674	\$ 18,635,475
1613.54%	1837.04%	1531.26%

CITY OF FLINT, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2021	\$ 32,359,819	\$ 32,359,819	\$ -	\$ 23,413,002	138.2%
2020	24,218,053	24,218,053	-	23,351,589	103.7%
2019	22,023,688	22,023,688	-	23,282,295	94.6%
2018	18,869,913	22,756,482	(3,886,569)	22,649,859	100.5%
2017	17,325,673	16,964,535	361,138	21,927,937	77.4%
2016	17,194,662	16,598,425	596,237	22,376,956	74.2%
2015	16,676,472	16,545,459	131,013	24,228,491	68.3%
2014	16,409,676	16,409,676	-	26,648,918	61.6%

See notes to required supplementary information.

CITY OF FLINT, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of Changes in City's Total OPEB Liability and Related Ratios

	Year Ended June 30,			
	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 2,202,617	\$ 1,694,385	\$ 1,919,202	\$ 2,312,576
Interest	6,990,415	8,625,830	10,625,304	11,083,100
Differences between expected and actual experience	(92,199,811)	(12,188,738)	(42,174,650)	(23,163,328)
Changes of assumptions	24,262,502	30,062,708	13,670,455	(12,462,521)
Benefit payments, including refunds of employee contributions	(11,629,273)	(11,656,543)	(13,557,337)	(14,730,209)
Net change in total OPEB liability	<u>(70,373,550)</u>	<u>16,537,642</u>	<u>(29,517,026)</u>	<u>(36,960,382)</u>
Total OPEB liability, beginning of year	<u>266,371,398</u>	<u>249,833,756</u>	<u>279,350,782</u>	<u>316,311,164</u>
Total OPEB liability, end of year	<u>\$ 195,997,848</u>	<u>\$ 266,371,398</u>	<u>\$ 249,833,756</u>	<u>\$ 279,350,782</u>
Covered payroll	\$ 19,639,185	\$ 13,104,499	\$ 14,281,760	\$ 17,034,088
City's total OPEB liability as a percentage of covered payroll	997.99%	2032.67%	1749.32%	1639.95%

See notes to required supplementary information.

CITY OF FLINT, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2021	\$ 14,196,422	\$ 11,629,273	\$ 2,567,149	\$ 19,639,185	59.2%
2020	14,011,557	11,656,543	2,355,014	13,104,499	89.0%
2019	16,291,451	13,557,337	2,734,114	14,281,760	94.9%
2018	14,730,209	14,730,209	-	17,034,088	86.5%

See notes to required supplementary information.

CITY OF FLINT, MICHIGAN

Notes to Required Supplementary Information

Other Postemployment Benefits Plan

Notes to Schedule of Changes in the City's Net OPEB Liability and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions. In 2021, the amounts reported as changes in assumptions resulted primarily from health care trend rates were reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-Medicare and post-Medicare medical/rx costs, mortality tables were updated from using Scale MP-2019 to Scale MP-2020, the salary scale for Merit and Longevity was updated based on the MERS December 31, 2020 actuarial valuation, and the discount rate was been updated from 2.66% to 2.19%.

Changes in assumptions. In 2020, the amounts reported as changes in assumptions resulted primarily from health care trend rates were updated to an initial rate of 7.50% decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-Medicare and post-Medicare medical/rx costs and the discount rate was been updated from 3.51% to 2.66%.

Changes in assumptions. In 2019, the amounts reported as changes in assumptions resulted primarily from updates to the mortality tables used, health care trend rates were updated to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-Medicare and post-Medicare medical/rx costs, the Michigan Hard Cap healthcare cost trend rate was updated from 4% annually to 3.5% annually based on historical increases, and the discount rate was been updated from 3.87% to 3.51%.

Changes in assumptions. In 2018, the amounts reported as changes in assumptions resulted primarily from updates to the mortality tables used and health care trend rates were updated to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-Medicare period and 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for Medicare period.

CITY OF FLINT, MICHIGAN

Notes to Required Supplementary Information

Other Postemployment Benefits Plan

Notes to Schedule of Contributions

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	28 years
Asset valuation method	Market value
Discount rate	2.19%
Inflation	2.50%
Salary increases	3.75%, including inflation
Retirement age	Experience-based tables of rates are specific to the type of eligibility condition
Healthcare cost trend rate	7.50% and gradually decreasing to an ultimate trend rate of 4.50%
Mortality	(1) General retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019, (2) Police and Fire retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019 and (3) Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF FLINT, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	Special Revenue	Debt Service	Totals
Assets			
Cash and investments	\$ 27,666,295	\$ 3,353,033	\$ 31,019,328
Receivables:			
Accounts receivable, net	10,340	-	10,340
Property taxes receivable	123,287	34,890	158,177
Loans receivable	6,534	-	6,534
Due from other governments	676,843	8,725	685,568
Due from component unit	-	6,631,951	6,631,951
Total assets	<u>\$ 28,483,299</u>	<u>\$ 10,028,599</u>	<u>\$ 38,511,898</u>
Liabilities			
Accounts payable	\$ 902,067	\$ 176,803	\$ 1,078,870
Accrued and other liabilities	263,432	-	263,432
Deposits payable	1,532,007	-	1,532,007
Total liabilities	<u>2,697,506</u>	<u>176,803</u>	<u>2,874,309</u>
Deferred inflows of resources			
Unavailable revenue - loans	6,534	6,640,676	6,647,210
Unavailable revenue - grants	112,430	-	112,430
Unavailable revenue - taxes	116,303	34,191	150,494
Total deferred inflows of resources	<u>235,267</u>	<u>6,674,867</u>	<u>6,910,134</u>
Fund balances			
Restricted	25,662,956	3,176,929	28,839,885
Unassigned (deficit)	(112,430)	-	(112,430)
Total fund balances	<u>25,550,526</u>	<u>3,176,929</u>	<u>28,727,455</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,483,299</u>	<u>\$ 10,028,599</u>	<u>\$ 38,511,898</u>

CITY OF FLINT, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue	Debt Service	Totals
Revenues			
Property taxes	\$ 15,805,560	\$ 1,869,168	\$ 17,674,728
Federal sources	3,891,843	-	3,891,843
State sources	4,379,857	246,653	4,626,510
Charges for services	147,675	-	147,675
Fines and forfeitures	161,925	-	161,925
Licenses and permits	1,653,976	-	1,653,976
Local contributions	-	1,670,205	1,670,205
Interest	22,553	2,868	25,421
Other revenues	128,170	-	128,170
Total revenues	<u>26,191,559</u>	<u>3,788,894</u>	<u>29,980,453</u>
Expenditures			
Current expenditures:			
Public safety	8,686,953	-	8,686,953
Public works	11,266,802	-	11,266,802
Recreation and culture	349,717	348,018	697,735
Community development	112,498	-	112,498
Debt service:			
Principal	62,633	1,110,000	1,172,633
Interest	-	589,381	589,381
Total expenditures	<u>20,478,603</u>	<u>2,047,399</u>	<u>22,526,002</u>
Revenues over (under) expenditures	<u>5,712,956</u>	<u>1,741,495</u>	<u>7,454,451</u>
Other financing sources (uses)			
Issuance of long-term debt	187,900	-	187,900
Transfers in	1,500,000	1,871,285	3,371,285
Transfers out	(3,891,843)	(1,871,285)	(5,763,128)
Total other financing sources (uses)	<u>(2,203,943)</u>	<u>-</u>	<u>(2,203,943)</u>
Net change in fund balances	3,509,013	1,741,495	5,250,508
Fund balances, beginning of year	<u>22,041,513</u>	<u>1,435,434</u>	<u>23,476,947</u>
Fund balances, end of year	<u>\$ 25,550,526</u>	<u>\$ 3,176,929</u>	<u>\$ 28,727,455</u>

CITY OF FLINT, MICHIGAN

Nonmajor Special Revenue Funds

Local Streets Fund – This 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.

Public Safety Fund – This fund accounts for a special property tax levy approved by voters to provide support for public safety departments.

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

Parks and Recreation Fund – This 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.

Street Light Fund - This fund accounts for a special property tax assessment allowed to provide support for utility cost of the City’s street lighting.

Rubbish Collection Fund – This fund accounts for a special property tax assessment allowed to provide garbage and compost collection services.

EDA Revolving Loan Fund – This fund accounts 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.

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

Building Inspection Fund – This fund accounts for the operational revenues and expenditures of the City’s code inspection and building inspection department in accordance with State Construction Code Act of 1999 (PA 245 of 1999).

CARES Act Fund – This fund accounts for Coronavirus Relief Funds which provides for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak.

CITY OF FLINT, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2021

	Local Streets	Public Safety	Neighborhood Policing	Parks and Recreation	Street Light
Assets					
Cash and investments	\$ 7,902,461	\$ 1,885,907	\$ 2,088,525	\$ 538,321	\$ 4,693,588
Receivables:					
Accounts receivable, net	-	-	-	-	-
Property taxes receivable	-	87,325	28,984	6,978	-
Loans receivable	-	-	-	-	-
Due from other governments	564,413	-	-	-	-
Total assets	<u>\$ 8,466,874</u>	<u>\$ 1,973,232</u>	<u>\$ 2,117,509</u>	<u>\$ 545,299</u>	<u>\$ 4,693,588</u>
Liabilities					
Accounts payable	\$ 232,152	\$ -	\$ 5,317	\$ 43,313	\$ 176,050
Accrued and other liabilities	58,445	125,348	35,694	2,265	873
Deposits payable	-	-	-	-	-
Total liabilities	<u>290,597</u>	<u>125,348</u>	<u>41,011</u>	<u>45,578</u>	<u>176,923</u>
Deferred inflows of resources					
Unavailable revenue - loans	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - taxes	-	82,112	27,353	6,838	-
Total deferred inflows of resources	<u>-</u>	<u>82,112</u>	<u>27,353</u>	<u>6,838</u>	<u>-</u>
Fund balances					
Restricted	8,176,277	1,765,772	2,049,145	492,883	4,516,665
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>8,176,277</u>	<u>1,765,772</u>	<u>2,049,145</u>	<u>492,883</u>	<u>4,516,665</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,466,874</u>	<u>\$ 1,973,232</u>	<u>\$ 2,117,509</u>	<u>\$ 545,299</u>	<u>\$ 4,693,588</u>

Rubbish Collection	EDA Revolving Loan	State Act 251 - Forfeiture	Building Inspection	CARES Act	Totals
\$ 2,793,538	\$ 680,685	\$ 1,344,187	\$ 5,831,689	\$ (92,606)	\$ 27,666,295
-	-	-	10,340	-	10,340
-	-	-	-	-	123,287
-	6,534	-	-	-	6,534
-	-	-	-	112,430	676,843
<u>\$ 2,793,538</u>	<u>\$ 687,219</u>	<u>\$ 1,344,187</u>	<u>\$ 5,842,029</u>	<u>\$ 19,824</u>	<u>\$ 28,483,299</u>
\$ 384,703	\$ 55	\$ 39,562	\$ 1,091	\$ 19,824	\$ 902,067
2,647	-	5,004	33,156	-	263,432
-	-	73,015	1,458,992	-	1,532,007
<u>387,350</u>	<u>55</u>	<u>117,581</u>	<u>1,493,239</u>	<u>19,824</u>	<u>2,697,506</u>
-	6,534	-	-	-	6,534
-	-	-	-	112,430	112,430
-	-	-	-	-	116,303
-	6,534	-	-	112,430	235,267
2,406,188	680,630	1,226,606	4,348,790	-	25,662,956
-	-	-	-	(112,430)	(112,430)
<u>2,406,188</u>	<u>680,630</u>	<u>1,226,606</u>	<u>4,348,790</u>	<u>(112,430)</u>	<u>25,550,526</u>
<u>\$ 2,793,538</u>	<u>\$ 687,219</u>	<u>\$ 1,344,187</u>	<u>\$ 5,842,029</u>	<u>\$ 19,824</u>	<u>\$ 28,483,299</u>

CITY OF FLINT, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Local Streets	Public Safety	Neighborhood Policing	Parks and Recreation	Street Light
Revenues					
Property taxes	\$ -	\$ 4,477,543	\$ 1,495,317	\$ 379,885	\$ 3,922,720
Federal sources	-	-	-	-	-
State sources	3,961,337	276,892	92,297	49,331	-
Charges for services	-	67,205	39,850	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Interest	6,790	1,590	1,784	460	4,033
Other revenues	125,480	505	-	945	-
Total revenues	<u>4,093,607</u>	<u>4,823,735</u>	<u>1,629,248</u>	<u>430,621</u>	<u>3,926,753</u>
Expenditures					
Current:					
Public safety	-	5,618,649	1,352,864	-	-
Public works:					
Streets	3,717,464	-	-	-	-
Street lights	-	-	-	-	2,346,348
Garbage and rubbish	-	-	-	-	-
Recreation and culture	-	-	-	349,717	-
Community development	-	-	-	-	-
Debt service:					
Principal	62,633	-	-	-	-
Total expenditures	<u>3,780,097</u>	<u>5,618,649</u>	<u>1,352,864</u>	<u>349,717</u>	<u>2,346,348</u>
Revenues over (under) expenditures	<u>313,510</u>	<u>(794,914)</u>	<u>276,384</u>	<u>80,904</u>	<u>1,580,405</u>
Other financing sources (uses)					
Issuance of long-term debt	187,900	-	-	-	-
Transfers in	1,500,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,687,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,001,410</u>	<u>(794,914)</u>	<u>276,384</u>	<u>80,904</u>	<u>1,580,405</u>
Fund balances, beginning of year	<u>6,174,867</u>	<u>2,560,686</u>	<u>1,772,761</u>	<u>411,979</u>	<u>2,936,260</u>
Fund balances, end of year	<u>\$ 8,176,277</u>	<u>\$ 1,765,772</u>	<u>\$ 2,049,145</u>	<u>\$ 492,883</u>	<u>\$ 4,516,665</u>

