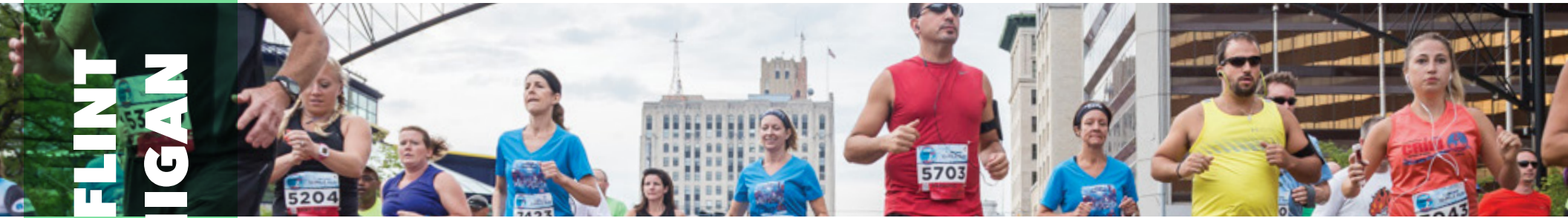




Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2017

CITY OF FLINT
MICHIGAN



City of Flint, Michigan

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2017**

Prepared by:

Department of Finance and Administration

Dawn Steele, Deputy Director of Finance

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INTRODUCTORY SECTION



Dr. Karen W. Weaver
Mayor

CITY OF FLINT, MICHIGAN

Department of Finance

Steve Branch
Interim City Administrator

Hughey Newsome
Interim Chief Financial Officer

Dawn Steele
Deputy Finance Director

December 18, 2017

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

Michigan Public Act 2 of 1968 as amended, requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Flint for the fiscal year ended June 30, 2017.

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

Yeo & Yeo, P.C., a firm of licensed certified public accountants, has audited the City of Flint's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Flint was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on

the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Flint's separately issued Single Audit Report.

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

Profile of the Government

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

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

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

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

required supplementary information subsection of this report.

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

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

The preparation and adoption of the FY13, FY14, and FY15 budgets were under the control of the Emergency Manager. Under the direction of these Emergency Managers, considerable progress was made in reducing the City's June 30, 2012 accumulated General Fund deficit of \$19.2 million. As of June 30, 2013, the deficit had been reduced to \$12.9 million, and by June 30, 2016 a positive fund balance in the amount of \$10.0 million was achieved. The FY17 budget was adopted under the guidance of the newly elected Mayor, City Administrator and Charter-designated leaders along with State receivership transitional advisory board oversight. Under their guidance, the FY17 fund balance of the General Fund has increased to \$17.0 million.

Steps have also been taken to reduce long-term liabilities such as the Other Post Employment Benefit (OPEB) unfunded accrued liability, which stand at \$152.3 million at the end of FY17, compared to more than \$862 million six years ago. Starting in FY15, all municipalities were required under Governmental Accounting Standards number sixty-eight (68) to record the City's net pension liability. The City recorded a \$345.0 million net pension liability on the government wide financial statements in FY 16. The total net pension liability increased slightly to \$345.7 million at the end of FY17. This pension liability increase is due to pension payments exceeding employer and employee pension system contributions, a change in actuarial assumptions by the pension system board and poorer than expected investment returns.

Factors Affecting Economic and Financial Condition

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

Local Economy. As an urban center whose vibrancy flowed with the dominance of the U.S. automotive industry, the economy of Flint declined sharply as the automotive presence declined. In 1978, over 80,000 Flint-area residents were employed by GM; however by 1990 the number had declined to 23,000, and was reported to be as low as 7,800 in 2014.

While the City of Flint's economy was strongly tied to the automobile industry, it has diversified over the last ten years. Most notable is the expansion of higher education, where it is estimated that over 30,000 students attend Kettering University, the University of Michigan-Flint, Mott Community

College, and Baker College. As part of this expansion, the Mott Community college is in the process of rehabilitating a vacant 36,000 sq. ft. building in downtown Flint into their new Culinary Institute. The \$13 million project is scheduled to open its doors in the Fall of 2018.

Aggressive efforts continue by many entities within the Flint/Genesee area to encourage new development, including the redevelopment of the 452-acre vacant "Buick City" property. The LEAR Corporation has committed to construct a 157,000 square foot facility that will create 450 new jobs and house 600 employees. The \$29 million project is currently underway and scheduled to open spring 2018. Additionally, the Phoenix investors purchased a vacant 550,000 sq. ft. facility and will improve the property. The total project costs are expected to top \$5 million.

In addition to the repurposing of Buick City, the City has seen a tremendous amount of new development over the past few years with a significant amount of private investment over the course of 2016-2017. Multiple projects have been completed, are in process, or are planned throughout the City. The Flint River Restoration project was initiated with the \$4 million removal of the Hamilton Dam (City owned) beginning in November 2017. In all over \$45 million has been earmarked for this project and will result in improved water quality and enhanced riverfront from Hamilton Ave. to the Mott Park Golf Course.

Huntington Bank is investing \$4.5 million in downtown Flint by moving expanding its call center and creating 60 new jobs. In addition C3 Venture selected Flint as the site for its manufacturing facilities to produce interior plastic automotive components and hiring 380 workers. This work was previously done in China.

The restoration of the iconic Capital Theater with \$21 million worth of investment, which resulted in a complete remodel, was completed in September 2017. Additionally, two residential development projects have begun, receiving funding from both the City and MSHDA. The Marketplace is a \$9 million mixed-income, mixed-use development that will include 92 residential units and will open around mid-2019. On the west side of town, the historic Coolidge School will be rehabilitated and a new building will be built on the site. The 54-unit residential complex will be named Coolidge Park Apartments and cost over \$17 million to complete.

The City has partnered with the Flint Housing Commission and Norstar Development LLC, to submit a LIHTC (low income housing tax credit) application to MSHDA for a new 63-unit mixed income residential complex. The total project cost is over \$15 million.

The City also continues to aggressively tackle blight. There are over 23,000 vacant properties in the City of Flint, with over 15,000 of them being vacant lots, with no structure on the parcel (one out of every four parcels in the city is a vacant lot). The City continues to implement its 5-year plan to combat blight, "Beyond Blight: Blight Elimination Framework". This document identified the cost to eliminate blight over the next 5 years, resulting in a \$90 million price tag. The plan has been critical, however, to the continued support for neighborhood stabilization funds. Since 2014, the City has been awarded over \$67.4 million in funds to combat residential blight through demolition, resulting in nearly 5,000 blighted and abandoned homes being demolished. Additionally the City recently demolished the dilapidated Glen Acres apartment complex using CDBG funds. The City was also awarded a Michigan Blight Elimination Grant from MSHDA of \$500,000 that will target three significantly distressed vacant buildings.

The City was also fortunate to have the AmeriCorps NCCC (National Civilian Community Corps) team serve Flint's Blight Elimination Division from May 8 to June 29. The team of nine cleared several tons of debris and garbage from the vacant houses needing to be boarded up. Through boarding up abandoned homes and cleaning out vacant lots, the community looks nicer, is more stable and overall safer.

Property taxes. Overall, property values within the City have continued to decline. Property tax values were \$1.680 billion in 2007 and have since declined to \$710 million for FY17 generating approximately \$12.0 million in tax revenues across all operating funds. In addition the City has a Special Assessment for Garbage Collection and Street Lighting that generated an additional \$7.7 million in revenue for FY17.

Cash management policies and practices. Cash flow for the City has been a concern for several years, but in 2017 it continues to improve. It is closely monitored and is currently sufficient for operations. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5 years. Additional information on the City of Flint's deposits and investments can be found within Note four of the June 30, 2017 Audited Financial Statements.

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

The Workers' Compensation function resides in the Human Resources Department, which allows for a coordinated effort to minimize accident-related losses. Additional information on the City of Flint's risk management activities can be found within Note 14 of the June 30, 2017 Audited Financial Statements.

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 FY13 will be enrolled in a hybrid plan administered by MERS, similar plans for new public safety employees were made effective in FY14.

Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to 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, 2016 (the latest actuarial report) was 39% funded along with taking into consideration four new actuarial assumptions. Those new actuarial assumptions that are effective within the December 31, 2016 valuation reflect a change in the mortality tables to reflect longer lifetimes of retirees, a lowering of the annual rate of investment return from 8% to 7.75%, smoothing of assets from ten years to five years and moving the amortization period to a fixed period. Currently, there are 1,800 retirees and beneficiaries receiving pension benefits from the City of Flint. Additional information on the City of Flint's Retirement Plan can be found in Section 4-4 of the Required Supplementary Information of the June 30, 2017 Audited Financial Statements.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of FY17, there were 1,463 retired employees and beneficiaries receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2017, the City paid \$15.0 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$293 million at June 30, 2017. Beginning in FY15, new employees are not eligible for retiree health care but are, instead, enrolled

in a retiree medical savings account. This program will eventually eliminate retiree health care liabilities for the City. Currently, there are a number of lawsuits pending that deal with the retiree health care program.

The Flint Water Crisis. The full effects of the Flint Water Crisis continued into FY17. Cash flows fell significantly in the City's Water Fund. The State-funded water credit program for the City's residential and commercial water customers whereby the State pays 65% of a water bill for a resident and pays 20% of a commercial customers account that started in FY16 ended in February 2017. The Mayor's "Fast Start Initiative", which is a lead line infrastructure replacement program that commenced at the end of FY16 continued through FY17. A total of 2,142 homes had lead lines replaced in FY17. An additional \$2 million was appropriated for lead line replacement in FY17. Further details of the Flint Water Crisis can be read in the City's Management's Discussion and Analysis section of this report.

Awards and Acknowledgements

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flint for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The City has now received this award fourteen years in a row. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance administration department and City. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Most importantly, we would like to acknowledge the contributions and sacrifices made by taxpayers, employees, and the public necessary for the City of Flint to regain its financial solvency and to become an effective force in making Flint an attractive place to live, learn, visit and conduct business.

Respectfully submitted,



Hughey Newsome
Interim Chief Financial Officer



Dawn Steele
Deputy Finance Director

City of Flint, Michigan
GFOA Certificate of Achievement
June 30, 2017



Government Finance Officers Association

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

Presented to

**City of Flint
Michigan**

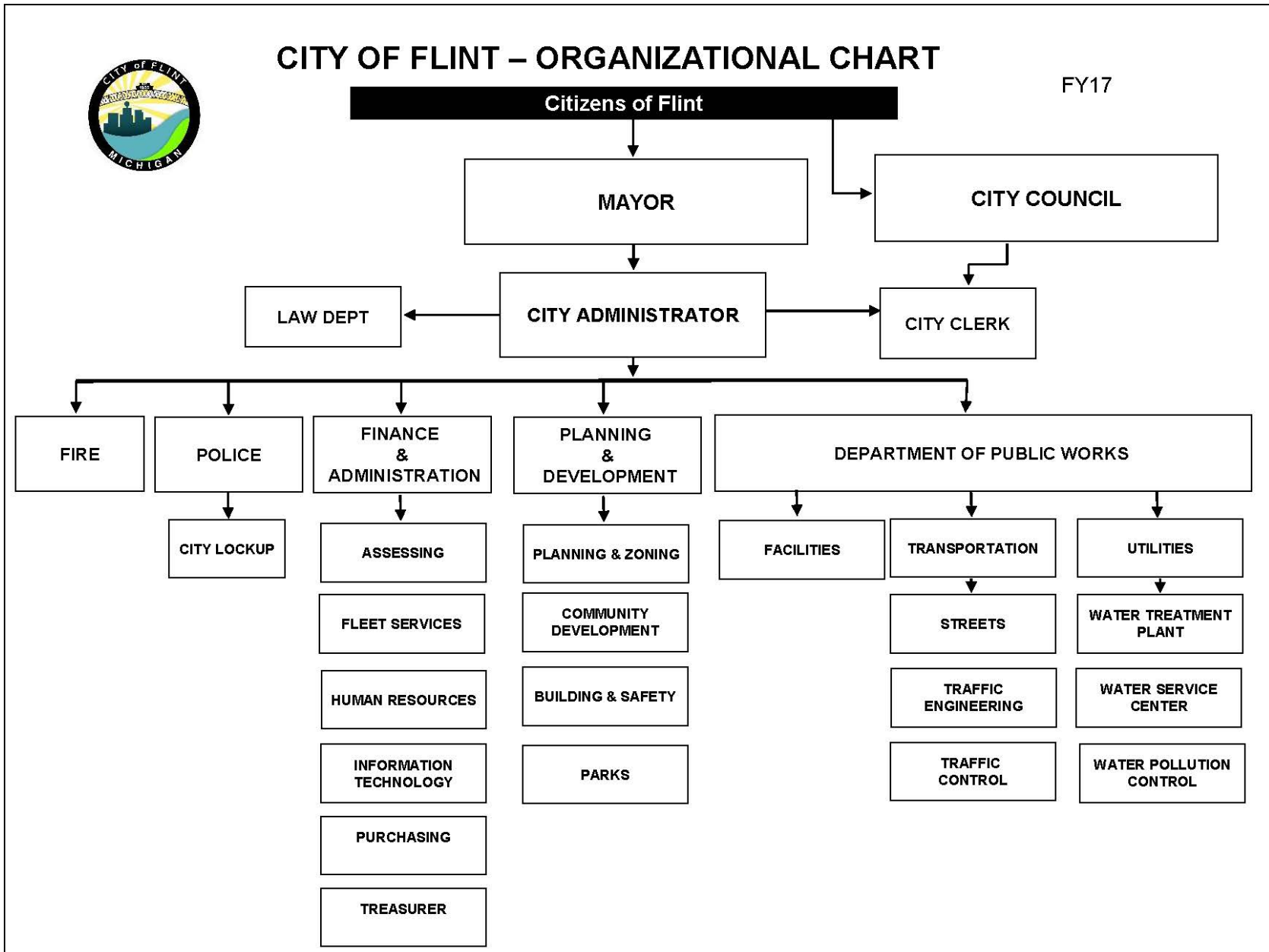
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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

Executive Director/CEO

**City of Flint, Michigan
Organizational Chart
June 30, 2017**



City of Flint, Michigan
List of Elected, Civil Service, and Appointed Officials
June 30, 2017

Elected Officials

Dr. Karen W. Weaver – Elected Mayor November 2015

City Council

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

Eric Mays – First Ward

Jacqueline Foster Poplar – Second Ward

Kerry Nelson – Third Ward

Kate Fields – Fourth Ward

Wantwaz D. Davis – Fifth Ward

Herbert Winfrey – Sixth Ward

Monica Galloway – Seventh Ward

Vicki VanBuren – Eighth Ward

Scott Kincaid – Ninth Ward

City of Flint, Michigan
List of Elected, Civil Service, and Appointed Officials
June 30, 2017