Rubbish Collection	EDA Revolving Loan	State Act 251 - Forfeiture	Building Inspection	CARES Act	Totals
\$ 5,530,095	\$ -	\$ -	\$ -	\$ -	\$ 15,805,560
-	-	-	-	3,891,843	3,891,843
-	-	-	-	-	4,379,857
-	-	9,588	31,032	-	147,675
-	-	161,925	-	-	161,925
840	-	-	1,653,136	-	1,653,976
2,400	222	1,155	4,119	-	22,553
1,240	-	-	-	-	128,170
<u>5,534,575</u>	<u>222</u>	<u>172,668</u>	<u>1,688,287</u>	<u>3,891,843</u>	<u>26,191,559</u>
-	-	84,079	1,631,361	-	8,686,953
-	-	-	-	-	3,717,464
-	-	-	-	-	2,346,348
5,202,990	-	-	-	-	5,202,990
-	-	-	-	-	349,717
-	68	-	-	112,430	112,498
-	-	-	-	-	62,633
<u>5,202,990</u>	<u>68</u>	<u>84,079</u>	<u>1,631,361</u>	<u>112,430</u>	<u>20,478,603</u>
<u>331,585</u>	<u>154</u>	<u>88,589</u>	<u>56,926</u>	<u>3,779,413</u>	<u>5,712,956</u>
-	-	-	-	-	187,900
-	-	-	-	-	1,500,000
-	-	-	-	(3,891,843)	(3,891,843)
-	-	-	-	(3,891,843)	(2,203,943)
331,585	154	88,589	56,926	(112,430)	3,509,013
<u>2,074,603</u>	<u>680,476</u>	<u>1,138,017</u>	<u>4,291,864</u>	<u>-</u>	<u>22,041,513</u>
<u>\$ 2,406,188</u>	<u>\$ 680,630</u>	<u>\$ 1,226,606</u>	<u>\$ 4,348,790</u>	<u>\$ (112,430)</u>	<u>\$ 25,550,526</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State sources	\$ 3,611,890	\$ 3,611,890	\$ 3,961,337	\$ 349,447
Interest	32,700	32,700	6,790	(25,910)
Other revenues	257,753	257,753	125,480	(132,273)
Total revenues	<u>3,902,343</u>	<u>3,902,343</u>	<u>4,093,607</u>	<u>191,264</u>
Expenditures				
Current -				
Public works -				
Streets	5,533,682	6,118,799	3,717,464	(2,401,335)
Debt service:				
Principal	-	62,633	62,633	-
Total expenditures	<u>5,533,682</u>	<u>6,181,432</u>	<u>3,780,097</u>	<u>(2,401,335)</u>
Revenues over (under) expenditures	<u>(1,631,339)</u>	<u>(2,279,089)</u>	<u>313,510</u>	<u>2,592,599</u>
Other financing sources				
Issuance of long-term debt	-	-	187,900	187,900
Transfers in	1,500,000	1,500,000	1,500,000	-
Total other financing sources	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,687,900</u>	<u>187,900</u>
Net change in fund balance	<u>(131,339)</u>	<u>(779,089)</u>	<u>2,001,410</u>	<u>2,780,499</u>
Fund balance, beginning of year	<u>6,174,867</u>	<u>6,174,867</u>	<u>6,174,867</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,043,528</u>	<u>\$ 5,395,778</u>	<u>\$ 8,176,277</u>	<u>\$ 2,780,499</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,100,000	\$ 4,100,000	\$ 4,477,543	\$ 377,543
State sources	292,200	292,200	276,892	(15,308)
Interest	26,300	26,300	1,590	(24,710)
Charges for services	15,000	15,000	67,205	52,205
Other revenues	-	-	505	505
Total revenues	4,433,500	4,433,500	4,823,735	390,235
Expenditures				
Current - Public safety	6,505,225	6,505,225	5,618,649	(886,576)
Net change in fund balance	(2,071,725)	(2,071,725)	(794,914)	1,276,811
Fund balance, beginning of year	2,560,686	2,560,686	2,560,686	-
Fund balance, end of year	\$ 488,961	\$ 488,961	\$ 1,765,772	\$ 1,276,811

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Neighborhood Policing Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,495,317	\$ 145,317
State sources	97,400	97,400	92,297	(5,103)
Interest	11,500	11,500	1,784	(9,716)
Charges for services	8,100	8,100	39,850	31,750
Total revenues	1,467,000	1,467,000	1,629,248	162,248
Expenditures				
Current - Public safety	1,740,835	1,740,835	1,352,864	(387,971)
Net change in fund balance	(273,835)	(273,835)	276,384	550,219
Fund balance, beginning of year	1,772,761	1,772,761	1,772,761	-
Fund balance, end of year	<u>\$ 1,498,926</u>	<u>\$ 1,498,926</u>	<u>\$ 2,049,145</u>	<u>\$ 550,219</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 320,700	\$ 320,700	\$ 379,885	\$ 59,185
State sources	24,300	24,300	49,331	25,031
Interest	2,700	2,700	460	(2,240)
Other revenues	1,800	1,800	945	(855)
Total revenues	349,500	349,500	430,621	81,121
Expenditures				
Current - Recreation and culture	381,777	421,777	349,717	(72,060)
Net change in fund balance	(32,277)	(72,277)	80,904	153,181
Fund balance, beginning of year	411,979	411,979	411,979	-
Fund balance, end of year	\$ 379,702	\$ 339,702	\$ 492,883	\$ 153,181

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Street Light Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,700,000	\$ 2,700,000	\$ 3,922,720	\$ 1,222,720
Interest	-	-	4,033	4,033
Total revenues	2,700,000	2,700,000	3,926,753	1,226,753
Expenditures				
Current -				
Public works -				
Street lights	2,834,452	3,024,452	2,346,348	(678,104)
Net change in fund balance	(134,452)	(324,452)	1,580,405	1,904,857
Fund balance, beginning of year	2,936,260	2,936,260	2,936,260	-
Fund balance, end of year	<u>\$ 2,801,808</u>	<u>\$ 2,611,808</u>	<u>\$ 4,516,665</u>	<u>\$ 1,904,857</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Rubbish Collection Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,800,830	\$ 4,800,830	\$ 5,530,095	\$ 729,265
Charges for services	22,060	22,060	-	(22,060)
Licenses and permits	1,500	1,500	840	(660)
Interest	15,300	15,300	2,400	(12,900)
Other revenues	-	-	1,240	1,240
Total revenues	4,839,690	4,839,690	5,534,575	694,885
Expenditures				
Current -				
Public works -				
Garbage and rubbish	5,228,905	5,228,905	5,202,990	(25,915)
Net change in fund balance	(389,215)	(389,215)	331,585	720,800
Fund balance, beginning of year	2,074,603	2,074,603	2,074,603	-
Fund balance, end of year	\$ 1,685,388	\$ 1,685,388	\$ 2,406,188	\$ 720,800

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - EDA Revolving Loan Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 222	\$ 222
Expenditures				
Current -				
Community development	-	169,089	68	(169,021)
Net change in fund balance	-	(169,089)	154	169,243
Fund balance, beginning of year	680,476	680,476	680,476	-
Fund balance, end of year	<u>\$ 680,476</u>	<u>\$ 511,387</u>	<u>\$ 680,630</u>	<u>\$ 169,243</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - State Act 251 Forfeiture Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 16,670	\$ 16,670	\$ 9,588	\$ (7,082)
Fines and forfeitures	39,000	39,000	161,925	122,925
Interest	9,700	9,700	1,155	(8,545)
Total revenues	65,370	65,370	172,668	107,298
Expenditures				
Current - Public safety	271,549	271,549	84,079	(187,470)
Net change in fund balance	(206,179)	(206,179)	88,589	294,768
Fund balance, beginning of year	1,138,017	1,138,017	1,138,017	-
Fund balance, end of year	<u>\$ 931,838</u>	<u>\$ 931,838</u>	<u>\$ 1,226,606</u>	<u>\$ 294,768</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Building Inspection Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 21,000	\$ 21,000	\$ 31,032	\$ 10,032
Licenses and permits	2,204,460	2,204,460	1,653,136	(551,324)
Interest	29,000	29,000	4,119	(24,881)
Total revenues	2,254,460	2,254,460	1,688,287	(566,173)
Expenditures				
Current -				
Public safety	2,732,164	2,732,164	1,631,361	(1,100,803)
Net change in fund balance	(477,704)	(477,704)	56,926	534,630
Fund balance, beginning of year	4,291,864	4,291,864	4,291,864	-
Fund balance, end of year	<u>\$ 3,814,160</u>	<u>\$ 3,814,160</u>	<u>\$ 4,348,790</u>	<u>\$ 534,630</u>

CITY OF FLINT, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - CARES Act Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal sources	\$ -	\$ 168,781	\$ 3,891,843	\$ 3,723,062
Expenditures				
Current -				
Public safety	-	168,781	112,430	(56,351)
Revenues over (under) expenditures	-	-	3,779,413	3,779,413
Other financing sources				
Transfers out	-	-	(3,891,843)	(3,891,843)
Net change in fund balance	-	-	(112,430)	(112,430)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,430)</u>	<u>\$ (112,430)</u>

CITY OF FLINT, MICHIGAN

■ Nonmajor Debt Service Funds

Parking Deck Fund – This fund was established to accumulate resources for the payment of bonds issued to construct a parking deck facility.

Public Improvement Fund – This fund was established to account for the annual 2.5 mill tax levy reserved by Section 7 201 of the City Charter for capital improvements and servicing of general obligation debt.

CITY OF FLINT, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2021

	Parking Deck	Public Improvement Fund	Totals
Assets			
Cash and investments	\$ 527,367	\$ 2,825,666	\$ 3,353,033
Property taxes receivable	-	34,890	34,890
Due from component unit	-	6,631,951	6,631,951
Due from other governments	-	8,725	8,725
Total assets	<u>\$ 527,367</u>	<u>\$ 9,501,232</u>	<u>\$ 10,028,599</u>
Liabilities			
Accounts payable	\$ -	\$ 176,803	\$ 176,803
Deferred inflows of resources			
Unavailable revenue - loans	-	6,640,676	6,640,676
Unavailable revenue - taxes	-	34,191	34,191
Total deferred inflows of resources	<u>-</u>	<u>6,674,867</u>	<u>6,674,867</u>
Fund balances			
Restricted	<u>527,367</u>	<u>2,649,562</u>	<u>3,176,929</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 527,367</u>	<u>\$ 9,501,232</u>	<u>\$ 10,028,599</u>

CITY OF FLINT, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2021

	Parking Deck	Public Improvement Fund	Totals
Revenues			
Property taxes	\$ -	\$ 1,869,168	\$ 1,869,168
State sources	-	246,653	246,653
Local contributions	-	1,670,205	1,670,205
Interest	453	2,415	2,868
Total revenues	<u>453</u>	<u>3,788,441</u>	<u>3,788,894</u>
Expenditures			
Current -			
Recreation and culture	-	348,018	348,018
Debt service:			
Principal	1,110,000	-	1,110,000
Interest	589,381	-	589,381
Total expenditures	<u>1,699,381</u>	<u>348,018</u>	<u>2,047,399</u>
Revenues over (under) expenditures	<u>(1,698,928)</u>	<u>3,440,423</u>	<u>1,741,495</u>
Other financing sources (uses)			
Transfers in	1,871,285	-	1,871,285
Transfers out	-	(1,871,285)	(1,871,285)
Total other financing sources (uses)	<u>1,871,285</u>	<u>(1,871,285)</u>	<u>-</u>
Net change in fund balances	172,357	1,569,138	1,741,495
Fund balances, beginning of year	<u>355,010</u>	<u>1,080,424</u>	<u>1,435,434</u>
Fund balances, end of year	<u>\$ 527,367</u>	<u>\$ 2,649,562</u>	<u>\$ 3,176,929</u>

CITY OF FLINT, MICHIGAN

Internal Service Funds

Fringe Benefits Fund – This 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.

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

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

Self-Insurance Fund – This 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, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2021

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Assets					
Current assets:					
Cash and investments	\$ 15,382,204	\$ 3,458,249	\$ 7,964,987	\$ (1,506,252)	\$ 25,299,188
Accounts receivable, net	36,460	-	315	-	36,775
Due from other governments	205,200	3,265	170	-	208,635
Inventory	-	-	97,077	-	97,077
Prepays	342,260	97,326	149,161	291,877	880,624
Total current assets	<u>15,966,124</u>	<u>3,558,840</u>	<u>8,211,710</u>	<u>(1,214,375)</u>	<u>26,522,299</u>
Noncurrent assets -					
Capital assets being depreciated, net	-	762,056	7,258,359	-	8,020,415
Total assets	<u>15,966,124</u>	<u>4,320,896</u>	<u>15,470,069</u>	<u>(1,214,375)</u>	<u>34,542,714</u>
Liabilities					
Current liabilities:					
Accounts payable	5,773,260	60,190	115,637	408,420	6,357,507
Accrued liabilities	93,511	18,582	21,676	-	133,769
Accrued interest	-	-	70,518	-	70,518
Current portion of claims payable	-	-	-	274,155	274,155
Current portion of notes payable	-	-	1,170,405	-	1,170,405
Total current liabilities	<u>5,866,771</u>	<u>78,772</u>	<u>1,378,236</u>	<u>682,575</u>	<u>8,006,354</u>
Noncurrent liabilities:					
Claims, net of current portion	-	-	-	726,858	726,858
Notes payable, net of current portion	-	-	2,007,374	-	2,007,374
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,007,374</u>	<u>726,858</u>	<u>2,734,232</u>
Total liabilities	<u>5,866,771</u>	<u>78,772</u>	<u>3,385,610</u>	<u>1,409,433</u>	<u>10,740,586</u>
Net position					
Net investment in capital assets	-	762,056	4,080,580	-	4,842,636
Unrestricted (deficit)	10,099,353	3,480,068	8,003,879	(2,623,808)	18,959,492
Total net position	<u>\$ 10,099,353</u>	<u>\$ 4,242,124</u>	<u>\$ 12,084,459</u>	<u>\$ (2,623,808)</u>	<u>\$ 23,802,128</u>

CITY OF FLINT, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2021

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Operating revenues					
Charges for services	\$ 46,267,872	\$ 2,059,567	\$ 2,965,351	\$ 5,397,571	\$ 56,690,361
Other	23,068	-	334,309	15	357,392
Total operating revenues	46,290,940	2,059,567	3,299,660	5,397,586	57,047,753
Operating expenses					
Salaries and benefits	527,465	1,164,703	1,135,615	347,544	3,175,327
Supplies	-	2,776	871,895	-	874,671
Contractual services	279,581	2,089,052	63,671	5,191,903	7,624,207
Utilities	-	-	15,405	-	15,405
Repairs and maintenance	-	1,586	212,757	-	214,343
Insurance	-	-	-	815,468	815,468
Costs of materials and services rendered	52,527,433	-	-	-	52,527,433
Other	1,722	23,502	(51,872)	500	(26,148)
Depreciation	-	49,032	1,775,879	-	1,824,911
Total operating expenses	53,336,201	3,330,651	4,023,350	6,355,415	67,045,617
Operating income (loss)	(7,045,261)	(1,271,084)	(723,690)	(957,829)	(9,997,864)
Nonoperating revenues (expenses)					
Interest revenue	11,850	2,971	6,844	21	21,686
Interest expense and fees	-	-	(136,467)	-	(136,467)
Federal	205,200	3,265	170	-	208,635
Total nonoperating revenues (expenses)	217,050	6,236	(129,453)	21	93,854
Change in net position	(6,828,211)	(1,264,848)	(853,143)	(957,808)	(9,904,010)
Net position, beginning of year	16,927,564	5,506,972	12,937,602	(1,666,000)	33,706,138
Net position, end of year	\$ 10,099,353	\$ 4,242,124	\$ 12,084,459	\$ (2,623,808)	\$ 23,802,128

CITY OF FLINT, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Cash flows from operating activities					
Cash received from interfund services	\$ 46,050,192	\$ 2,056,302	\$ 3,299,647	\$ 5,397,586	\$ 56,803,727
Cash payments for goods and services	(52,080,238)	(2,237,721)	(1,347,013)	(6,635,848)	(62,300,820)
Cash payments to employees	(522,419)	(1,164,586)	(1,128,920)	(347,544)	(3,163,469)
Net cash provided by (used in) operating activities	<u>(6,552,465)</u>	<u>(1,346,005)</u>	<u>823,714</u>	<u>(1,585,806)</u>	<u>(8,660,562)</u>
Cash flows from noncapital financing activities					
Federal grant proceeds	205,200	3,265	170	-	208,635
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	(336,030)	(1,137,096)	-	(1,473,126)
Proceeds from the sale of capital assets	-	-	18,107	-	18,107
Principal paid on long-term debt	-	-	(923,132)	-	(923,132)
Interest paid on long-term debt	-	-	(126,350)	-	(126,350)
Net cash used in capital and related financing activities	<u>-</u>	<u>(336,030)</u>	<u>(2,168,471)</u>	<u>-</u>	<u>(2,504,501)</u>
Cash flows from investing activities					
Interest received	11,850	2,971	6,844	21	21,686
Net change in cash and investments	(6,335,415)	(1,675,799)	(1,337,743)	(1,585,785)	(10,934,742)
Cash and investments, beginning of year	21,717,619	5,134,048	9,302,730	79,533	36,233,930
Cash and investments, end of year	<u>\$ 15,382,204</u>	<u>\$ 3,458,249</u>	<u>\$ 7,964,987</u>	<u>\$ (1,506,252)</u>	<u>\$ 25,299,188</u>

continued...