Appointed and Other City Officials

Suzanne Wilcox – Planning & Development Director

Raymond Barton – Fire Chief

Rob Bincsik – Water Service Center Supervisor

Rodney S Branch – Chief of Staff

Inez M Brown – City Clerk

Gerard Burnash – Chief Operating Officer, Downtown Development Authority

Robert Case – Water Pollution Control Supervisor

Stacey Bassi – City Assessor

Derrick Jones – Purchasing Manager

Sylvester Jones – City Administrator

Jeff Keen – Information Technology Services Administrator

David L Sabuda – Chief Financial Officer

Timothy Johnson – Chief of Police

Charley McClendon – Director of Human Resources & Labor Relations

Kristin Moore – Public Relations Director

Betty Wideman – Transportation Director

Angela Wheeler – Chief Legal Officer

Michael Rule – Fleet & Yards Superintendent

FINANCIAL SECTION



800.968.0010 | yeoandyeo.com

Independent Auditors' Report

To the Honorable Mayor, Receivership Transition Advisory Board, and Members of the City Council
City of Flint, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hurley Medical Center, which represent 96.4 percent, 91.3 percent, and 99.6 percent, respectively, of the assets, net position, and revenues of the total component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for total component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hurley Medical Center, the Downtown Development Authority, and the Flint Area Enterprise Community were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the City of Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Flint's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Flint's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
December 18, 2017

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

The following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2017 fiscal year, which began on July 1, 2016 and ended on June 30, 2017. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

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

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

Financial Highlights

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

The City has adopted a two year operating budget and new ordinances addressing the achievement and maintenance of financial stability. These ordinances include requirements for creating and maintenance of a strategic plan; adoption of biennial budget and five year financial projections; establishment of a fund balance reserve, including establishment of a budget stabilization fund; establishment of a requirement to begin funding of OPEB liabilities; and an update of the City's Purchasing ordinance. The budget continues with the reduction in staffing levels.

The City ended the year in compliance with State of Michigan, Public Act 2 of 1968 as amended (the State Budget act) which includes no individual City governmental operating fund in a deficit at year end. The City's General Fund ended FY 2016/17 with a fund balance of \$17 million. The City's cash on hand at June 30, 2017 totaled more than \$130.7 million compared to \$121.9 million in FY 2015/16 across all governmental and business type activities.

In FY 2016/17, the City billed \$168 million in taxes, fees, and grants for governmental and business-type activities, and spent \$177.6 million to provide City services. During the course of the year, the City's capital assets decreased by \$8.4 million in governmental activities. The City's capital assets for business-type activities decreased slightly. The decrease in governmental activities is in infrastructure and can be attributed to the City netting the additions of \$10.7 million against the depreciation expense of \$18.8 million.

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The City's Statement of Net Position at 6/30/2017, highlights primary government assets both governmental and business-type activities including deferred outflows totaling \$427.5 million and liabilities totaling \$577 million, for a total net position of a negative \$149.5 million. Unrestricted net position totaled a negative (\$339.9) million in the governmental activity and negative (\$20.8) in the business-type activities and this amount was netted against positive restricted net position and positive net investment in capital assets to reach the negative \$149.5 million negative total net position on the Statement of Net Position.

The City has a 1 percent income tax for residents and a ½ percent income tax for non-residents, Non-residents do not live in the City but work in the City of Flint. In FY 2016/17, the City's income tax revenue maintained status quo from FY 2015/16 at \$15.5 million.

For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2016. The City's annual Other Post Employment Benefit (OPEB) cost as of June 30, 2017 was \$17.1 million. The city made OPEB contributions of \$15 million, on a pay-as-you-go basis for the fiscal year. The payment decrease of the estimated liability amounted to \$2.1 million. The decreased pay-as-you-go amount of \$2.1 million increased the overall OPEB obligation from \$150.3 million at June 30, 2016 to \$152.4 million as of June 30, 2017. The City also recorded an increase of \$0.5 million in OPEB expense in the Water and Sewer Funds. The \$0.5 million is a component of the \$2.1 million overall OPEB increase.

The City adopted Governmental Accounting Standards Board (GASB) Statements 68 & 71 effective June 30, 2015. These GASB statements required the City to recognize the long-term obligation for pension benefits as a liability and to measure the annual costs of the pension benefits. Although these items existed prior to implementation of the statements, they were not required to be reported. Additional information regarding the City's \$345.7 million net pension liability and \$152.4 million net other postemployment benefits obligation may be found in Section 3-49 and 3-62 under Note 16.

The City has taken action to reduce these legacy costs associated with health care and pensions. Actions taken since FY 2012/13 with respect to healthcare benefits for current employees and retirees have had a significant impact on current costs and long-term liabilities. The City's unfunded actuarial accrued liability for OPEB is \$293.6 million, which is an increase from 2016 due to two actuarial assumption updates for the mortality table and health care trend rates. In addition a pension plan provision was changed effective January 1, 2016 whereby surviving spouses and eligible dependents of a sworn City of Flint Police Officer or Firefighter killed in the line of duty would be eligible to participate in the City of Flint healthcare plan at no cost for life. Restructuring health benefits has involved consolidating and updating plans, imposing premium sharing, limiting access of spouses and dependents, and eliminating the promise of retiree health care for new employees. Similar changes have taken place with respect to retirement benefits, with increased contributions, changes in multipliers, and enrollment of new employees into hybrid pension plans in lieu of the traditional defined benefits plans.

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

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The City continues to follow budgetary and financial best practices and continues to look for ways to increase revenues and decrease expenditures. In FY 2016/17, The City, along with support from the State of Michigan restructured the City's long-term debt Drinking Water Revolving Loan Fund (DWRLF) obligations so that principal payments were deferred 5 years to 2021 and the interest payments were eliminated. This refinancing saved the City approximately \$2.2 million. At year end the City was waiting on the decision from the MDEQ and the EPA to forgive the City of these long term debts, which would be \$20.8 million.

The City has continued their Partnerships with local organizations for the maintenance of its parks. Senior Centers continue to be run by independent non-profit organizations, with very minimal appropriation from the City; and the City golf courses continue to be leased to private operators. The Charter Revision Commission established by the voters of the City of Flint continues to meet and focus on updating the City's Charter. Their revisions are scheduled for a vote in August by the residents of Flint.

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

City Water Fund:

For FY 2016/17 the City received \$7.8 million from the State for the purchase of treated water from the Great Lakes Water Authority.

During FY 2017 the City continued to receive support from the State to provide residents with bottled water, water filters and water cartridge replacements through water point of distribution sites (PODS) located throughout the City. Several of these PODS are scheduled to close in August & September 2017 when the City will no longer receive Federal support for them. The State of Michigan and the Mayor reached an agreement whereby the State would continue to support eight of the water distribution centers indefinitely. Furthermore, the Governor has committed to support Flint and its citizenry needs concerning the water crisis until the water crisis is declared over.

Although the MDEQ and EPA have reported that the water is below the Federal level for lead and copper, residents are encouraged to continue to use filters and drink bottled water until all of the infrastructure work, i.e. lead line replacements and main replacements are complete.

With the declared water emergency, residential and commercial water customer collections for water and sewer usage dropped significantly and have not completely recovered to pre-crisis levels. This is in spite of the fact that the MDEQ & EPA have reported that the water is below the Federal required levels for lead and copper. This has caused a serious issue in the City's Water and Sewer operating funds.

The State committed through Public Act 268 of 2016, another \$12.7 million to continue the 65% residential / 20% commercial water usage credits from March 1, 2016 through billing cycle January 31, 2017. The City received \$8.8 million from the State of Michigan in water credits between July and February 2017 in order to meet state law requirements.

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The Mayor's "Fast Start Initiative" which commenced in the spring of 2016 was in full swing in FY 2017. As of June 30, 2017 approximately 2,181 homes have had their lead lines replaced. The Third phase of lead line replacement commenced in mid-September 2016. The State of Michigan Department of Environmental Quality (MDEQ) has committed an additional \$25 million (including a \$5 million advance for Phase III) to supplement the program. The program is estimated to replace approximately 6,000 lead lines that carry drinking water to single family homes and multi-residential complexes. The program was scheduled to be complete by September 2017 in accordance with State law but has been extended.

A civil lawsuit was filed by the Concerned Pastors for Social Action and others against the State of Michigan and others over the Flint water crisis. In March an approved settlement agreement was reached. The settlement guarantees replacement of 18,000 lead and galvanized service lines in Flint but did not continue the door-to-door water deliveries that had been sought. The settlement requires the state to allocate \$87 million to pay for the replacement of lead and galvanized water service lines, with at least \$47 million to come from sources other than those approved by Congress and President Barack Obama. The State has already committed to support the Fifth Phase of the lead line replacement program, which is scheduled to begin in the Spring of 2018.

The City received a \$100 million Federal Water Infrastructure Improvements for the Nation (WIIN) grant in FY 2017, which was approved by congress and President Barack Obama. This funding is available from the US Environmental Protection Agency (EPA) to provide capitalization grants under the Safe Drinking Water Act (SWDA) and the (WIIN).

The City received a \$120,000 grant from the Charles Stewart Mott Foundation in FY 2016 to fund a contractual consultant position to oversee all of the "Fast Start Program-Lead Line Replacement" programs and an additional \$60,000 to continue the consultant position through October 2017. The State of Michigan has also provided engineering personnel assistance at no cost to the City to assist in implementing the lead line replacement initiatives.

The City has contracted with an engineering firm who will analyze the City's municipal water distribution system and water treatment protocols at the City water plant. Specifically, engineers will assess how operating, maintenance, monitoring, water quality, and other water distribution practices are functioning. From this study, improvements will be made to the water quality and water distribution systems to insure compliance with the federal EPA and MDEQ water treatment and water distribution guidelines and rules. This funding of approximately \$1.5 million will come from a portion of the \$100 million of federal WIIN funding.

In May 2016, the City was informed that they were the recipients of a three (3) year grant from the Ford Foundation through the Community Foundation of Greater Flint, to fund the position "Chief Public Health Advisor" (CPHA). This position works under the guidance of the Mayor to provide increased capacity for the City to enhance the health, wellness and resilience of its residents by providing crucial advice and support to the Mayor and City Council on all matters affecting the health of City residents. The CPHA will serve as the go to convener and liaison for the City with the County, State, and national bodies engaged in the health and human services work supporting City residents. The (CPHA) was hired in October 2016. In addition to this important position, the City was notified in March 2017 that they were the recipients of a grant from the Community Foundation of Greater Flint with the Skillman Foundation Grant to cover the position of Chief Recovery Officer. This position will also provide crucial advice and support to the Mayor and City Council on all matters affecting the health of the City of Flint.

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Continuing Challenges

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

In order to control costs and water quality, the Mayor decided not to switch to the Karegnondi Water Authority (KWA) as the City's primary water source but instead decided to stay with the purchase of treated water from the Great Lakes Water Authority (GLWA). This was after many months of receiving information and a study that showed this would be the City's best option in terms of health and financial viability. The City Council, however was not so enthused and as of June 30, 2017 the City Council postponed the decision on a long-term water source. This prompted the MDEQ to file a lawsuit against the City citing that the City was in violation of the EPA's Emergency Administrative Order.

The City has been in limbo without a selection of a long-term water source. The WIIN funding would cover lead line replacements, funding for water plant improvements, water plant staffing/training, water transmission line replacement, and water plant operational issues. If the City decides to go with the long-term GLWA contract then the money set aside for water plant improvements could be used for other needed infrastructure repairs and replacements. The budget for FY 2017/18 includes not only the KWA bond payment but also a higher payment for the purchase of water from GLWA because the City has not signed the long term deal with GLWA, which would reduce the price for purchase of water and give the City credits for it's the KWA bond payment (approximately \$6.6 million a year). As of June 30, 2017, the City is procuring water from GLWA on a month-to-month basis, which does not allow the credit for the KWA bond payment.

In November 2016 the City received voter support for special millages for public safety and recreation that were due to expire June 2017. These renewals help the City maintain its public safety services and recreational services.

The MERS December 2015 actuarial report delivered to the City at the end of June 2016 disclosed a significant employer pension contribution for FY 2017/18. The City's employer pension contribution was requested to be \$42 million in FY 2017/18 as compared to \$18.5 million in FY 2016/17. The City worked with the City's pension administrator to reduce this obligation to insure an affordable employer pension contribution in FY 2017/18 and continue to maintain the fiscal integrity of the City pension plan now and into the future. The annual contributions over the next five years were revised for retiree transfers, asset allocation and equal funded ratio. The City's pension obligation in FY 2017/18 is \$20.6 million and will be \$22.8 in FY 2018/19; \$26.8 million in FY 2019/20; \$31.5 million in FY 2020/21 and \$36.1 million in FY 2021/22. The City continues to look for ways to fund this unfunded liability.

Property tax taxable values continue to decline from \$750 million in tax value in 2016 to under \$710 million in tax value in 2017. Administration 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. The LEAR Corporation has committed to the redevelopment of 452 acres that has been vacant for several years. With this redevelopment they plan on creating 450 new jobs and housing 600 employees.

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

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report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

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

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Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3-21 through 3-62 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 4-1 through 4-14 of this report.

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The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 5-1 through 5-22 of this report.

Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. Total assets including deferred outflows of the City are \$427 million. Total liabilities are \$577.0 million, of which the largest portion of \$498.1 million reflects its net pension liability and Other Post-Employment benefits obligations. As stated earlier, the City adopted Governmental Accounting Standards Board (GASB) Statements 68 & 71 effective for the fiscal year ended June 30, 2016. These GASB statements required the City to recognize the long-term obligation for pension benefits as a liability and to measure the annual costs of the pension benefits.

Total net position (total assets less total liabilities) is a negative \$149.5 million, this includes \$187.9 million of net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining portion of the City's total net position, \$22.4 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was a negative \$359.9 million, which is up slightly from FY 2015/16 deficit of \$359 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 \$339 million deficit in unrestricted net position. The \$339 million deficit results from the increase in the pension and OPEB liabilities.

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Table 2 – City of Flint's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 97,282,336	\$ 85,139,538	\$ 99,910,392	\$ 95,439,219	\$ 197,192,728	\$ 180,578,757
Capital assets	113,895,652	122,280,530	97,492,951	97,764,744	211,388,603	220,045,274
Total assets	<u>211,177,988</u>	<u>207,420,068</u>	<u>197,403,343</u>	<u>193,203,963</u>	<u>408,581,331</u>	<u>400,624,031</u>
Deferred outflows	15,434,551	30,020,566	3,474,550	9,516,594	18,909,101	39,537,160
Current liabilities	16,522,340	13,144,489	7,886,004	12,117,427	24,408,344	25,261,916
Long-term liabilities	419,785,151	422,433,816	132,843,161	132,841,921	552,628,312	555,275,737
Total liabilities	<u>436,307,491</u>	<u>435,578,305</u>	<u>140,729,165</u>	<u>144,959,348</u>	<u>577,036,656</u>	<u>580,537,653</u>
Net position:						
Net investment in capital assets	112,083,639	120,193,431	75,820,800	75,805,935	187,904,439	195,999,366
Restricted	17,288,837	17,600,308	5,113,523	5,113,523	22,402,360	22,713,831
Unrestricted (deficit)	<u>(339,067,428)</u>	<u>(335,931,410)</u>	<u>(20,785,595)</u>	<u>(23,158,249)</u>	<u>(359,853,023)</u>	<u>(359,089,659)</u>
Total net position	<u>\$ (209,694,952)</u>	<u>\$ (198,137,671)</u>	<u>\$ 60,148,728</u>	<u>\$ 57,761,209</u>	<u>\$ (149,546,224)</u>	<u>\$ (140,376,462)</u>

Governmental Activities

Changes in net position provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities decreased by \$11.5 million. Total assets & deferred outflows decreased by \$10.8 million, however total liabilities decreased by \$8.5 million from FY 2015/16. The decrease in total net position can be attributed to the increase in long-term liabilities. Revenues in FY 2016/17 were \$3.8 million lower than in FY 2015/16. The decrease is mainly due to a decrease in grant revenue. The FY 2016/17 expenses were \$8.5 million less than in FY 2015/16. The decrease in expenses is attributable to the consolidation of the 68th District Court with the Genesee County 67th District Court, which decreased expenditures by \$4.6 million in FY2016/17.