CITY OF FLINT, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (7,045,261)	\$ (1,271,084)	\$ (723,690)	\$ (957,829)	\$ (9,997,864)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	49,032	1,775,879	-	1,824,911
Change in operating assets and liabilities that provided (used) cash:					
Accounts receivable, net	(35,548)	-	157	-	(35,391)
Due from other governments	(205,200)	(3,265)	(170)	-	(208,635)
Inventory	-	-	6,937	-	6,937
Prepays	(342,260)	(59,846)	(139,120)	(40,002)	(581,228)
Accounts payable	1,161,711	(60,959)	(102,974)	(676,302)	321,476
Accrued liabilities	5,046	117	6,695	-	11,858
Due to other governments	(90,953)	-	-	-	(90,953)
Claims payable	-	-	-	88,327	88,327
Net cash provided by (used in) operating activities	<u>\$ (6,552,465)</u>	<u>\$ (1,346,005)</u>	<u>\$ 823,714</u>	<u>\$ (1,585,806)</u>	<u>\$ (8,660,562)</u>
					concluded
Noncash transactions:					
Capital asset financed with lease payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487,929</u>	<u>\$ -</u>	<u>\$ 487,929</u>

CITY OF FLINT, MICHIGAN

Custodial Funds

Tax Collection Fund – This 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 – This fund is used to account for monies held in a custodial capacity for the use of the Genesee County Economic Development Corporation.

CITY OF FLINT, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Custodial Funds

June 30, 2021

	Tax Collection	County Revolving Loan	Totals
Assets			
Cash and investments	\$ 1,942,555	\$ 521,873	\$ 2,464,428
Loans receivable	-	35,000	35,000
Total assets	<u>1,942,555</u>	<u>556,873</u>	<u>2,499,428</u>
Liabilities			
Undistributed receipts	1,942,555	-	1,942,555
Due to other governments	-	105	105
Total liabilities	<u>1,942,555</u>	<u>105</u>	<u>1,942,660</u>
Net position			
Restricted for:			
Individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ 556,768</u>	<u>\$ 556,768</u>

CITY OF FLINT, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Custodial Funds

June 30, 2021

	Tax Collection	County Revolving Loan	Totals
Additions			
Collections from or on behalf of other governments	\$ 220,977	\$ 264	\$ 221,241
Other taxes collection for other governments	31,447,420	-	31,447,420
Total additions	<u>31,668,397</u>	<u>264</u>	<u>31,668,661</u>
Deductions			
Payments to or on behalf of other governments	220,977	236	221,213
Payments of other taxes to other governments	31,447,420	-	31,447,420
Total deductions	<u>31,668,397</u>	<u>236</u>	<u>31,668,633</u>
Change in net position	-	28	28
Net position, beginning of year, as restated	<u>-</u>	<u>556,740</u>	<u>556,740</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ 556,768</u></u>	<u><u>\$ 556,768</u></u>

CITY OF FLINT, MICHIGAN

Statement of Net Position

Economic Development Corporation Component Unit
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 617,161	\$ 246,891	\$ 864,052
Receivables, net	7,509,535	12,378	7,521,913
Other assets	-	14,336	14,336
Restricted cash and cash equivalents	604,783	-	604,783
Internal balances	110,000	(110,000)	-
Capital assets not being depreciated	-	93,860	93,860
Capital assets being depreciated, net	-	161,445	161,445
Total assets	8,841,479	418,910	9,260,389
Liabilities			
Accounts payable	95,798	46,100	141,898
Long-term liabilities:			
Due within one year	145,000	-	145,000
Due in more than one year	7,305,000	-	7,305,000
Total liabilities	7,545,798	46,100	7,591,898
Net Position			
Investment in capital assets	-	255,305	255,305
Restricted for economic development activity	1,057,012	-	1,057,012
Unrestricted	238,669	117,505	356,174
Total net position	\$ 1,295,681	\$ 372,810	\$ 1,668,491

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Activities

Economic Development Corporation Component Unit
For the Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities - Economic development	\$ 570,341	\$ 465,232	\$ 26,393	\$ (78,716)
Business-type activities - Rental operations	148,635	155,205	-	6,570
Total	<u>\$ 718,976</u>	<u>\$ 620,437</u>	<u>\$ 26,393</u>	<u>\$ (72,146)</u>

continued...

CITY OF FLINT, MICHIGAN

Statement of Activities

Economic Development Corporation Component Unit
For the Year Ended June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net (expense) revenue	\$ (78,716)	\$ 6,570	\$ (72,146)
General revenues:			
Interest revenue	3,458	212	3,670
Other revenue	29,834	166	30,000
Total general revenues	33,292	378	33,670
Change in net position	(45,424)	6,948	(38,476)
Net position, beginning of year	1,341,105	365,862	1,706,967
Net position, end of year	<u>\$ 1,295,681</u>	<u>\$ 372,810</u>	<u>\$ 1,668,491</u>

concluded

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Economic Development Corporation Component Unit

General fund – This fund is used to account for activity of Flint’s Economic Development Corporation (the “EDC”). The EDC was created under state law to provide financing and development opportunities for businesses located within the City. The EDC provides loans to start-up or expanding businesses and manages rental property that leases space to commercial and light industrial manufacturing companies.

State loan revolving fund – This fund is used to account for monies loaned by the EDC from the revolving loan fund program.

Oak business center enterprise fund – This fund is used to account for the activity of the Oak Business Center. The Oak Business Center works to create jobs by helping entrepreneurs and small businesses access needed resources for growth and long-term success. Conveniently located just north of downtown Flint, the incubator provides high quality space for companies to conduct business. It accommodates more than a dozen offices, two conference rooms, kitchen, and work center.

CITY OF FLINT, MICHIGAN

Governmental Funds Balance Sheet

Economic Development Corporation Component Unit
June 30, 2021

	General Fund	State Loan Revolving Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 72,681	\$ 544,480	\$ 617,161
Restricted cash and cash equivalents	604,783	-	604,783
Receivables:			
Accounts	56,902	-	56,902
Loans	-	2,633	2,633
Leases	7,450,000	-	7,450,000
Advances to other funds	110,000	-	110,000
Total assets	\$ 8,294,366	\$ 547,113	\$ 8,841,479
Liabilities			
Accounts payable	\$ 914	\$ 15	\$ 929
Deferred inflows of resources			
Unavailable revenues - loans receivable	-	2,633	2,633
Unavailable revenues - leases receivable	7,450,000	-	7,450,000
Total deferred inflows of resources	7,450,000	2,633	7,452,633
Fund balances			
Nonspendable -			
Advances to other funds	110,000	-	110,000
Restricted for economic development activity	604,783	544,465	1,149,248
Unassigned	128,669	-	128,669
Total fund balances	843,452	544,465	1,387,917
Total liabilities, deferred inflows of resources and fund balances	\$ 8,294,366	\$ 547,113	\$ 8,841,479

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
Economic Development Corporation Component Unit
June 30, 2021

Fund balances - total governmental funds \$ 1,387,917

Amounts reported for *governmental activities* in the statement of net position are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

Unavailable loans receivable	2,633
Unavailable leases receivable	7,450,000

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bond payable	(7,450,000)
Accrued interest on bond	<u>(94,869)</u>

Net position of governmental activities \$ 1,295,681

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Economic Development Corporation Component Unit

For the Year Ended June 30, 2021

	General Fund	State Loan Revolving Fund	Total Governmental Funds
Revenue			
Charges for services	\$ 100	\$ -	\$ 100
Rental income	682,827	-	682,827
City revolving loan fund management fee	-	26,227	26,227
Interest revenue	35	3,635	3,670
Other revenue	30,000	-	30,000
Total revenue	712,962	29,862	742,824
Expenditures			
Current -			
General government	157,132	73	157,205
Debt service:			
Principal	135,000	-	135,000
Interest	382,850	-	382,850
Total expenditures	674,982	73	675,055
Net change in fund balances	37,980	29,789	67,769
Fund balances, beginning of year	805,472	514,676	1,320,148
Fund balances, end of year	\$ 843,452	\$ 544,465	\$ 1,387,917

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Funds
to Change in Net Position of Governmental Activities
Economic Development Corporation Component Unit
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 67,769
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Change in loans receivable	(82,695)
Change in lease receivable	(135,000)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term liabilities	135,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term liabilities	<u>(30,498)</u>
Change in net position of governmental activities	<u><u>\$ (45,424)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Net Position

Proprietary Fund
 Economic Development Corporation Component Unit
 For the Year Ended June 30, 2021

	Enterprise Fund
	Oak Business Center
Assets	
Current assets:	
Cash and cash equivalents	\$ 246,891
Leases receivable, net	12,212
Prepays	14,336
Due from other governments	<u>166</u>
Total current assets	<u>273,605</u>
Noncurrent assets:	
Capital assets not being depreciated	93,860
Capital assets being depreciated, net	<u>161,445</u>
Total noncurrent assets	<u>255,305</u>
Total assets	<u>528,910</u>
Liabilities	
Current liabilities:	
Accounts payable	36,030
Deposits payable	<u>10,070</u>
Total current liabilities	46,100
Noncurrent liabilities -	
Advances from other funds	<u>110,000</u>
Total liabilities	<u>156,100</u>
Net Position	
Investment in capital assets	255,305
Unrestricted	<u>117,505</u>
Total net position	<u><u>\$ 372,810</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Revenue, Expenses and Changes in Fund Net Position

Proprietary Fund
Economic Development Corporation Component Unit
For the Year Ended June 30, 2021

	Enterprise Fund
	Oak Business Center
Operating revenue	
Lease income	\$ 155,205
Operating expenses	
Utilities	46,589
Professional services	25,763
Insurance	22,582
Supplies	818
Depreciation	31,780
Repairs and maintenance	20,880
Bad debts	223
Total operating expenses	<u>148,635</u>
Operating income	<u>6,570</u>
Nonoperating revenues	
Interest revenue	212
Federal grants	166
Total nonoperating revenues	<u>378</u>
Change in net position	6,948
Net position, beginning of year	<u>365,862</u>
Net position, end of year	<u><u>\$ 372,810</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLINT, MICHIGAN

Statement of Cash Flows

Proprietary Fund
Economic Development Corporation Component Unit
For the Year Ended June 30, 2021

	Enterprise Fund
	Oak Business Center
Cash flows from operating activities	
Cash received from customers and users	\$ 162,545
Cash payments to suppliers for goods and services	<u>(87,683)</u>
Net cash provided by operating activities	74,862
Cash flows from noncapital financing activities	
Federal grant proceeds	166
Cash flows from investing activities	
Interest received	<u>212</u>
Net change in cash and cash equivalents	75,240
Cash and cash equivalents, beginning of year	<u>171,651</u>
Cash and cash equivalents, end of year	<u><u>\$ 246,891</u></u>
Cash flows from operating activities	
Operating income	\$ 6,570
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,780
Change in:	
Leases receivable, net	7,340
Prepays	(674)
Due from other governments	(166)
Accounts payable	28,333
Deposits payable	<u>1,679</u>
Net cash provided by operating activities	<u><u>\$ 74,862</u></u>

The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION

CITY OF FLINT, MICHIGAN

Statistical Section Table of Contents

This part of the City of Flint, Michigan's (the "City") annual comprehensive 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.

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	145-154
Revenue Capacity	These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	155-162
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	163-169
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	170-172
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	173-181

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FLINT, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 164,557,732	\$ 153,329,640	\$ 138,929,966	\$ 127,601,186
Restricted	7,712,381	25,690,959	40,976,633	38,525,638
Unrestricted (deficit)	<u>(149,241,234)</u>	<u>(158,391,840)</u>	<u>(151,887,277)</u>	<u>(348,263,708)</u>
Total governmental activities	<u>\$ 23,028,879</u>	<u>\$ 20,628,759</u>	<u>\$ 28,019,322</u>	<u>\$ (182,136,884)</u>
Business-type activities				
Net investment in capital assets	\$ 84,181,963	\$ 78,604,810	\$ 76,669,716	\$ 77,042,464
Restricted	5,585,334	4,385,534	5,848,116	5,848,116
Unrestricted	<u>(8,458,664)</u>	<u>8,278,835</u>	<u>13,212,790</u>	<u>(33,880,794)</u>
Total business-type activities	<u>\$ 81,308,633</u>	<u>\$ 91,269,179</u>	<u>\$ 95,730,622</u>	<u>\$ 49,009,786</u>
Primary government				
Net investment in capital assets	\$ 248,739,695	\$ 231,934,450	\$ 215,599,682	\$ 204,643,650
Restricted	13,297,715	30,076,493	46,824,749	44,373,754
Unrestricted (deficit)	<u>(157,699,898)</u>	<u>(150,113,005)</u>	<u>(138,674,487)</u>	<u>(382,144,502)</u>
Total primary government	<u>\$ 104,337,512</u>	<u>\$ 111,897,938</u>	<u>\$ 123,749,944</u>	<u>\$ (133,127,098)</u>