Business-type Activities – Business-type activities have \$60.1 million of total net position. Business-type activities do not encumber at year-end and normally do not appropriate net position as part of the budget process. Total net position for business type activities increased by \$2.4 million. This was due to the \$1.8 million decrease in current assets and deferred outflows; only a \$4.2 million increase in total liabilities and a decrease of \$2.4 million in unrestricted deficit. Expenses increased by \$18.5 million in FY 2016/17 from FY 2015/16, while revenues increased by \$11.9 million. These changes can be attributed to the grant funding received in the water fund for Lead Line Replacement.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 12,193,028	\$ 14,689,966	\$ 59,562,460	\$ 61,386,955	\$ 71,755,488	\$ 76,076,921
Operating grants and contributions	18,821,609	18,497,749	-	-	18,821,609	18,497,749
Capital grants and contributions	2,092,816	6,240,235	22,107,628	8,374,748	24,200,444	14,614,983
General revenues:						
Property taxes	19,861,396	18,429,084	-	-	19,861,396	18,429,084
Income taxes	15,487,439	15,540,594	-	-	15,487,439	15,540,594
State shared revenue	14,899,242	14,451,256	-	-	14,899,242	14,451,256
Cable franchise fees	1,022,650	-	-	-	1,022,650	-
Unrestricted investments earnings	773,736	1,113,097	362,738	613,207	1,136,474	1,726,304
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous	967,327	1,028,723	298,954	37,051	1,266,281	1,065,774
Total revenues	86,119,243	89,990,704	82,331,780	70,411,961	168,451,023	160,402,665
Expenses:						
General government	14,329,561	14,042,753	-	-	14,329,561	14,042,753
Judicial	530,845	5,143,547	-	-	530,845	5,143,547
Public safety	48,981,359	51,070,022	-	-	48,981,359	51,070,022
Building inspection	1,561,223	1,254,516	-	-	1,561,223	1,254,516
Public works	18,538,906	25,477,531	-	-	18,538,906	25,477,531
Legislative	1,005,230	-	-	-	1,005,230	-
Community development	5,750,353	8,988,332	-	-	5,750,353	8,988,332
Facilities, parks, and recreation	1,825,123	1,723,835	-	-	1,825,123	1,723,835
Transportation	6,626,953	-	-	-	6,626,953	-
Interest on long-term debt	1,306,639	1,280,956	-	-	1,306,639	1,280,956
Sewer	-	-	30,017,709	24,710,771	30,017,709	24,710,771
Water	-	-	47,146,884	33,959,767	47,146,884	33,959,767
Total expenses	100,456,192	108,981,492	77,164,593	58,670,538	177,620,785	167,652,030
Excess (deficiency) before transfers	(14,336,949)	(18,990,788)	5,167,187	11,741,423	(9,169,762)	(7,249,365)
Transfers	2,779,668	2,990,000	(2,779,668)	(2,990,000)	-	-
Increase (decrease) in net position	(11,557,281)	(16,000,788)	2,387,519	8,751,423	(9,169,762)	(7,249,365)
Net position, beginning of year (restated)	(198,137,671)	(182,136,882)	57,761,209	49,009,786	(140,376,462)	(133,127,096)
Net position, end of year	<u>\$ (209,694,952)</u>	<u>\$ (198,137,670)</u>	<u>\$ 60,148,728</u>	<u>\$ 57,761,209</u>	<u>\$ (149,546,224)</u>	<u>\$ (140,376,461)</u>

City of Flint, Michigan
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Analysis of Fund Financial Statements

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

Governmental Funds

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

The City's governmental funds show an operating surplus (or fund balance) of \$ 47.7 million as of June 30, 2017. This is an increase of \$9.4 million compared to fund balance of \$38.3 million at the end of FY 2015/16. One significant factor is the continuing emphasis on containing expenses wherever possible. The financial impact of changes in active and retiree health care benefits began to be seen. The City was able to collect premiums from the retirees in amount of \$2.0 million in FY 2016/17.

The non-major governmental funds have a fund balance of \$21.5 million, of which virtually all is invested in infrastructure and equipment or restricted for specific purposes. The largest fund balances among the governmental funds are the General Fund \$17.0 million. The major street fund, which is a special Revenue fund, has a fund balance of \$8.5 million. Special revenue funds are maintained primarily to demonstrate accountability. Federal and state laws place restrictions on how these funds can be spent.

Proprietary Funds

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

Total net position in the Water Fund is \$19.3 million, an increase of \$3.5 million from the previous year. Net operating income was a negative \$17.6 million an increase from a negative \$1.43 million in previous year. This negative increase was due to the State stopping the water credit program at the end of January 2017. (The State was paying 65% of residential and 20% of commercial water bills.) The State of Michigan also stopped helping the City with its payment to GLWA for the purchase of water. There was an increase in contractual services of \$3.6 million, which can be attributed to the Lead Line Replacement Program. Operating Revenue decreased by \$1.8 million in FY 2016/17 as compared to FY 2015/16 and operating expenditures increased by \$18.5 million in FY 2016/17 compared to FY 2015/16. The Water Fund has a bond reserve account of \$2.0 million and an equipment reserve account of \$3 million. The bond reserve was created to help fund the City's yearly bond payment on the Drinking Water Revolving Loans that the City took out in 2004. The State of Michigan and the EPA are in discussions about possibly forgiving the City of the balance on these loans of approximately \$20.7 million. In FY 2015/16 the State of Michigan did defer the principal payment for 5 years and forgave the interest on these loans.

Net position in the Sewer Fund is \$37.4 million, a decrease of \$2.4 million from FY 2015/16. Net operating income was a negative \$1 million with total operating expenditures of \$31.4 million, which is an increase from FY 2015/16 of \$5 million. This increase is due to bad debt expense of \$2.0 million and an increase in contractual services of \$1.5 million for sewer relining and root control. In FY 2015/16 the City initiated a spending freeze so these services resumed in FY 2016/17.