Table 1 - Unaudited

2016	2017	2018	2019	2020	2021
\$ 120,193,431	\$ 112,083,639	\$ 102,839,672	\$ 98,672,771	\$ 92,077,130	\$ 89,750,681
17,600,308	17,288,837	10,289,601	35,841,677	53,687,493	51,833,997
<u>(335,931,410)</u>	<u>(339,067,428)</u>	<u>(412,970,756)</u>	<u>(393,768,702)</u>	<u>(442,526,378)</u>	<u>(421,243,500)</u>
<u>\$ (198,137,671)</u>	<u>\$ (209,694,952)</u>	<u>\$ (299,841,483)</u>	<u>\$ (259,254,254)</u>	<u>\$ (296,761,755)</u>	<u>\$ (279,658,822)</u>
\$ 75,805,935	\$ 75,820,800	\$ 106,432,575	\$ 143,175,417	\$ 169,838,283	\$ 207,317,158
5,113,523	5,113,523	6,786,490	-	-	-
<u>(23,158,249)</u>	<u>(20,785,595)</u>	<u>(72,377,243)</u>	<u>(85,962,501)</u>	<u>(84,664,020)</u>	<u>(34,576,129)</u>
<u>\$ 57,761,209</u>	<u>\$ 60,148,728</u>	<u>\$ 40,841,822</u>	<u>\$ 57,212,916</u>	<u>\$ 85,174,263</u>	<u>\$ 172,741,029</u>
\$ 195,999,366	\$ 187,904,439	\$ 209,272,247	\$ 241,848,188	\$ 261,915,413	\$ 297,067,839
22,713,831	22,402,360	17,076,091	35,841,677	53,687,493	51,833,997
<u>(359,089,659)</u>	<u>(359,853,023)</u>	<u>(485,347,999)</u>	<u>(479,731,203)</u>	<u>(527,190,398)</u>	<u>(455,819,629)</u>
<u>\$ (140,376,462)</u>	<u>\$ (149,546,224)</u>	<u>\$ (258,999,661)</u>	<u>\$ (202,041,338)</u>	<u>\$ (211,587,492)</u>	<u>\$ (106,917,793)</u>

CITY OF FLINT, MICHIGAN

Changes in Net Position

Governmental Activities
Last Ten Fiscal Years

	2012	2013	2014	2015
Expenses				
Legislative	\$ -	\$ -	\$ -	\$ -
General government	12,034,876	7,880,521	7,691,189	10,540,197
Judicial	3,673,809	5,095,682	5,031,863	5,032,427
Public safety	42,196,455	39,022,487	41,576,320	36,224,195
Building inspection	7,049,138	4,017,923	2,452,420	1,282,613
Public works	25,942,018	22,978,241	27,278,596	26,380,580
Recreation and culture	4,455,354	2,864,223	3,096,360	4,112,910
Community development	14,668,606	19,981,427	6,751,200	5,617,598
Facilities maintenance	-	-	-	-
Interest on long-term debt	1,361,513	1,021,815	1,203,196	1,166,786
	<u>111,381,769</u>	<u>102,862,319</u>	<u>95,081,144</u>	<u>90,357,306</u>
Program revenues				
Charges for services:				
General government	9,272,670	11,736,677	9,223,175	7,017,607
Judicial	1,594,061	1,696,157	1,826,600	1,449,274
Public safety	2,594,216	3,180,137	2,180,536	2,531,669
Building inspection	3,949,658	2,062,378	2,004,074	2,726,592
Public works	63,496	65,025	35,085	25,798
Community development	11,371	1,659	6,816	495
Recreation and culture	229,710	10,075	4,190	5,171
Operating grants and contributions	20,903,212	14,213,238	14,562,573	16,880,612
Capital grants and contributions	13,290,515	21,872,060	11,218,347	1,924,929
	<u>51,908,909</u>	<u>54,837,406</u>	<u>41,061,396</u>	<u>32,562,147</u>
Net (expenses) revenues	<u>(59,472,860)</u>	<u>(48,024,913)</u>	<u>(54,019,748)</u>	<u>(57,795,159)</u>
General revenues and other changes in net position				
Property taxes	14,263,876	21,722,352	21,292,833	19,757,581
Income taxes	14,839,999	14,674,274	13,038,276	14,012,171
Grants and contributions not restricted to specific programs	13,103,186	13,667,182	14,140,573	14,458,731
Franchise fees	-	-	-	-
Unrestricted investment earnings	632,134	445,325	860,821	742,926
Gain (loss) on capital assets	-	1,046,990	16,800	1,567,571
Other revenues	36,324	1,203,070	2,942,613	2,990,000
Transfers	2,990,000	2,990,000	2,990,000	-
	<u>45,865,519</u>	<u>55,749,193</u>	<u>55,281,916</u>	<u>53,528,980</u>
Total governmental activities changes in net position	<u>\$ (13,607,341)</u>	<u>\$ 7,724,280</u>	<u>\$ 1,262,168</u>	<u>\$ (4,266,179)</u>

Table 2 - Unaudited

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ 810,869	\$ 1,160,836	\$ 925,090
14,042,753	15,334,791	6,992,491	4,328,789	16,723,478	13,911,324
5,143,547	530,845	964,009	750,288	850,055	1,133,385
49,407,091	48,981,359	34,029,935	27,666,372	83,877,208	44,064,111
1,254,516	1,561,223	667,157	-	-	-
27,140,462	25,165,859	23,447,961	20,423,068	27,795,199	22,716,601
1,723,835	1,825,123	2,080,501	918,638	1,022,805	822,757
8,988,332	5,750,353	5,283,465	9,222,386	4,275,895	7,399,573
-	-	-	1,590,576	1,643,599	1,493,134
1,280,956	1,306,639	1,239,453	1,055,294	1,182,972	871,065
<u>108,981,492</u>	<u>100,456,192</u>	<u>74,704,972</u>	<u>66,766,280</u>	<u>138,532,047</u>	<u>93,337,040</u>
8,466,185	7,356,125	9,742,833	9,065,826	11,089,629	11,741,163
680,908	177,055	128,854	-	-	-
2,285,236	2,313,574	2,419,312	3,265,430	2,942,936	3,234,396
3,149,559	2,232,541	1,687,234	-	-	-
106,319	47,301	47,437	68,115	38,692	16,825
523	5,224	692	553,645	569,752	551,621
1,236	61,208	1,124,316	-	-	-
18,497,749	18,821,609	23,094,453	35,960,712	32,657,667	39,028,986
6,240,235	2,092,816	1,734,315	-	-	-
<u>39,427,950</u>	<u>33,107,453</u>	<u>39,979,446</u>	<u>48,913,728</u>	<u>47,298,676</u>	<u>54,572,991</u>
<u>(69,553,542)</u>	<u>(67,348,739)</u>	<u>(34,725,526)</u>	<u>(17,852,552)</u>	<u>(91,233,371)</u>	<u>(38,764,049)</u>
18,429,084	19,861,396	19,452,524	20,279,812	20,927,464	23,710,945
15,540,594	15,487,439	15,277,949	16,019,035	17,020,456	15,028,812
14,451,256	14,899,242	15,199,286	15,576,579	14,595,029	16,910,747
-	1,022,650	-	-	-	-
1,113,097	773,736	1,160,090	1,439,377	1,182,921	177,770
-	-	-	-	-	38,708
1,028,722	967,327	1,094,886	-	-	-
2,990,000	2,779,668	1,536,235	2,570,708	-	-
<u>53,552,753</u>	<u>55,791,458</u>	<u>53,720,970</u>	<u>55,885,511</u>	<u>53,725,870</u>	<u>55,866,982</u>
<u>\$ (16,000,789)</u>	<u>\$ (11,557,281)</u>	<u>\$ 18,995,444</u>	<u>\$ 38,032,959</u>	<u>\$ (37,507,501)</u>	<u>\$ 17,102,933</u>

CITY OF FLINT, MICHIGAN

Changes in Net Position

Business-type Activities
Last Ten Fiscal Years

	2012	2013	2014	2015
Operating revenue				
Sale of water	\$ 44,850,678	\$ 49,880,827	\$ 43,552,152	\$ 33,777,658
Sewage disposal charges	23,214,899	32,025,929	28,605,162	30,435,699
Other charges for services	3,761	23,041	-	123,224
	<u>68,069,338</u>	<u>81,929,797</u>	<u>72,157,314</u>	<u>64,336,581</u>
Operating expenses				
Cost of water produced/purchased	21,251,448	23,308,800	21,508,040	-
Water supply	15,600,804	14,429,553	17,381,525	18,805,048
Sewage disposal	20,249,253	21,203,557	20,180,686	18,898,748
Depreciation	10,056,150	7,538,013	8,806,180	6,036,783
	<u>67,157,655</u>	<u>66,479,923</u>	<u>67,876,431</u>	<u>43,740,579</u>
Operating income (loss)	<u>911,683</u>	<u>15,449,874</u>	<u>4,280,883</u>	<u>20,596,002</u>
Nonoperating revenue (expenses)				
Federal grants	-	-	-	-
State grants	-	-	-	-
Local grants	-	-	-	-
Investment income	209,179	945	155,578	247,222
Interest expense	(694,504)	(787,584)	(572,376)	(565,869)
Income (loss) from joint ventures	-	-	-	-
Gain (loss) on disposal of assets	-	(1,856,694)	3,593,677	225,465
Capital grants and contributions	-	99,240	-	-
Debt forgiveness	-	-	-	-
Miscellaneous revenue	51,215	44,765	(6,319)	(6,571)
	<u>(434,110)</u>	<u>(2,499,328)</u>	<u>3,170,560</u>	<u>(99,753)</u>
Income (loss) before transfers and capital grants	<u>477,573</u>	<u>12,950,546</u>	<u>7,451,443</u>	<u>20,496,249</u>
Grants for capital improvements	-	-	-	-
Transfers from other funds	-	-	800,000	800,000
Transfers to other funds	(2,990,000)	(2,990,000)	(3,790,000)	(3,790,000)
Total business-type activities changes in net position	<u>\$ (2,512,427)</u>	<u>\$ 9,960,546</u>	<u>\$ 4,461,443</u>	<u>\$ 17,506,249</u>
Change in net position - primary government	<u>\$ (16,119,768)</u>	<u>\$ 17,684,826</u>	<u>\$ 5,723,611</u>	<u>\$ 13,240,070</u>

Table 3 - Unaudited

	2016	2017	2018	2019	2020	2021
\$	32,355,881	\$ 30,057,960	\$ 28,154,629	\$ 31,007,646	\$ 29,500,861	\$ 29,864,096
	29,031,074	29,504,500	30,542,329	25,727,230	25,550,538	25,883,624
	37,051	-	-	20,077	330,134	-
	<u>61,424,006</u>	<u>59,562,460</u>	<u>58,696,958</u>	<u>56,754,953</u>	<u>55,381,533</u>	<u>55,747,720</u>
	8,354,748	17,307,301	14,798,508	11,566,113	11,052,227	12,354,561
	22,478,663	26,786,020	31,868,876	19,989,864	26,834,751	(11,639,719)
	22,052,088	26,003,071	21,385,475	35,638,165	12,575,247	1,768,216
	7,039,991	7,067,711	6,932,145	7,044,520	7,658,571	7,977,481
	<u>59,925,490</u>	<u>77,164,103</u>	<u>74,985,004</u>	<u>74,238,662</u>	<u>58,120,796</u>	<u>10,460,539</u>
	<u>1,498,516</u>	<u>(17,601,643)</u>	<u>(16,288,046)</u>	<u>(17,483,709)</u>	<u>(2,739,263)</u>	<u>45,287,181</u>
	-	1,253,227	-	-	-	-
	6,000,000	19,109,149	-	-	-	-
	2,374,748	1,745,252	-	-	-	-
	613,207	362,738	645,390	1,244,819	1,321,264	80,889
	(170,301)	-	(24,396)	-	-	-
	-	-	-	-	-	-
	-	(490)	-	-	-	(37,150)
	-	-	31,735,104	-	-	-
	-	-	20,770,336	-	-	-
	(5,981)	298,954	173,574	-	-	-
	<u>8,811,673</u>	<u>22,768,830</u>	<u>53,300,008</u>	<u>1,244,819</u>	<u>1,321,264</u>	<u>43,739</u>
	10,310,189	5,167,187	37,011,962	(16,238,890)	(1,417,999)	45,330,920
	-	-	-	37,946,742	29,379,346	42,235,846
	-	210,332	336,041	-	-	-
	<u>(2,990,000)</u>	<u>(2,990,000)</u>	<u>(1,872,276)</u>	<u>(2,570,708)</u>	<u>-</u>	<u>-</u>
\$	<u>7,320,189</u>	<u>2,387,519</u>	<u>35,475,727</u>	<u>19,137,144</u>	<u>27,961,347</u>	<u>87,566,766</u>
\$	<u>(8,680,600)</u>	<u>(9,169,762)</u>	<u>54,471,171</u>	<u>57,170,103</u>	<u>(9,546,154)</u>	<u>104,669,699</u>

CITY OF FLINT, MICHIGAN

Fund Balances Governmental Funds Last Ten Fiscal Years

	2012	2013	2014	2015
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned (deficit)	<u>(19,184,850)</u>	<u>(12,895,642)</u>	<u>(8,961,427)</u>	<u>3,346,327</u>
Total general fund	<u>(19,184,850)</u>	<u>(12,895,642)</u>	<u>(8,961,427)</u>	<u>3,346,327</u>
All other governmental funds				
Nonspendable	-	-	-	-
Restricted	7,016,300	8,170,020	28,491,942	26,419,102
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,770)</u>
Total all other governmental funds	<u>7,016,300</u>	<u>8,170,020</u>	<u>28,491,942</u>	<u>26,310,332</u>
Total all governmental funds	<u>\$ (12,168,550)</u>	<u>\$ (4,725,622)</u>	<u>\$ 19,530,515</u>	<u>\$ 29,656,659</u>

Table 4 - Unaudited

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ 37,192	\$ 61,757
-	-	-	2,070,811	1,632,576	13,087,906
<u>10,037,581</u>	<u>17,073,792</u>	<u>20,374,004</u>	<u>22,366,581</u>	<u>15,925,521</u>	<u>9,789,704</u>
<u>10,037,581</u>	<u>17,073,792</u>	<u>20,374,004</u>	<u>24,437,392</u>	<u>17,595,289</u>	<u>22,939,367</u>
-	-	-	-	76,529	152,501
28,279,651	30,676,075	35,677,268	36,051,327	38,679,911	45,207,609
-	-	-	-	(76,529)	(753,258)
<u>28,279,651</u>	<u>30,676,075</u>	<u>35,677,268</u>	<u>36,051,327</u>	<u>38,679,911</u>	<u>44,606,852</u>
<u>\$ 38,317,232</u>	<u>\$ 47,749,867</u>	<u>\$ 56,051,272</u>	<u>\$ 60,488,719</u>	<u>\$ 56,275,200</u>	<u>\$ 67,546,219</u>

CITY OF FLINT, MICHIGAN

Changes in Fund Balances Governmental Funds

Last Ten Fiscal Years

	2012	2013	2014	2015
Revenues				
Property taxes	\$ 14,409,390	\$ 19,213,064	\$ 18,189,649	\$ 16,696,873
Income taxes	14,839,999	14,674,274	13,038,276	14,314,826
Cable franchise fees	-	-	-	-
Special assessments	-	-	-	13,493,216
Federal sources	21,573,103	23,822,041	20,035,608	21,699,780
State sources	22,544,231	24,262,024	19,467,727	1,144,948
Charges for services	12,486,081	11,594,534	9,627,796	582,869
Fines and forfeitures	2,148,127	2,415,648	3,090,045	7,975,310
Licenses and permits	2,639,995	3,410,508	1,502,536	2,450,924
Local contributions	-	-	632,458	4,976,610
Interest	3,624,681	7,142,900	7,016,496	-
Other revenues	-	-	-	-
Total revenues	94,265,607	106,534,993	92,600,591	83,335,356
Expenditures				
Legislative	1,214,229	344,227	338,638	557,841
General government	10,905,195	7,999,801	7,466,619	11,033,750
Judicial	5,595,856	4,955,003	5,181,415	5,294,069
Public safety	48,411,343	48,365,173	44,816,440	40,331,305
Public works	15,775,327	15,285,853	14,608,856	15,801,065
Recreation and culture	15,383,788	8,328,093	2,729,358	2,980,851
Community development	8,427,928	9,379,517	6,750,331	5,582,858
Facilities maintenance	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Interest	941,435	896,977	1,218,524	1,239,070
Principal	837,291	1,038,376	1,203,212	1,168,901
Total expenditures	107,492,392	96,593,020	84,313,393	83,989,710
Revenues over (under) expenditures	(13,226,785)	9,941,973	8,287,198	(654,354)
Other financing sources (uses)				
Proceeds from borrowing	-	-	-	7,000,000
Issuance of long-term debt	-	-	-	-
Proceeds from sale of capital assets	24,300	100	16,800	500
Transfers in	7,594,781	5,518,457	6,669,791	5,454,157
Transfers out	(6,376,522)	(1,028,457)	(2,608,248)	(1,676,159)
Total other financing sources	1,242,559	4,490,100	4,078,343	10,778,498
Net change in fund balance	\$ (11,984,226)	\$ 14,432,073	\$ 12,365,541	\$ 10,124,144
Debt service as a percentage of noncapital expenditures	1.7%	2.2%	3.0%	3.1%

Table 5 - Unaudited

	2016	2017	2018	2019	2020	2021
\$	15,581,099	\$ 16,960,809	\$ 16,443,315	\$ 20,279,812	\$ 20,927,464	\$ 23,710,945
	15,864,085	15,644,292	15,471,994	16,019,035	17,020,456	15,028,812
	-	1,022,650	979,569	941,961	881,931	919,339
	-	-	-	-	-	-
	7,007,040	5,783,334	7,905,710	10,995,680	10,038,406	10,654,495
	36,047,846	30,386,628	33,417,100	36,389,470	32,998,037	39,471,430
	8,390,598	11,181,260	13,871,362	10,586,067	12,107,288	13,598,528
	3,081,246	429,860	273,269	235,651	273,802	231,576
	1,154,277	2,227,748	1,605,360	2,132,138	2,260,879	1,714,741
	275,028	1,046,885	1,800,813	1,910,797	1,949,539	3,800,540
	983,837	672,739	930,348	1,284,586	971,971	368,354
	1,460,982	1,499,523	1,739,879	1,039,167	1,139,018	880,819
	<u>89,846,038</u>	<u>86,855,728</u>	<u>94,438,719</u>	<u>101,814,364</u>	<u>100,568,791</u>	<u>110,379,579</u>
	841,240	870,950	900,620	765,717	1,020,917	833,422
	10,771,374	10,339,533	12,688,374	17,194,733	19,805,631	19,600,468
	3,783,089	901,361	858,955	750,288	850,055	1,133,385
	38,680,868	41,497,939	44,776,943	43,483,079	51,180,023	42,428,740
	6,155,898	10,714,513	11,105,954	19,832,593	21,421,183	22,022,675
	358,444	584,219	360,304	617,174	532,917	697,735
	7,745,212	5,576,085	5,585,435	9,667,090	6,761,698	8,778,703
	1,661,747	1,643,145	1,799,705	1,531,620	1,470,117	1,347,172
	12,012,988	6,084,566	6,813,018	-	-	-
	1,659,622	1,755,725	2,629,731	1,115,884	1,288,223	1,840,679
	1,292,981	1,233,055	1,278,549	1,620,288	1,790,849	801,381
	<u>84,963,463</u>	<u>81,201,091</u>	<u>88,797,588</u>	<u>96,578,466</u>	<u>106,121,613</u>	<u>99,484,360</u>
	<u>4,882,575</u>	<u>5,654,637</u>	<u>5,641,131</u>	<u>5,235,898</u>	<u>(5,552,822)</u>	<u>10,895,219</u>
	-	-	-	-	519,785	-
	-	-	-	-	-	375,800
	-	-	-	-	-	-
	5,085,992	5,092,663	6,035,471	6,755,396	4,390,222	7,264,431
	(1,307,994)	(1,314,665)	(3,375,197)	(3,396,690)	(3,570,704)	(7,264,431)
	<u>3,777,998</u>	<u>3,777,998</u>	<u>2,660,274</u>	<u>3,358,706</u>	<u>1,339,303</u>	<u>375,800</u>
\$	<u>8,660,573</u>	<u>\$ 9,432,635</u>	<u>\$ 8,301,405</u>	<u>\$ 8,594,604</u>	<u>\$ (4,213,519)</u>	<u>\$ 11,271,019</u>
	<u>3.8%</u>	<u>4.0%</u>	<u>4.5%</u>	<u>3.0%</u>	<u>2.9%</u>	<u>2.9%</u>

CITY OF FLINT, MICHIGAN

Taxable Value and Actual Value of Taxable Property

Last Ten Years

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:				Personal Property	Total Taxable Value
		Real Property					
		Residential	Commercial	Industrial			
2011	2012	\$ 677,714,706	\$ 204,695,601	\$ 100,228,398	\$ 164,150,300	\$ 1,146,789,005	
2012	2013	505,714,706	196,112,442	129,649,913	158,959,800	990,436,861	
2013	2014	362,867,708	181,351,218	77,833,577	154,602,400	776,654,903	
2014	2015	358,826,466	174,669,232	78,779,274	146,551,100	758,826,072	
2015	2016	351,627,021	175,031,857	67,448,512	155,838,600	749,945,990	
2016	2017	344,250,125	171,595,307	66,040,606	129,048,800	710,934,838	
2017	2018	341,664,450	173,709,042	66,063,625	133,145,700	714,582,817	
2018	2019	337,466,043	177,932,764	73,668,354	144,818,600	733,885,761	
2019	2020	338,527,026	179,959,673	73,750,141	150,681,900	742,918,740	
2020	2021	345,535,505	181,032,421	81,445,564	163,343,400	771,356,890	

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.

Using the assessed value instead of estimated actual value for TY2020 and TY2021.

Source: City Assessor

Table 6 - Unaudited

Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
62.8548	\$ 2,383,030,600	48.12%	\$ 48,290,169
62.8550	1,938,259,600	51.10%	42,861,946
66.4550	1,590,344,800	48.84%	27,773,300
66.4550	1,563,630,500	48.53%	17,607,300
66.9603	1,550,764,900	48.36%	19,771,400
67.9853	1,594,595,400	44.58%	29,670,872
68.1838	1,623,760,348	44.01%	32,175,818
68.1838	1,623,760,348	45.20%	38,387,229
69.1083	1,623,760,348	45.75%	39,887,165
70.7929	1,029,344,080	74.94%	34,508,149

CITY OF FLINT, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Years

Fiscal Year Ending	Millage Rates - Direct City Taxes				
	General Operating	Public Improvements	Police	Public Transp	Parks and Recreation
2012	7.5000	2.5000	2.0000	0.6000	0.5000
2013	7.5000	2.5000	2.0000	0.6000	0.5000
2014	7.5000	2.5000	2.0000	0.6000	0.5000
2015	7.5000	2.5000	2.0000	0.6000	0.5000
2016	7.5000	2.5000	2.0000	0.6000	0.5000
2017	7.5000	2.5000	2.0000	0.6000	0.5000
2018	7.5000	2.5000	2.0000	0.6000	0.5000
2019	7.5000	2.5000	2.0000	0.6000	0.5000
2020	7.5000	2.5000	2.0000	0.6000	0.5000
2021	7.5000	2.5000	2.0000	0.6000	0.5000

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

Source: City Audit Dept. / City Assessor

Table 7 - Unaudited

Millage Rates - Direct City Taxes			Overlapping Tax Rates*		
Public Safety	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County	County Parks & Recreation
0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
6.0000	19.1000	-	0.4847	7.3072	0.4847
6.0000	19.1000	-	0.4847	7.3072	0.4847
6.0000	19.1000	-	0.4847	7.5472	0.7500
6.0000	19.1000	-	0.4847	7.5472	0.7500
6.0000	19.1000	-	0.4847	7.5472	0.7500
6.0000	19.1000	-	0.4847	7.5472	0.7500
6.0000	19.1000	-	0.4837	8.4920	0.7485
6.0000	19.1000	-	0.4805	8.4371	0.7436
6.0000	19.1000	-	0.4775	9.3251	0.7390

continued...

CITY OF FLINT, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Years

Tax Year	Overlapping Tax Rates*				
	Bishop Airport	MTA	District Library	Michigan S.E.T.	Mott Community College
2012	0.4847	0.8000	2.9000	6.0000	2.8596
2013	0.4847	0.8000	3.4000	6.0000	2.8596
2014	0.4847	0.8000	3.4000	6.0000	2.8596
2015	0.4847	0.8000	3.4000	6.0000	2.8596
2016	0.4847	1.2250	4.0000	6.0000	2.8596
2017	0.4847	1.2250	4.0000	6.0000	2.8096
2018	0.4847	1.2250	4.0000	6.0000	2.8096
2019	0.4837	1.2225	4.0000	6.0000	2.8047
2020	0.4805	1.2250	5.8200	6.0000	2.7605
2021	0.4775	1.2175	5.8200	6.0000	2.7472

Table 7 - Unaudited



Overlapping Tax Rates*			Total Tax Rate	
Intermediate School District	School: Homestead	School: Non-homestead	Homestead	Non-homestead
3.5341	4.0000	22.0000	44.8550	62.8550
3.5341	4.0000	22.0000	48.4550	66.4550
3.5341	4.0000	22.0000	48.4550	66.4550
3.5341	4.0000	22.0000	48.9603	66.9603
3.5341	4.0000	22.0000	49.9853	67.9853
3.7826	4.0000	22.0000	50.1838	68.1838
3.7826	4.0000	22.0000	50.1838	68.1838
3.7732	4.0000	22.0000	51.1083	69.1083
3.7457	4.0000	22.0000	52.7929	70.7929
3.7207	4.0000	22.0000	53.6245	71.6245

concluded

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Consumers Energy	\$ 177,773,841	1	22.10%	\$ 49,524,500	2	5.11%
General Motors LLC *	47,520,422	2	5.91%	60,157,677	1	6.21%
Matthews Drive LLC	8,345,566	3	1.04%			
Continental Drive LP	5,082,600	4	0.63%			
Comcast of Flint, Inc.	4,860,600	5	0.60%	6,056,500	6	0.62%
MCD Flint, LLC	3,865,371	6	0.48%			
Barette Outdoor Living, Inc	3,296,199	7	0.41%	7,080,600	4	0.73%
Saginaw & Court Assoc.	3,014,498	8	0.37%	4,461,100	9	0.46%
Michigan Electric Transmission CO	2,430,800	9	0.30%			
T-Mobile	2,375,600	10	0.30%			
Delphi				21,573,300	3	2.23%
Citizens Bank				4,196,100	10	0.43%
4405 Continental Drive				6,339,200	5	0.65%
IINN, Inc.				5,268,100	7	0.54%
Eastridge Common Realty				4,984,800	8	0.51%
Total Assessed Value, Top Ten	\$ 258,565,497		32.15%	\$ 169,641,877		17.50%
Total Ad Valorem Assessed Value	\$ 804,246,571			\$ 969,129,800		

* Includes AC Rochester

Source: City Assessor

Taxable Value and Actual Value of Taxable Property

Last Ten Years

Tax Year (1)	Fiscal ended June 30,	Total Tax Levy (2)	Current Tax Collections	Percent of Current Taxes Collected (3)	Delinquent Tax Collections (4)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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	21,517,982	82.88%
2015	2016	23,794,281	16,075,993	67.56%	3,305,153	19,381,146	81.45%
2016	2017	21,805,219	15,198,951	69.70%	3,252,939	18,451,890	84.62%
2017	2018	21,953,878	15,190,410	69.19%	4,624,255	19,814,665	90.26%
2018	2019	24,255,558	15,941,933	65.72%	5,905,902	21,847,835	90.07%
2019	2020	24,755,237	17,655,252	71.32%	5,597,984	23,253,236	93.93%
2020	2021	25,146,224	18,690,868	74.33%	6,080,160	24,771,028	98.51%

- 1 Taxes are levied on the first day of the subsequent fiscal year.
- 2 Does not include the taxes levied by the Flint Downtown Development Authority.
- 3 This column reflects the percent of the levy for a given year which was collected during that year.
- 4 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 were returned to and paid for by 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.

Note: In 2013, Refuse Collection and Street Lighting became special assessments. A public safety millage was by also passed by citizens to support police and fire.

Source: City finance department - audit division

CITY OF FLINT, MICHIGAN

Debt Capacity Information

Ratios of Outstanding Debt
Last Ten Fiscal Years

	2012	2013	2014	2015
Governmental activities				
General obligation bonds	\$ 9,490,000	\$ 9,230,000	\$ 8,955,000	\$ 8,665,000
Local government loan	8,000,000	7,815,000	7,620,000	7,420,000
Emergency Loan	-	-	-	7,000,000
Notes payable	13,414,642	12,962,665	12,214,143	11,465,073
Capital leases	643,039	375,244	195,390	818,935
Bond premium	-	-	-	-
Total governmental activities	31,547,681	30,382,909	28,984,533	35,369,008
Business type activities				
Revenue bonds	25,955,336	23,840,336	21,675,336	20,770,336
KWA agreement payable	-	-	-	-
Capital leases	-	-	-	1,763,688
Total business-type activities	25,955,336	23,840,336	21,675,336	22,534,024
Total debt of the government	\$ 57,503,017	\$ 54,223,245	\$ 50,659,869	\$ 57,903,032
Total residential personal income	\$ 385,354,047	\$ 384,627,255	\$ 308,782,006	\$ 341,319,125
Total debt as percentage of personal income	14.92%	14.10%	16.41%	16.96%
Total population	101,558	100,515	99,763	99,002
Total debt per capita	566.21	539.45	507.80	584.87

Table 10 - Unaudited

	2016	2017	2018	2019	2020	2021
\$	8,355,000	\$ 8,025,000	\$ 7,680,000	\$ 7,320,000	\$ 6,075,000	\$ 5,735,000
	7,210,000	6,990,000	6,765,000	6,530,000	6,445,000	6,120,000
	6,610,000	6,200,000	5,780,000	5,350,000	4,910,000	4,465,000
	10,715,453	9,920,278	8,280,547	7,685,257	7,084,409	6,478,922
	597,648	433,737	264,558	751,292	3,612,908	3,428,313
	-	-	-	-	1,021,228	942,672
	33,488,101	31,569,015	28,770,105	27,636,549	28,127,317	27,169,907
	20,770,336	20,770,336	-	-	-	6,327,420
	-	-	-	103,265,747	101,029,474	98,703,117
	1,188,473	901,815	607,348	294,002	-	-
	21,958,809	21,672,151	607,348	103,559,749	101,029,474	105,030,537
\$	55,446,910	\$ 53,241,166	\$ 29,377,453	\$ 131,196,298	\$ 129,156,791	\$ 132,200,444
\$	385,227,365	\$ 375,944,196	\$ 320,705,960	\$ 294,137,699	\$ 298,770,767	\$ 268,077,633
	14.39%	14.16%	9.16%	44.60%	43.23%	49.31%
	98,310	97,386	96,448	95,943	95,538	97,386
	564.00	546.70	304.59	1,367.44	1,351.89	1,357.49