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Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$211.4 million (net of accumulated depreciation), a net decrease of \$8.7 million. This net investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). The decrease can be attributed to the \$8.0 million decrease in infrastructure. Additional information on the City's capital assets can be found in Note 8.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 14,409,836	\$ 14,409,836	\$ 762,394	\$ 762,394	\$ 15,172,230	\$ 15,172,230
Construction in progress	401,283	436,576	-	-	401,283	436,576
Land improvements	2,706,467	2,702,171	2,957,416	3,117,754	5,663,883	5,819,925
Infrastructure	89,048,458	97,010,693	39,457,405	36,186,572	128,505,863	133,197,265
Buildings, additions, and improvements	4,469,924	4,771,676	14,778,747	16,077,115	19,248,671	20,848,791
Machinery and equipment	1,603,772	1,656,812	38,374,255	40,175,902	39,978,027	41,832,714
Vehicles	1,255,912	1,292,766	1,162,734	1,445,007	2,418,646	2,737,773
Total	\$ 113,895,652	\$ 122,280,530	\$ 97,492,951	\$ 97,764,744	\$ 211,388,603	\$ 220,045,274

Debt Administration

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

General Obligation Bonds

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

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Long-term Debt

At year end, the City had \$34.7 million in bonds and notes and compensated absences outstanding for governmental activities and \$22.2 million in bonds and notes and compensated absences outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 12.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation debt	\$ 8,025,000	\$ 8,355,000	\$ -	\$ -	\$ 8,025,000	\$ 8,355,000
Local government loan	6,990,000	7,210,000	-	-	6,990,000	7,210,000
Emergency loan	6,200,000	6,610,000	-	-	6,200,000	6,610,000
Revenue bonds and notes	-	-	20,770,336	20,770,336	20,770,336	20,770,336
Other notes	9,920,276	10,715,451	-	-	9,920,276	10,715,451
Capital leases	433,737	597,648	901,815	1,188,473	1,335,552	1,786,121
Accrued annual and sick pay	3,092,942	3,168,787	489,479	524,910	3,582,421	3,693,697
Total	\$ 34,661,955	\$ 36,656,886	\$ 22,161,630	\$ 22,483,719	\$ 56,823,585	\$ 59,140,605

Limitations on Debt

The State limits the amount of general obligation debt the City can issue to 7 percent of the assessed value of all taxable property within the City's corporate limits. The City's legal debt limit is \$53.2 million. The amount of debt available to the City (unused portion of the debt limitation) is \$32.0 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state-shared revenue program. This program may require a pledge of the City's future state-shared revenues.

Bond Ratings

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

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

The City of Flint, Michigan Funds

The City's Governmental funds include the General Fund, Grants & Nonmajor Governmental Funds. The General Fund pays for most of the City's governmental services. The General Fund recorded \$45.6 million in expenses to provide City services in fiscal year FY 2016/17. 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 \$785 thousand and the Public Safety Fund had expenditures of \$4.7 million. The Public Safety Fund includes both police and fire.

A combined \$10.5 million was spent in FY 2016/17 on major and local road repairs. The Local Street Fund received an operating transfer from the Major Street Fund in FY 2016/17 of \$500,000. In the City's Garbage Collection Fund, the City spent \$4.2 million to collect and dispose of the City's solid waste, recyclables, and leaves in FY 2016/17. 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.

Budgets

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

The City reviews its budgets on a monthly basis and makes various amendments to address unexpected operating events throughout the year. The total amount of revenue appropriation adjustments reflected a net increase of \$87.4 million. The major adjustments were in the grant funds of \$45.5 million and the Water Fund of \$42.5 million. The City doesn't budget for the grant funds. The grant funds are rolled from year to year depending on the balance of the grant at year end. The Water Fund increase is due to the grant funding from the State of Michigan and the Federal Government. The General Fund revenue budget was increased by \$448 thousand. When comparing the City's General Fund amended revenue appropriation to actual revenues, the actual revenue received is 106 percent of the amended revenue appropriation, or \$50.0 million.

The total amount of expenditure appropriation adjustments amounted to \$87.5 million an increase across all operating funds. The Water Fund accounted for \$38.8 million of the overall expenditure increase. The increase was due mainly to the funding received from the State and Federal Government for the lead line replacement program. The General Fund expenditure budget was increased by \$448 thousand. The grant funds increased by \$45.5 million. When comparing the City's General Fund amended expenditure appropriation to actual expenditures, the City spent 91 percent of the total appropriation or \$45.7 million.

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

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:

- An aging and reduced workforce, resulting in an increase in the ratio of retirees to active employees, affecting pension and health care costs
- Aging sewer, water, street, and sidewalk infrastructure
- Providing safe and affordable drinking water
- Combating high levels of crime
- Higher water and sewer rates
- A shrinking population

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

- 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 to support a variety of activities and programs in Flint
- Diversification of Flint's economic base, especially in higher education and health care
- Continuing financial support from the State of Michigan to assist the City with Public Safety, clean drinking water and assisting financially in keeping the City's lockup open.

Long Term Financial Planning

- The City will continue to carefully manage resources that are available for operations and improvements.
- The City will continue to monitor all operating programs in order to determine if the program provides a quality level of service at a fair cost.
- The City will continue to evaluate revenues to ensure that fees charged meet program expenses.
- The City will continue to follow newly adopted Ordinances including the adoption of a biennial budget with a five year projection. Through this long term planning, the City will continue to evaluate and monitor its budgets. Adjustments will be made to address changes in economic conditions and other events as they present themselves.
- The Capital Improvement Plan was developed, reviewed by the Public, and approved by the Planning Commission and the City Council and is updated on a yearly basis.
- The City of Flint has a Master Plan. The plan paints a new vision for the City and is focused on making Flint an attractive place to live, work, learn, and play.

City of Flint, Michigan
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- The City continues to receive valuable support in the form of grants from local organizations including the Ruth Mott Foundation, Charles Stewart Mott and the Community Foundation; the State of Michigan, FEMA and the Federal Government. For FY 2016/17 the City received grants from these organizations that totaled over \$187.0 million. This does not include the support the City receives from HUD for its Community Development Block Grant, Home Investment Partnerships Program (HOME) and Emergency Shelter Grants, which included an additional \$4.6 million.
- There have been ongoing repairs and improvements to the City's water treatment and distribution system. The City continues to work with the State of Michigan and the EPA in evaluating and improving the water plant and the City's infrastructure.
- In FY 2016/17 over 2,181 lead lines were replaced with 6,000 more scheduled for FY 2017/18. Funding coming from grants received from the State of Michigan and the Federal Government
- The City received a SAFER grant in the amount of \$3.8 million for 33 firefighters for 2 years.
- The City of Flint has continued to see significant private investment over the course of FY 2016/17. Multiple projects have been completed, are in progress, or are planned throughout the City in the next few years.
- The Flint River Restoration project was initiated with the \$4 million removal of the Hamilton Dam, which is scheduled to begin in November 2017.
- \$35 million has been earmarked for the Flint River Restoration, which will result in improved water quality and enhanced riverfront from Hamilton Ave. to the Mott Park Golf Course.
- Two residential development projects have begun, receiving funding from both the City and MSHDA. The Marketplace is a \$19 million mixed-income, mixed-use development that will include 92 residential units and open around mid-2019.
- On the West side of Flint, the historic Coolidge School will be rehabilitated and a new building will be built on site. The 54 unit residential complex will be named Coolidge Park Apartments and cost over \$17 million to complete.
- The City has partnered with the Flint Housing Commission and Norstar Development LLC to submit a LIHTC (Low Income Housing Tax Credit) application to MSHDA for a new 63 unit mixed income residential complex. The total project cost is over \$15 million.
- Mott Community College is in the process of rehabilitating a vacant 36,000 sq. ft. building in downtown Flint for their new Culinary Institute. The \$13 million project will open its doors in Fall 2018.
- The City continues to implement its 5-year plan to combat blight. Since 2014 the City has been awarded over \$67.4; million in funds to combat residential blight through demolition, resulting in over 5,000 blighted and abandoned homes being demolished.
- The City was awarded a commercial demolition grant that will target 3 significantly distressed vacant buildings.