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	Tax-Limited General Obligation Bonds (LTGO)	Other General Obligation Debt	Unamortized Bond Premium	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
2012	\$ 9,490,000	\$ 21,414,642	\$ -	\$ 30,904,642	\$ 991,241,706	3.12%	101,558	\$ 304.31
2013	9,230,000	20,777,665	-	30,007,665	776,654,903	3.86%	101,515	295.60
2014	8,955,000	19,834,143	-	28,789,143	758,826,072	3.79%	99,763	288.58
2015	8,665,000	25,885,073	-	34,550,073	749,945,990	4.61%	99,002	348.98
2016	8,355,000	24,535,453	-	32,890,453	710,934,838	4.63%	98,310	334.56
2017	8,025,000	23,110,278	-	31,135,278	760,702,865	4.09%	97,386	319.71
2018	7,680,000	20,825,547	-	28,505,547	714,582,817	3.99%	96,448	295.55
2019	7,320,000	19,565,257	-	26,885,257	738,359,099	3.64%	95,943	280.22
2020	6,075,000	18,439,409	1,021,228	25,535,637	771,356,890	3.31%	95,538	267.28
2021	5,735,000	17,063,922	942,672	23,741,594	804,246,571	2.95%	97,386	243.79

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

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
Current Fiscal Year

Governmental Unit	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 280,253,828	7.41%	\$ 20,766,809
Genesee Intermediate School District	8,275,000	6.96%	575,940
Bishop Airport Authority	4,895,000	7.41%	362,720
Mott Community College	65,920,000	6.96%	4,588,032
Carman School District	21,263,000	5.78%	1,229,001
Swartz Creek School District	45,825,000	1.84%	843,180
Westwood Heights School District	4,615,000	1.84%	84,916
Flint Public Library	10,975,000	100.00%	10,975,000
Total Overlapping Debt			39,425,598
Direct City Debt			27,169,907
Total Direct and Overlapping Debt			<u>\$ 66,595,505</u>

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

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, MICHIGAN

Debt Capacity Information

Legal Debt Margin
Last Ten Fiscal Years

	2012	2013	2014	2015
Calculation of legal debt limit				
Assessed valuation	\$ 950,717,387	\$ 780,421,015	\$ 733,003,752	\$ 771,238,344
7% of assessed valuation *				
(** 10% for 2018- 2021)	<u>66,550,217</u>	<u>54,629,471</u>	<u>51,310,263</u>	<u>53,986,684</u>
Calculation of debt subject to limit:				
Total bonded debt at June 30	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	<u>44,993,245</u>	<u>21,675,336</u>	<u>20,770,336</u>	<u>20,770,336</u>
Debt subject to limitation (net debt)	<u>9,230,000</u>	<u>28,789,143</u>	<u>28,587,535</u>	<u>21,981,238</u>
Legal debt margin (unused debt limitation)	<u>\$ 57,320,217</u>	<u>\$ 25,840,328</u>	<u>\$ 22,722,728</u>	<u>\$ 32,005,446</u>
Net debt subject to limit as % of debt limit	13.87%	52.70%	55.72%	40.72%

* 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. Calculations for 2009-2017 continue previous practice and are consistent with State Statutes.

** Bond limit - Section 7-302 of the City Charter, adopted on August 7, 2017 and became effective on January 1, 2018 limits net bonded indebtedness for general obligations to 10% of the assessed valuation.

Note: Corrections for Fy2018 and FY2019 to remove capital leases.

Table 13 - Unaudited

2016	2017	2018	2019	2020	2021
\$ 790,981,093	\$ 811,340,683	\$ 841,624,456	\$ 874,376,920	\$ 956,599,547	\$ 1,029,344,080
<u>55,368,677</u>	<u>56,793,848</u>	<u>84,162,446</u>	<u>87,437,692</u>	<u>95,659,955</u>	<u>102,934,408</u>
53,660,787	51,905,612	28,505,547	26,885,257	24,514,409	33,497,327
<u>20,770,336</u>	<u>20,770,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,327,420</u>
<u>32,890,451</u>	<u>31,135,276</u>	<u>28,505,547</u>	<u>26,885,257</u>	<u>24,514,409</u>	<u>27,169,907</u>
<u>\$ 22,478,226</u>	<u>\$ 25,658,572</u>	<u>\$ 55,656,899</u>	<u>\$ 60,552,435</u>	<u>\$ 71,145,546</u>	<u>\$ 75,764,501</u>
59.40%	54.82%	33.87%	30.75%	25.63%	26.40%

Debt Capacity Information

Pledged-Revenue Coverage - Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Coverage*
				Principal	Interest	Total	
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
2017	51,558,138	41,511,375	10,046,763	-	-	-	N/A
2018	20,770,336	-	20,770,336	-	-	-	N/A
2019	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	N/A
2021	25,957,586	318,887	25,638,699	-	-	-	N/A

Notes: 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.

In August of 2017 the EPA concurred with the MDEQ to forgive the City of Flint's \$20.7 million Drinking Water Revolving Fund debt.

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

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income *	Michigan Labor Market - Jobless Rate for Flint only
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%
2016	97,386	375,944,196	3,860	9.3%
2017	96,448	320,705,960	3,325	9.5%
2018	95,943	294,137,699	3,066	10.3%
2019	95,538	298,770,767	3,127	3.7%
2020	97,386	268,077,633	2,753	8.3%

Sources: US Bureau of Labor Statistics
 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.

Note: Population per Munetrix; Personal Income per Innovative; Local Area Unemployment Statistics per US Bureau of Labor Statistics

CITY OF FLINT, MICHIGAN

Principal Employers (# of W-2s)

Current Year and Nine Years Ago

Taxpayer	FY 2021 (2020) Employees	Percentage of Total	2021 Rank
General Motors Corp/Motors Liquidation Co	9,485	15.01%	1
McLaren Regional Medical Center	2,513	3.98%	2
University of Michigan	2,027	3.21%	3
Genesee County	1,244	1.97%	4
Express Services Inc	1,075	1.70%	5
CS Mott Community College	1,063	1.68%	6
Diplomat Pharmacy	1,031	1.63%	7
Kettering University	900	1.42%	8
Optum Services Inc	880	1.39%	9
State of Michigan	855	1.35%	10
Flint School District			
Hurley Medical Center			
City of Flint			
Citizens Bank			
	21,073	33.35%	
Total Employees Working in City	63,180		

Source: City of Flint Income Tax Division

Table 16 - Unaudited



FY 2012 (2011) Employees	Percentage of Total	2010 Rank
14,570	35.36%	1
2,784	6.76%	3
2,525	6.13%	4
2,344	5.69%	5
1,973	4.79%	6
1,127	2.73%	8
3,036	7.37%	2
1,171	2.84%	7
1,011	2.45%	9
766	1.86%	10
<u>31,307</u>	<u>75.97%</u>	
<u>41,209</u>		

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2012	2013	2014	2015
Administration				
City Administration	1.0	1.0	2.0	3.0
Mayor's Office	2.0	2.0	2.0	2.0
Blight	-	-	-	-
Legal Department	9.0	8.0	8.0	8.0
City Clerk's Office (<i>not including election workers</i>)	6.0	5.0	5.0	5.0
City Council	2.0	1.0	2.0	2.0
Ombudsman's Office	-	-	-	-
Human Resources - Personnel & Labor Relations	7.0	5.0	7.0	5.0
Human Relations Commission	1.0	-	-	-
Union Representatives	3.0	1.0	1.0	1.0
68th District Court	35.0	30.0	30.0	28.0
Finance Administration				
Finance Department/Payroll/Retirement	8.0	8.0	8.0	8.0
Treasury/Customer Service/Income Tax	26.0	21.0	18.0	20.0
Assessment	8.0	8.0	9.0	9.0
Budget Management	-	-	-	-
Information Services/Data Processing	11.0	6.0	5.0	4.0
Facilities Maintenance/Grounds	8.0	4.0	1.0	2.0
Fleet Management	12.0	9.0	8.0	9.0
Benefits/Risk Management				
Insurance, Risk & Benefits Management	4.0	-	-	-
Public Service Attendants	15.0	-	-	-
Purchasing				
Administration	3.0	2.0	2.0	2.0
Inventory Control/Stockkeepers	5.0	-	-	-
Planning & Development				
Community & Economic Development/Major Grants	14.0	11.0	10.0	12.0
Parks & Recreation Administration	7.0	2.0	1.0	-
Building Inspections/Development/Demolition	27.0	9.0	12.0	13.0
Fire Department	94.0	91.0	79.0	68.0
Emergency 9-1-1	23.0	22.0	22.0	18.0
Police Department				
Sworn Officers	133.0	122.0	121.0	97.0
Civilians	15.0	22.0	17.0	14.0
School Crossing Guards (<i>not FTEs</i>)	31.0	24.0	29.0	29.0

Table 17 - Unaudited

2016	2017	2018	2019	2020	2021
3.0	3.0	3.0	8.0	7.0	5.0
3.0	3.0	5.0	5.0	6.0	13.0
-	-	-	-	1.0	3.0
8.0	8.0	8.0	8.0	7.0	7.0
6.0	6.0	6.0	6.0	6.0	7.0
3.0	3.0	3.0	3.0	3.0	3.0
-	-	-	-	-	1
7.0	7.0	7.0	7.0	7.0	8.0
-	-	-	-	-	-
1.0	1.0	1.0	1.0	-	-
-	-	-	-	-	-
8.0	9.0	9.0	9.0	8.0	9.0
19.0	20.0	22.0	22.0	19.0	20.0
9.0	9.0	9.0	9.0	7.0	9.0
-	-	-	-	-	-
5.0	5.0	6.0	6.0	6.0	6.0
2.0	3.0	3.0	3.0	2.0	3.0
9.0	9.0	9.0	9.0	7.0	8.0
-	-	-	-	-	-
-	-	-	-	-	-
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	-	-
14.0	16.0	19.0	20.0	19.0	19.0
-	-	-	-	-	-
13.0	14.0	13.0	15.0	13.0	12.0
68.0	68.0	97.0	97.0	99.0	83.0
-	-	-	-	-	-
106.0	111.0	111.0	112.0	112.0	118.0
16.0	15.0	14.0	14.0	26.0	24.0
30.0	30.0	30.0	-	-	-

continued...

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2012	2013	2014	2015
Public Works & Utilities Administration				
Engineering	5.0	-	-	-
Street Maintenance	20.0	23.0	16.0	17.0
Traffic Engineering	9.0	10.0	11.0	10.0
Waste Collection/Sanitation	27.0	-	-	-
Transportation-Director/Administration	4.0	4.0	4.0	4.0
Utilities Administration	3.0	3.0	3.0	3.0
Water Service Center-Sewer Maintenance	25.0	25.0	26.0	27.0
Water Service Center- Water Distribution	38.0	31.0	34.0	33.0
Water Plant	23.0	20.0	23.0	22.0
Water Pollution Control	53.0	40.0	38.0	35.0
Total Staffing (excluding school crossing guards)	686.0	546.0	525.0	481.0

Source: City of Flint Finance Office

Table 17 - Unaudited

	2016	2017	2018	2019	2020	2021
	-	-	-	-	-	-
	22.0	21.0	21.0	26.0	30.0	27.0
	11.0	10.0	10.0	10.0	10.0	8.0
	-	-	-	-	-	-
	7.0	6.0	7.0	8.0	7.0	7.0
	3.0	3.0	3.0	3.0	3.0	3.0
	33.0	34.0	34.0	34.0	32.5	34.5
	33.0	34.0	34.0	34.0	32.5	34.5
	24.0	25.0	25.0	18.0	19.0	18.0
	38.0	38.0	38.0	38.0	39.0	37.0
	473.0	483.0	519.0	527.0	530.0	529.0

concluded

CITY OF FLINT, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function / Program	2012	2013	2014	2015
Election Data (Calendar Year - November Elections):				
Registered voters	83,176	83,255	78,992	79,206
Voters (at the polls or absentee)	N/A	40,348	15,161	23,182
Percent voting		48.5%	19.2%	29.3%
68th District Court (Calendar Year):				
Number of new court cases	N/A	25,972	28,219	27,959
Police:				
Physical arrests (fiscal year 2010-2017 & 2019, calendar year 2018)	1,003	3,744	2,933	1,553
Traffic violations/misdemeanors/civil infractions (fiscal)	6,752	6,318	7,408	6,300
Investigations (fiscal year 2010-2017 & 2019, calendar year 2018)	7,739	12,526	11,576	12,527
Fire (Calendar Year):				
Fire runs	3,553	3,191	2,679	2,695
Emergency medical runs	3,095	3,562	1,755	1,281
Inspections	350	308	224	380
Public Works:				
Miles of streets resurfaced	6.82	4.32	-	0.75
Potholes repaired	725	700	32,486	15,511
Refuse Collection:				
Household waste & residential compost - cubic yards	93,682	100,537	114,949	101,889
Parks and Recreation (Calendar Year):				
Recreation Centers - Senior & Youth Participants	2,318	1,653	1,045	1,208
Water:				
Number of customers billed	35,833	32,702	32,085	29,596
Total consumption (ccf)	9,649,847	9,470,315	8,114,852	2,857,898
Average consumption per user (ccf)	269	290	253	97
Wastewater (Calendar Year):				
Average daily sewage treatment - gallons	21,000,000	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.

*Enforcement initiatives increased FY17

**Water consumption changed significantly in FY15 due to the fact that the City no longer purchased water from DWSD and sold water to City residents only.