Requests for Information

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

City of Flint, Michigan
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,496,737	\$ -	\$ 1,496,737	\$ 84,199,314
Pooled cash and investments	68,819,443	60,384,751	129,204,194	-
Investments	1,000,144	-	1,000,144	119,570,663
Receivables, net of allowance				
Property taxes receivable	2,277,576	-	2,277,576	-
Customers	-	23,178,081	23,178,081	51,132,295
Other receivables	3,749,717	387	3,750,104	2,331
Accrued interest	17,035	61,538	78,573	519,661
Due from other units of government	7,296,679	4,342,366	11,639,045	-
Internal balances	(3,450,763)	3,450,763	-	-
Due from component units, net of allowance	6,300,368	-	6,300,368	-
Notes and leases receivable, net of allowance	8,903,279	-	8,903,279	384,070
Inventories	110,868	976,528	1,087,396	5,193,318
Prepaid items	373,240	2,402,455	2,775,695	3,682,793
Restricted assets				
Cash and cash equivalents	383,698	5,113,523	5,497,221	13,442,591
Investments	4,315	-	4,315	24,188,557
Other assets	-	-	-	954,408
Investment in joint venture	-	-	-	6,377,966
Capital assets not being depreciated	14,811,119	762,394	15,573,513	4,971,927
Capital assets, net of accumulated depreciation	99,084,533	96,730,557	195,815,090	115,045,671
Total assets	<u>211,177,988</u>	<u>197,403,343</u>	<u>408,581,331</u>	<u>429,665,565</u>
Deferred outflows of resources				
Deferred amount relating to net pension liability	15,434,551	3,474,550	18,909,101	40,696,525
Deferred amount on refunding	-	-	-	913,997
Total deferred outflows of resources	<u>15,434,551</u>	<u>3,474,550</u>	<u>18,909,101</u>	<u>41,610,522</u>
Total assets and deferred outflows of resources	<u>226,612,539</u>	<u>200,877,893</u>	<u>427,490,432</u>	<u>471,276,087</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 9,229,901	\$ 4,050,349	\$ 13,280,250	\$ 19,046,399
Checks written against future deposits	786,183	-	786,183	-
Accrued and other liabilities	2,104,367	1,398,240	3,502,607	34,918,454
Due to primary government	-	-	-	8,080,686
Due to other units of government	602,887	-	602,887	-
Deposits payable	590,657	908,953	1,499,610	-
Claims payable	395,101	-	395,101	34,251,657
Payable from restricted assets	-	-	-	501,298
Unearned revenue	120,389	1,102,938	1,223,327	11,407
Debt due within one year	2,692,855	425,524	3,118,379	6,514,761
Noncurrent liabilities				
Claims payable	791,387	-	791,387	24,285,365
Debt due in more than one year	31,969,100	21,736,106	53,705,206	80,287,485
Net pension liability	262,488,702	83,256,461	345,745,163	174,742,143
Other postemployment benefit obligations	124,535,962	27,850,594	152,386,556	-
Total liabilities	<u>436,307,491</u>	<u>140,729,165</u>	<u>577,036,656</u>	<u>382,639,655</u>
Deferred inflows of resources				
Deferred amount on net pension liability	-	-	-	2,936,055
Total liabilities and deferred inflows of resources	<u>436,307,491</u>	<u>140,729,165</u>	<u>577,036,656</u>	<u>385,575,710</u>
Net position				
Net investment in capital assets	112,083,639	75,820,800	187,904,439	30,000,239
Restricted for:				
Roads	5,659,422	-	5,659,422	-
Community development	33,935	-	33,935	778,595
Revolving loan program	-	-	-	1,094,980
Capital projects	7,370,782	-	7,370,782	-
Building inspection	3,372,452	-	3,372,452	-
Public works	852,246	-	852,246	-
Debt service	-	2,077,033	2,077,033	-
Capital replacement	-	3,036,490	3,036,490	-
Donor restricted and other	-	-	-	8,128,180
Unrestricted (deficit)	<u>(339,067,428)</u>	<u>(20,785,595)</u>	<u>(359,853,023)</u>	<u>45,698,383</u>
Total net position	<u>\$ (209,694,952)</u>	<u>\$ 60,148,728</u>	<u>\$ (149,546,224)</u>	<u>\$ 85,700,377</u>

See Accompanying Notes to the Financial Statements

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 14,329,009	\$ 7,356,125	\$ 413,713	\$ -	\$ (6,559,171)	\$ -	\$ (6,559,171)	\$ -
Judicial	530,845	177,055	-	-	(353,790)	-	(353,790)	-
Public safety								
Police	35,542,024	1,616,609	3,053,378	-	(30,872,037)	-	(30,872,037)	-
Fire	13,278,780	696,965	-	-	(12,581,815)	-	(12,581,815)	-
Building inspection	1,561,223	2,232,541	-	-	671,318	-	671,318	-
Emergency dispatch	160,555	-	-	-	(160,555)	-	(160,555)	-
Public works	18,538,906	2,860	-	337,684	(18,198,362)	-	(18,198,362)	-
Legislative	1,005,230	-	-	-	(1,005,230)	-	(1,005,230)	-
Community development	5,750,353	5,224	797,968	767,719	(4,179,442)	-	(4,179,442)	-
Facilities, parks, and recreation	1,825,123	61,208	3,316,490	987,413	2,539,988	-	2,539,988	-
Transportation	6,626,953	44,441	11,240,060	-	4,657,548	-	4,657,548	-
Interest on long-term debt	1,307,191	-	-	-	(1,307,191)	-	(1,307,191)	-
Total governmental activities	<u>100,456,192</u>	<u>12,193,028</u>	<u>18,821,609</u>	<u>2,092,816</u>	<u>(67,348,739)</u>	<u>-</u>	<u>(67,348,739)</u>	<u>-</u>
Business-type activities								
Sewer	30,017,709	30,057,960	-	287,809	-	328,060	328,060	-
Water	47,146,884	29,504,500	-	21,819,819	-	4,177,435	4,177,435	-
Total business-type activities	<u>77,164,593</u>	<u>59,562,460</u>	<u>-</u>	<u>22,107,628</u>	<u>-</u>	<u>4,505,495</u>	<u>4,505,495</u>	<u>-</u>
Total primary government	<u>\$ 177,620,785</u>	<u>\$ 71,755,488</u>	<u>\$ 18,821,609</u>	<u>\$ 24,200,444</u>	<u>(67,348,739)</u>	<u>4,505,495</u>	<u>(62,843,244)</u>	<u>-</u>
Component Units								
Downtown Development Authority	\$ 1,990,328	\$ 918,968	\$ -	\$ -	-	-	-	(1,071,360)
Economic Development Corporation	173,553	136,548	47,745	-	-	-	-	10,740
Flint Area Enterprise Community	17,317	-	-	-	-	-	-	(17,317)
Hurley Medical Center	477,457,260	491,442,931	-	-	-	-	-	13,985,671
Total component units	<u>\$ 479,638,458</u>	<u>\$ 492,498,447</u>	<u>\$ 47,745</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,907,734</u>
General revenues								
Property taxes					19,861,396	-	19,861,396	427,091
Income taxes					15,487,439	-	15,487,439	-
State shared revenue					14,899,242	-	14,899,242	-
Cable franchise fees					1,022,650	-	1,022,650	-
Unrestricted investment earnings					773,736	362,738	1,136,474	47,061
Gain on extinguishment of debt					-	-	-	345,199
Miscellaneous					967,327	298,954	1,266,281	1,139,022
Transfers					2,779,668	(2,779,668)	-	-
Total general revenues and transfers					<u>55,791,458</u>	<u>(2,117,976)</u>	<u>53,673,482</u>	<u>1,958,373</u>
Change in net position					(11,557,281)	2,387,519	(9,169,762)	14,866,107
Net position – beginning of year					<u>(198,137,671)</u>	<u>57,761,209</u>	<u>(140,376,462)</u>	<u>70,834,270</u>
Net position – end of year					<u>\$ (209,694,952)</u>	<u>\$ 60,148,728</u>	<u>\$ (149,546,224)</u>	<u>\$ 85,700,377</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Governmental Funds
Balance Sheet
June 30, 2017