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

Table 18 - Unaudited

2016	2017	2018	2019	2020	2021
75,437	76,276	74,128	73,613	76,778	75,552
14,041	33,858	20,190	26,614	34,339	6,675
18.6%	44.4%	27.2%	36.2%	44.7%	8.8%
30,887	-	-	-	-	-
1,464	1,664	1,250	555	593	325
7,285	*17,072	18,874	17,714	4,829	5,168
10,513	10,500	9,427	8,165	9,456	8,300
3,211	2,609	2,457	2,075	2,117	2,166
1,109	1,776	1,580	2,383	2,048	1,486
400	508	564	503	381	316
2.54	-	-	-	Not available	10.72
43,081	8,679	23,409	618	Not available	233
102,137	103,716	107,117	102,651	Not available	130,545
3,657	1,654	1,444	1,323	2,498	2,416
31,468	30,404	29,984	27,355	27,623	28,572
2,826,200	3,035,655	2,866,888	2,617,923	2,594,352	2,619,949
90	100	96	96	94	92
19,900,000	19,900,000	20,200,000	19,253,761	20,600,000	15,400,000

CITY OF FLINT, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

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

Source: Various City Departments

* Marked and unmarked police vehicles are included in this number

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

***Beginning in 2012, on 2 of the 5 community centers and 2 of 4 golf courses were operational

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

Table 19 - Unaudited

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
5	5	6	3	-	-
91	100	101	67	67	66
5	5	5	5	5	5
14	14	14	12	14	15
3	3	3	3	2	2
508.18	508.18	508.18	508.18	506.15	506.15
152.33	152.33	152.33	152.33	152.26	152.26
355.85	355.85	355.85	355.85	353.89	353.89
10.93	10.93	10.93	10.93	10.93	10.93
986.50	986.50	986.50	986.50	926.50	1,038.50
11,292	11,292	11,731	11,881	11,521	11,521
252	252	252	252	198	198
-	-	-	-	-	-
1,084	1,084	1,092	1,092	1,092	1,092
63	63	63	63	63	63
29	29	43	43	43	43
14	14	12	12	12	12
5	5	5	5	5	5
4	4	4	4	4	4
540	540	540	540	583	583
5,200	5,200	5,200	5,200	3,871	3,871
57,000,000	57,000,000	57,000,000	57,000,000	22,000,000	22,000,000
570	570	570	570	570	570
350	350	350	350	350	350
80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

Employees' Retirement System - Comparative Schedule - Actuarial Valuations

Last 10 Actuarial Reports

(\$ amounts expressed in thousands)

Valuation Date	Continuation Indicators						
	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll
06/30/2011	\$ 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	634.6%
12/31/2016	203,100	548,845	37.0%	345,745	63.0%	51,497	671.4%
12/31/2017	197,129	543,169	36.3%	346,040	63.7%	50,740	682.0%
12/31/2018	179,957	537,218	33.5%	357,261	66.5%	50,476	707.8%
12/31/2019	159,890	557,614	28.7%	397,724	71.3%	50,527	787.2%
12/31/2020	149,785	559,118	26.8%	409,333	73.2%	50,038	818.0%

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.

No actuary report in 2013

Actuarial assumptions were revised in 2015

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 22, 2021

Members of the City Council
City of Flint, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Flint, Michigan** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2021. Our report includes a reference to other auditors who audited the financial statements of the Hurley Medical Center, Downtown Development Authority and the Flint Area Economic Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Flint Area Economic Corporation and Downtown Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2021-001 through 2021-008 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* with the exception of the item reported as item 2021-005.

City of Flint's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Rehmann Robson LLC

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-001 – Material Audit Adjustments (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During the audit, multiple versions of the trial balance and adjustments were provided in order to reach proper year-end balances. The majority of the adjustments that were made to the trial balance were identified by the auditors, while a few were identified by the City.

Cause. This condition was the result of internal controls not detecting all adjustments necessary to properly record year-end balances.

Effect. As a result of this condition, the City's accounting records were initially misstated by amounts material to the financial statements. Specifically, the following areas were misstated:

- Custodial fund accounts payable and related expenses were understated by approximately \$118,000.
- Claims payable in the self-insurance fund were understated by \$202,900 related to IBNR legal claims due to the City not estimating a probable loss for two cases. Further, claims payable related to IBNR healthcare insurance claims were understated by \$126,475 due to an clerical error in the City's calculation.
- Accrued interest was incorrectly recorded at the EDC fund level, initially overstating accrued liabilities by \$94,869.
- Depreciation expense was initially understated in the EDC Oak Business Center for \$14,932.
- Revenue related to impound fees collected from impounded vehicles initially recorded in a liability account which understated revenue by \$510,920.
- Water net position and the EDC special revenue fund balance were initially understated by \$7,241 and \$168,537, respectively, due to prior year audit adjustments not being recorded.
- Deferred inflows related to delinquent property taxes were initially understated due to a change in allowance for bad debt by \$253,066 for governmental funds, of which \$102,573 was related to the general fund.
- Revenue was initially overstated in governmental activities for \$47,363,332 related to a change in deferred inflows recorded in error.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

- The net pension liability was initially overstated in governmental activities and the water and sewer funds by \$1,597,582, \$126,973, and \$170,560, respectively, due to investment earnings not being reconciled with MERS reporting.
- Beginning of the year net position was understated in business-type activities and overstated in governmental activities by \$6,018,655, respectively, due to opening net position related to interfund payables not being initially recorded.
- Beginning of the year fund balance was overstated in the special revenue grant fund by \$88,595, due to revenue adjustments posted to fund balance in error.
- Accounts receivable was initially understated in the special revenue grants funds by \$938,491 related to funds from the Flint Area Enterprise Community which had ceased operations.
- Accounts receivable in the public improvement fund was initially understated by \$455,941 due to an error in calculation of the long-term receivable.
- Long-term debt related to Section 108 was originally understated by \$380,000 due to the City not adjusting the general ledger to agree to the debt supporting records.
- Water and sewer fund unbilled receivables were initially overstated by \$1,270,616 and \$1,090,984, respectively, due to the City using a report with the incorrect beginning and ending dates for meter reads in the utility billing system. This also impacted the calculated allowance for uncollectable accounts, which was not adjusted until after auditor inquiry, requiring an adjustment to the allowance in the water and sewer funds by \$254,124 and \$218,197, respectively.

Recommendation. We recommend that the City prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. Management concurs with this finding. New processes were developed in FY2021; improvements to these processes will continue for FY2022.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-002 – Purchasing Cards (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. The City is responsible for developing policies and a system of internal control that ensures the City limits its exposure to misstatement whether due to fraud or error.

Condition. In order to observe the internal controls over purchasing cards (p-cards), we selected five transactions for testing. Of the five selected, we noted the following instances: 1) one out of five p-cards selected had a request that was signed by all required parties but was missing the department head signature, 2) one out of five p-cards selected had both the request and agreement only signed by the card holder and were missing signatures from both the department head and the p-card administrator, 3) for two out of five p-cards selected, the City was unable to provide support for the p-card approval and 4) one out of the five p-cards selected had an expense report that was signed by an individual who was the assigned approver per the City's policy and the listing of users and approvers.

Cause. The City has a policy in place that is not being followed.

Effect. As a result of this condition, the City is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Recommendation. The City should evaluate its policies and procedures to verify that all employees are following the requirements and retain documentation and approval of all p-card purchases.

View of Responsible Officials. Management concurs with this finding. Adjustments to the approval processes for purchasing cards were made in the second half of FY2021 in response to the audit finding in FY2020.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-003 – Unsupported Accounts (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. The City has liabilities of \$131,168 recorded in the custodial fund that are unsupported and the City is unsure what these amounts represent and who the City is holding these funds for. Additionally, the general fund has an unsupported balance of \$47,751 related to customer overpayments.

Cause. This condition was the result of a lack of management oversight. Internal controls did not detect all adjustments necessary to properly record year-end balances.

Effect. The City's accounting records could be potentially misstated with no detail to support the individual payable items.

Recommendation. We recommend that the City review its accounts, determine the individual items payable or receivable, and adjust accordingly.

View of Responsible Officials. Management concurs with this finding. The finance team is working on a review of past delinquent tax collections, distributions, and captures to correct past errors and update current procedures.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-004 - Utility Billing (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for establishing effective internal controls to safeguard the City's assets, and to prevent or detect misstatements to the financial statements. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the City's unique circumstances. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

Condition. The City has approximately \$2.3 million in credit balances spread across roughly 8,200 accounts in the utility billing module. Additionally, any credits to customer accounts do not have a formal approval process in place. The billing supervisor can approve credits and then also approve the final billings before they are sent to customers. This is an inappropriate segregation of incompatible duties. Water Residential Assistance Program ("WRAP") credits are applied to customer accounts without anyone independently reviewing the credits against the listing provided by Genesee County. Further, the service charges for water and sewer in the utility billing system did not agree to the approved rates. Also, the cash drawers used for utility collections do not have cash limits and there is no written policy on when excess cash should be moved to the lock box. Lastly, we noted the allowance for uncollectable accounts was determined using reports based on a date subsequent to year end.

Cause. This condition was the result of a lack of management oversight. Policies and internal controls are not designed properly.

Effect. As a result of this condition, the City is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Recommendation. We recommend that the City implement proper internal controls over utility billing and collections and document through a written policy. Any WRAP credits should also be approved correctly in accordance with a policy and documented. Additionally, credit balances for utility billing should be escheated to the State or applied to different accounts for the same customer. Further, the service charges in the utility billing system should be reviewed to ensure they agree to the approved rates.

View of Responsible Officials. Management concurs with this finding. The Customer Service team is currently applying the credit balances where possible, and will escheat the remaining balances in FY2022. Additionally, the team has updated their procedures regarding WRAP payments and excess cash in drawers.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-005 – Investments (repeat finding)

Finding Type. Material Noncompliance; Material Weakness in Internal Control over Financial Reporting.

Criteria. The City's investments must be allowable in accordance with Public Act 20 of 1943.

Condition. The City has \$924,141 recorded in a Death Benefit "trust fund". However, a formal trust agreement does not exist, so the investments are required to comply with PA 20. We noted that the investments are not in compliance and the amounts are material to the financial statements.

Cause. This condition appears to be the result of an oversight of not putting the investments in a trust fund.

Effect. As a result of this condition, the City is out of compliance with State law.

Recommendation. We recommend that the City maintain an approved investment policy and verify that its investments are allowable in accordance with State law. We also recommend that the City create a legally irrevocable trust in compliance with GASB 74 for the death benefit and that the funds be deposited into this trust.

View of Responsible Officials. Management concurs with this finding. The City's legal team is currently working on the irrevocable trust.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-006 – Payroll Documentation (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining payroll documentation to support the rates employees are paid.

Condition. When comparing nine individuals selected from the OPEB census to support in the personnel files, we noted the one instance in which the employee's marital status per the personnel file did not agree to the data submitted to the actuary. When comparing ten individuals selected from the pension census to supporting documents in the personnel files, we noted one instance in which the employee's marital status per the personnel file did not agree to the data submitted to MERS. Further, the City was unable to provide a complete listing of terminated employees in the OPEB plan during the year. Instead, the City had to provide a listing for each pay period (26 reports) that showed the employees demographic information for each month during the year, and the auditors had to compile the information to make a complete listing. The City does not have a listing readily available and does not keep track of the information in the plan during the year.

Cause. This condition appears to be the result of City employees making changes and not retaining documentation or approval.

Effect. As a result of this condition, City employees may be being paid incorrectly and the pension and OPEB census data used by the actuaries may be incorrect.

Recommendation. We recommend that the City verify that census data being provided to the actuaries is complete and accurate and supported by documentation in the employee files.

View of Responsible Officials. Management concurs with this finding. The City and its new healthcare administrator are working on a database for retiree healthcare.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-007 - Tax Distributions (repeat finding)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Section 43(3)(a) of Public Act 206 of 1893, the General Property Tax Act, MCL 211.43(3)(a) (the "Public Act"), provides that local units of Government with a State equalized value of more than \$15,000,000 shall, within 10 business days after the first and fifteenth day of each month, account for and deliver to the county treasurer and other tax assessing units, the tax collections on hand on the first and fifteenth day of each month.

Condition. During our review of undistributed receipts, we noted that there were taxes collected by the City on behalf of other local units that were not distributed in accordance with the Public Act totaling \$1,804,827. We also noted that the City had erroneously paid some local units more than was collected on their behalf. The total of these overpayments as of June 30, 2021 was \$461,816. Further, we noted there were multiple accounts with undistributed taxes that have not changed since the previous year.

Cause. This condition appears to be the result of City not implementing proper internal controls to ensure the timely and appropriate disbursement of property taxes collected on behalf of other local units of government.

Effect. As a result of this condition, the City is in violation of Public Act 206 of 1893 and is also exposed to an increased risk related to the overpayments.

Recommendation. We recommend that the City implement procedures over disbursing property taxes collected on behalf of other local units of government in accordance with the Public Act as well as procedures to ensure that the amount remitted to the other local units does not exceed the amount collected on behalf of the local unit.

View of Responsible Officials. Management concurs with this finding. The finance team is working on a review of past collections, distributions, and captures to correct past errors and update current procedures.

CITY OF FLINT, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2021

2021-008 - Capital Assets

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for establishing effective internal controls to safeguard the City's assets, and to prevent or detect misstatements to the financial statements.

Condition. During our testing of capital assets, we noted the following: 1) the initial capital asset roll-forwards provided outlined beginning balances that did not agree with the prior year audited ending balances, 2) the end of year balances on the initial roll-forwards did not reconcile with the trial balance, 3) initial roll-forwards did not reconcile with supporting schedules, 4) instances with assets added to the BS&A fixed assets module without all of the required data fields completed to provide accurate reporting, 5) assets with inconsistencies between asset fund source, function, and department in the BS&A fixed assets module, 6) instances in which disposed assets were not removed from the capital asset detail listings, 7) material amounts of water and sewer capital assets that were initially expensed as repairs and maintenance, 8) material adjustments were necessary to agree the final capital asset roll-forwards to the trial balance, and 9) sewer fund capital assets were expensed in error for \$277,782, which is included in the Schedule of Adjustments Passed.

Cause. This condition was the result of a lack of management oversight. Much of the City's capital assets are project-based. The information regarding the nature of expenses and whether they should be included in capital assets requires knowledge from the departments. Due to the City's use of decentralized accountants, there were issues related to communication, accountability, and timing. Internal controls did not detect all adjustments necessary to properly record year-end balances.

Effect. As a result of this condition, the City's accounting records were initially misstated by amounts material to the financial statements. Specifically, the following areas were misstated:

- The City's capital asset cost basis was adjusted for capitalization of repairs and maintenance and disposals for a net increase in cost basis of \$31,304,749.
- The final capital asset roll-forwards outlined balances that required adjustments to reconcile the Water fund and Sewer fund capital assets by reducing capital assets by \$3,406,710 and \$179,135, respectively.
- The final capital asset roll-forward outlined a balance that required an adjustment to reconcile the Internal service fund capital assets by increasing capital assets by \$357,276.

Recommendation. We recommend that the City prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. Management concurs with this finding. The finance team will work to review the current fixed asset system and update procedures for FY2022. Additionally, the finance team will discuss with administration centralizing accountants.

CITY OF FLINT, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2021

Finding 2020-001 – Material Audit Adjustments

The audit identified the need for substantial adjustments to the City's accounting records, which impacted a variety of funds and financial statement areas that collectively had a material effect on the City's financial statements. This matter was repeated as finding 2021-001.

Finding 2020-002 – Purchasing Cards

Of the five purchasing cards (p-cards) selected, the audit identified five instances in which the Agreement to Accept the Procurement Card was missing approval signatures from either the department head, finance department, or both. The audit also identified for one of the expense reports selected for testing, the expense report was submitted and approved by the same individual instead of the p-card user signing and the p-card coordinator approving per the City policy. Further, the City does not have the purchasing manager approve the issuance of p-cards as outlined in the City policy. Finally, the City also has a process in place whereby department head purchases are approved by subordinates in that department. This is not a proper level of independent review. This matter was repeated as finding 2021-002.

Finding 2020-003 – Unsupported Accounts

The custodial fund had payables and receivables for property taxes recorded for \$4,193,158 that the City was not able to provide detail or an explanation for. Further, the City had additional liabilities of \$276,620 recorded in the custodial fund that are unsupported and the City is unsure what these amounts represent and who the City is holding these funds for. Additionally, the City had retainage payable amounts totaling \$96,025 in the water fund that the City was unable to provide support for and would need to be resolved with the vendor to substantiate whether the balance recorded is accurate. The City is not reconciling these retainages back to the general ledger. In the current year, the City corrected the custodial fund payables and receivables related to the property taxes recorded. The remaining matters were repeated as finding 2021-003.

CITY OF FLINT, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2021

Finding 2020-004 – Utility Billing

The City had approximately \$2.5 million in credit balances spread across roughly 8,700 accounts in the utility billing module. Additionally, any credits to customer accounts do not appear to have a formal approval process in place. The billing supervisor can approve credits and then also approve the final billings before they are sent to customers. This is an inappropriate segregation of incompatible duties. Water Residential Assistance Program ("WRAP") credits are applied to customer accounts without anyone independently reviewing the accounts that credits are applied to agree with the listing provided by Genesee County. Further, the service charges for water and sewer in the utility billing system did not agree to the approved rates. Additionally, there were tax liens of \$574,056 that had been removed and placed on the tax roll and then subsequently placed back into the utility billing receivable balance during the prior year, for which the City does not have a policy in place for the removal of tax liens. Finally, there were removed tax liens of \$469,511 that were improperly included in water and sewer revenue instead of being reported as a liability in the current year since they will be settled with the County as a chargeback is fiscal year 2021. The City corrected the tax liens in the current year. The remaining matters were repeated as 2021-004.

Finding 2020-005 – Investments

The City was unable to provide an approved investment policy. Additionally, the City had \$668,412 recorded in a Death Benefit "trust fund". However, a formal trust agreement does not exist, so the investments are required to comply with PA 20. We noted that the investments are not in compliance and the amounts are material to the financial statements. This matter was repeated as finding 2021-005.

Finding 2020-006 – Payroll Documentation

The audit identified multiple instances of discrepancies when comparing six individuals selected from the OPEB census and seven individuals selected from the pension census to supporting documentation in the personnel files, as well as discrepancies between OPEB census data downloads from 2017 and 2019 when comparing employees demographic information. This matter was repeated as finding 2021-006.

Finding 2020-007 – Tax Distributions

The audit identified taxes collected by the City on behalf of other local units that were not distributed in accordance with the Public Act totaling \$1,549,297. The audit also identified that the City had erroneously paid some local units more than was collected on their behalf. The total of these overpayments was \$362,670. This matter was repeated as finding 2021-007.



Independent Auditors' Communication with Those Charged with Governance

December 22, 2021

Members of the City Council
Flint, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Flint, Michigan** (the "City") as of and for the year ended June 30, 2021, and have issued our report thereon dated December 22, 2021. Our report includes a reference to other auditors who audited the financial statements of Hurley Medical Center, Flint Area Enterprise Community, and Flint Downtown Development Authority, as described in our report on the City's financial statements. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 16, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated December 22, 2021. In addition, we noted certain other matters which are included in Attachment A to this letter.

Rehmann is an independent member of Nexia International.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on October 4, 2021.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

As described in Note 19 to the financial statements, the City changed accounting policies related to how to report fiduciary funds by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The cumulative effect of the accounting change as of the beginning of the year is reported in the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

In addition, the financial statements include net pension liability and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements detected as a result of audit procedures and corrected by management are described in the Schedule of Findings and Responses.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the **City of Flint, Michigan** and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

CITY OF FLINT, MICHIGAN

Attachment A - Comments and Recommendations

For the June 30, 2021 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. Our consideration of the City's internal control over financial reporting is described in our report, dated December 22, 2021, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated December 22, 2021, on the financial statements of the City of Flint.

Other Matters

Drug Seizure Accounts (repeat)

The City collects cash related to various drug seizures and, after the cases are closed, those amounts should be returned to the defendant or recognized as revenue in the general fund if the City is entitled to retain them. There does not appear to be a proper process in place to identify when cases are closed to ensure the seized funds are appropriately disposed. We recommend the City establish a process to properly record the drug seizure account and the subsequent disbursed appropriately.

Outstanding Checks and Stale Liabilities (repeat)

The City has a number of outstanding checks older than one year in two bank accounts. Additionally, the City has a fire escrow liability account that totals \$1,458,992. These accounts are made up of numerous amounts due to individuals or entities. Many date to several years ago. The City should escheat these old outstanding checks to the State and return the fire escrow amounts to those who are owed or escheat the amounts to the State.

Bank Reconciliations (repeat)

We noted several bank reconciliations were completed on separate spreadsheets outside the BS&A system. In addition, we noted that there was one bank reconciliation that was not completed within six weeks after year end as required by the State. Furthermore, through discussions with management, the City does not have a formal policy in place for completion of bank reconciliations. We recommend the City complete bank reconciliations in the BS&A system and document independent review of the bank reconciliations as outlined by an adopted formal policy and all bank reconciliations are completed within six weeks of month end.

Journal Entries - Segregation of Duties (repeat)

During our review of manual journal entries, we noted two instances out of twenty selections in which the entry was prepared and reviewed by the same individual. We recommend that all journal entries have an independent review prior to posting.

CITY OF FLINT, MICHIGAN

Attachment A - Comments and Recommendations

For the June 30, 2021 Audit

Public Utilities Supply Inventory (repeat)

The City did not complete a physical inventory count at year-end therefore the entire (unsupported) balance was reported on the Schedule of Passed Adjustments (SOAP). Further, the City does not have a perpetual system to track the inventory balances and is currently manually recording the inflows and outflows of inventory. We recommend the City perform a full physical inventory count at the end of every fiscal year.

Budget in BS&A (repeat)

During our review of the budget, we noted that the original and amended budgets in the BS&A system did not match the original and amended budgets that the Council approved for the year. We recommend that the budgets in the BS&A system match the budgets approved by the Council for accuracy in reporting and to identify any necessary budget amendments throughout the year. Further, the general fund and all special revenue funds are required to be budgeted annually. We noted that the City Council did not adopt a budget for the grants major special revenue fund for the year.

Foreclosed Properties (repeat)

The City has the option to accept properties that were not sold at the County delinquent property tax auction. The City has decided to accept a number of such properties. There is not a documented policy or procedure in place to determine what the City will do with these properties once received from the County (e.g., rehabilitate them, demolish them, attempt to sell them, or return them to their previous owners). We recommend the City develop a specific policy and procedure related to these properties and have all transactions properly approved in accordance with that policy.

Procurement (repeat)

During our audit and discussions with management, the City is still in the process of formalizing a policy related to procurement. We recommend the City establish a process to ensure the amount expended does not exceed the amounts authorized by Council when required. We further recommend the City evaluate whether multi-year resolutions require any further considerations in subsequent years from City Council.

Internal Control Policies (repeat)

During our audit planning procedures, we were notified that some employees may not fully understand or recognize the importance of the internal control policies at the City. We recommend the City communicate the importance of internal controls and that all employees are expected to follow the City policies that are in place.

CITY OF FLINT, MICHIGAN

Attachment A - Comments and Recommendations

For the June 30, 2021 Audit

Decentralized Departments (repeat)

We noted that various departments within the City have their own accountants that do not report to the finance department, creating issues with reconciliations and segregation of duties. We recommend the City's decentralized accountants report to the finance department in some capacity in order to mitigate these issues.

System Backups (repeat)

The City is not currently testing backups of its BS&A financial software. If backups are not tested it is possible that the files will not be able to be restored when needed. We recommend the City test backups at least annually to ensure the backup functioned as intended and the data can be restored.

Payroll Checks

During our accrued payroll recalculation, we noted a difference of approximately \$30,500 across all funds. In discussions with management, this difference was related to a debit posted to the accrued payroll liability for final payments for employees who have passed. The process for these items is to deposit the uncashed payroll check to the City, creating a miscellaneous receipt, and make the payment to the next of kin through accounts payable rather than hitting an expense account. In this instance, only one part of the transaction occurred during the fiscal year and the other part of the entry did not get completed until after year-end, therefore, the transaction did not net to zero and instead reduced the accrued payroll at year-end. This was not adjusted during the audit. We recommend that the City ensure that these types of transactions get recorded correctly within the same year so there is no impact on the year-end account balances.

Unclaimed Property Payable

During our testing of due to other governments, we observed the police account for unclaimed property. We noted the amounts recorded were a summary of deposits for amounts related to cash deposits for held items in the police's safe room for pending legal cases. We noted through discussions with management that there are additional amounts not recorded in the trial balance, which are related to cash that is not able to be deposited until the prosecutor/legal department provide authorization for deposit to the bank. The undeposited amounts are held for evidence for ongoing cases, and are therefore not financial resources to the City. The property is held in the safe and are logged in the property room in the property system. The City was unable to provide a listing of the undeposited amounts. As these amounts are not being recorded, we recommend the police maintain a subsidiary ledger that is periodically compared to items held as well as the amounts recorded in the trial balance instead of maintaining a log book. Additionally, we recommend the evidence property receipts be periodically inventoried to ensure the accuracy of the property records.

CITY OF FLINT, MICHIGAN

Attachment A - Comments and Recommendations

For the June 30, 2021 Audit

HUD Loans Receivable

The City was not able to provide the loan agreements or support of the accrued interest calculation on two HUD loans. We noted that these loans appear to be in default and the City has an allowance recorded against the receivable, however, we recommend that the City retain support for these loans.

■ ■ ■ ■ ■

CITY OF FLINT, MICHIGAN

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2021 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 87 ■ Leases

Effective 06/15/2022 (your FY 2022)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2021 (your FY 2022)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the City.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2022 (your FY 2023)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the City.

GASB 92 ■ Omnibus 2020

Effective 06/15/2022 (your FY 2022)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the City.

GASB 93 ■ Replacement of Interbank Offered Rates

Effective 06/15/2022 (your FY 2022)

This standard provides guidance to governments with agreements with variable payments tied to LIBOR, and how to transition them to a new reference rate. We do not expect this standard to have any significant effect on the City.

CITY OF FLINT, MICHIGAN

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2021 Audit

GASB 94 ■ Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective 06/15/2023 (your FY 2023)

This standard addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. We do not expect this standard to have any significant effect on the City.

GASB 96 ■ Subscription-Based Information Technology Arrangements

Effective 06/15/2023 (your FY 2023)

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now report offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.

GASB 97 ■ Certain Component Unit Criteria and IRC Section 457 Deferred Compensation Plans

Effective 06/15/2022 (your FY 2022)

This standard amends the requirements for when to report defined contribution pension plans (such as 401k and 403b plans) as fiduciary component units, and how to account for Section 457 deferred compensation plans.



CITY OF FLINT, MICHIGAN

Attachment C – Management Representations

For the June 30, 2021 Audit

The following pages contain the written representations that we requested from management.



Sheldon A. Neeley
Mayor

CITY OF FLINT, MICHIGAN **Department of Finance**

Clyde Edwards
City Administrator

Robert J.F. Widigan
Chief Financial Officer

Jennifer Ryan
Deputy Finance Director

December 22, 2021

Rehmann Robson
5800 Gratiot Road, Suite 201
Saginaw, MI 48638

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Flint, Michigan** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 22, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 16, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

4. With respect to any assistance you provided in drafting the financial statements and related notes, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility for 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.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local*

Governments: Omnibus, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

16. All components of net position and fund balance classifications have been properly reported.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Special items and extraordinary items have been properly classified and reported.
21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. All required supplementary information is measured and presented within the prescribed guidelines.
24. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
25. We are responsible for the fair presentation of the City's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the City's participation in the plan, and have reviewed the information provided by MERS for inclusion in the City's financial statements.
26. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$4.0 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases of personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.

Information Provided

27. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
28. All transactions have been recorded in the accounting records and are reflected in the financial statements.

29. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
30. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
31. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
32. We have no knowledge of instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
33. We have no knowledge of instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
34. We have a process to track the status of audit findings and recommendations.
35. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
36. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
37. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
38. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
39. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
40. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
41. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
42. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
43. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
- 44. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 45. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 46. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

- 47. With respect to the supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

- 48. With respect to the required supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Uniform Guidance (2 CFR 200)

49. Expenditures of federal awards exceeded the \$750,000 threshold during the audit period and we are required to have an audit in accordance with the Uniform Guidance (2 CFR 200), which will be issued at a later date.

Robert J.F. Widigan

Robert J.F. Widigan, Chief Financial Officer

Jennifer Ryan

Jennifer Ryan (Dec 22, 2021 10:07 EST)

Jennifer Ryan, Deputy Finance Director

CITY OF FLINT, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the June 30, 2021 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
General fund					
Overstated impound statutory fees related to previous years (corrected in the current year)	\$ -	\$ -	\$ (506,715)	\$ 506,715	\$ -
Unsupported overpayment account	-	(47,751)	47,751	-	-
Nonmajor governmental fund					
Prior year overstatement of the reserve for drug seizure	-	-	(139,922)	139,922	-
Current year understatement of the reserve for drug seizure	-	(62,575)	-	62,575	-
Central maintenance garage internal service fund					
Unsupported inventory balances due to no physical count at year-end and no inventory tracking systems	97,077	-	-	-	(97,077)
Governmental activities					
Prior year accrued interest payable (corrected in the current year)	-	-	32,185	-	32,185
Unsupported asset and revenue capitalized in the prior year	-	-	220,000	(220,000)	-
Governmental activities					
Cumulative effect of items noted above	<u>\$ 97,077</u>	<u>\$ (110,326)</u>	<u>\$ (346,701)</u>	<u>\$ 489,212</u>	<u>\$ (64,892)</u>
Misstatement as a percentage of total assets - governmental activities					
	0.0%	-0.1%	-0.2%	0.2%	0.0%

continued...

CITY OF FLINT, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the June 30, 2021 Audit

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Water fund					
Overstatement of revenue related to tax lien reversals in the prior year (corrected in the current year)	\$ -	\$ -	\$ 249,592	\$ (249,592)	\$ -
Understatement of deposits payable compared to deposit listing received from the City	-	(92,453)	-	-	(92,453)
Unsupported inventory balances due to no physical count at year-end and no inventory tracking systems	290,930	-	-	-	(290,930)
Unsupported retainage payables in the prior year (corrected in the current year)	-	-	(96,025)	-	(96,025)
Sewer fund					
Unsupported inventory balances due to no physical count at year-end and no inventory tracking systems	320,230	-	-	-	(320,230)
Overstatement of expenses due to capital assets expensed as repairs	(277,782)	-	-	-	277,782
Overstatement of revenue related to tax lien reversals in the prior year (corrected in the current year)	-	-	219,919	(219,919)	-
Business-type activities					
Cumulative effect of items noted above	<u>\$ 333,378</u>	<u>\$ (92,453)</u>	<u>\$ 373,486</u>	<u>\$ (469,511)</u>	<u>\$ (521,856)</u>
Misstatement as a percentage of total assets - business-type activities	0.1%	0.0%	0.1%	-0.1%	-0.1%
Custodial fund					
Unsupported liability balances	<u>\$ -</u>	<u>\$ 131,168</u>	<u>\$ (131,168)</u>	<u>\$ -</u>	<u>\$ -</u>
Misstatement as a percentage of total assets - remaining aggregate funds	0.0%	0.1%	-0.1%	0.0%	0.0%

concluded