	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
	General	Grant Fund	Major Streets		
Assets					
Cash and cash equivalents	\$ -	\$ 314,210	\$ -	\$ 483,849	\$ 798,059
Pooled cash and investments	13,242,022	-	7,169,703	16,372,780	36,784,505
Investments	-	1,000,144	-	-	1,000,144
Receivables					
Property taxes receivable	1,065,371	-	-	1,212,205	2,277,576
Other receivables	3,534,137	-	-	-	3,534,137
Accrued interest and other	-	-	-	17,035	17,035
Due from other units of government	2,972,195	2,004,065	1,571,774	458,571	7,006,605
Due from component unit, net of allowance	55,686	-	-	6,244,682	6,300,368
Notes and leases receivable	-	8,623,229	-	280,050	8,903,279
Restricted assets					
Cash and cash equivalents	-	383,698	-	-	383,698
Total assets	<u>\$ 20,869,411</u>	<u>\$ 12,325,346</u>	<u>\$ 8,741,477</u>	<u>\$ 25,069,172</u>	<u>\$ 67,005,406</u>
Liabilities					
Accounts payable	\$ 1,562,001	\$ 1,054,481	\$ 184,690	\$ 625,015	\$ 3,426,187
Checks written against future deposits	39,918	746,265	-	-	786,183
Deposits and advances	-	-	25	590,632	590,657
Accrued and other liabilities	525,143	81,417	48,107	857,719	1,512,386
Due to other units of government	602,883	-	-	4	602,887
Unearned revenue	-	117,051	3,338	-	120,389
Total liabilities	<u>2,729,945</u>	<u>1,999,214</u>	<u>236,160</u>	<u>2,073,370</u>	<u>7,038,689</u>
Deferred inflows of resources					
Property taxes	1,065,674	-	-	1,212,578	2,278,252
Notes and leases receivable	-	8,623,229	-	288,575	8,911,804
Grants	-	1,026,794	-	-	1,026,794
Total deferred inflows of resources	<u>1,065,674</u>	<u>9,650,023</u>	<u>-</u>	<u>1,501,153</u>	<u>12,216,850</u>
Total liabilities and deferred inflows of resources	<u>3,795,619</u>	<u>11,649,237</u>	<u>236,160</u>	<u>3,574,523</u>	<u>19,255,539</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Governmental Funds
Balance Sheet
June 30, 2017

	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds	
	General	Grant Fund			Major Streets
Fund balances					
Non-spendable					
Restricted for:					
Roads	\$ -	\$ -	\$ 8,505,317	\$ 2,883,447	\$ 11,388,764
Police	-	97,470	-	1,510,957	1,608,427
Community Development	-	578,639	-	-	578,639
Economic development	-	-	-	483,716	483,716
Debt service	-	-	-	10,766	10,766
Capital projects	-	-	-	7,370,782	7,370,782
Recreation and culture	-	-	-	223,191	223,191
Building inspection	-	-	-	3,372,452	3,372,452
Public safety	-	-	-	3,865,804	3,865,804
Public works	-	-	-	852,246	852,246
Street lighting	-	-	-	921,288	921,288
Unassigned	17,073,792	-	-	-	17,073,792
Total fund balances	<u>17,073,792</u>	<u>676,109</u>	<u>8,505,317</u>	<u>21,494,649</u>	<u>47,749,867</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,869,411</u>	<u>\$ 12,325,346</u>	<u>\$ 8,741,477</u>	<u>\$ 25,069,172</u>	<u>\$ 67,005,406</u>

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

Total fund balances for governmental funds	\$ 47,749,867
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	97,625,412
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	14,811,119
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	12,216,850
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(349,043)
Compensated absences	(3,092,942)
Net pension liability	(262,488,702)
Net other post employment obligation	(124,535,962)
Deferred outflows (inflows) of resources	
Deferred outflow of resources resulting from net pension liability	15,434,551
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(31,135,276)
Internal service funds are included as part of governmental activities.	<u>24,069,174</u>
Net position of governmental activities	<u>\$ (209,694,952)</u>

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

	General	Grant Fund	Major Streets	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 4,759,236	\$ -	\$ -	\$ 12,201,573	\$ 16,960,809
Income taxes	15,644,292	-	-	-	15,644,292
Licenses and permits	66,515	-	1,400	2,159,833	2,227,748
Federal grants	-	5,783,334	-	-	5,783,334
State revenue	18,216,677	645,660	8,121,363	3,081,583	30,065,283
Other state grants	-	-	321,345	-	321,345
Charges for services	8,290,092	70,174	36,601	2,784,393	11,181,260
Fines and forfeitures	288,387	-	-	141,473	429,860
Investment income	282,178	291,404	26,062	73,095	672,739
Local contributions	50,590	646,435	17,756	332,104	1,046,885
Cable franchise fees	1,022,650	-	-	-	1,022,650
Miscellaneous	455,231	393,000	73,855	577,437	1,499,523
Total revenues	<u>49,075,848</u>	<u>7,830,007</u>	<u>8,598,382</u>	<u>21,351,491</u>	<u>86,855,728</u>
Expenditures					
Current					
General government	10,339,533	-	-	-	10,339,533
Judicial - 68th District Court	901,361	-	-	-	901,361
Public safety:					
Police department	21,966,606	2,914,599	-	858,267	25,739,472
Combined public safety department	-	-	-	4,745,724	4,745,724
Fire	9,034,111	-	-	-	9,034,111
Building inspection	-	-	-	1,890,010	1,890,010
Emergency dispatch	88,622	-	-	-	88,622
Public works	-	-	6,552,517	4,161,996	10,714,513
Legislative	870,950	-	-	-	870,950
Community development	729,330	4,842,583	-	4,172	5,576,085
Facilities maintenance	1,643,145	-	-	-	1,643,145

See Accompanying Notes to the Financial Statements

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

	General	Grant Fund	Major Streets	Nonmajor Governmental Funds	Total Governmental Funds
Parks and recreation	\$ -	\$ -	\$ -	\$ 584,219	\$ 584,219
Transportation	-	-	-	6,084,566	6,084,566
Debt service					
Principal retirement	-	684,000	111,173	960,000	1,755,173
Interest and fiscal charges	-	306,773	7,447	919,387	1,233,607
Total expenditures	<u>45,573,658</u>	<u>8,747,955</u>	<u>6,671,137</u>	<u>20,208,341</u>	<u>81,201,091</u>
Excess (deficiency) of revenues over expenditures	<u>3,502,190</u>	<u>(917,948)</u>	<u>1,927,245</u>	<u>1,143,150</u>	<u>5,654,637</u>
Other financing sources (uses)					
Transfers in	3,777,998	15,641	-	1,299,024	5,092,663
Transfers out	<u>(80,489)</u>	<u>-</u>	<u>(500,000)</u>	<u>(734,176)</u>	<u>(1,314,665)</u>
Total other financing sources and uses	<u>3,697,509</u>	<u>15,641</u>	<u>(500,000)</u>	<u>564,848</u>	<u>3,777,998</u>
Net change in fund balance	7,199,699	(902,307)	1,427,245	1,707,998	9,432,635
Fund balance – beginning of year, restated	<u>9,874,093</u>	<u>1,578,416</u>	<u>7,078,072</u>	<u>19,786,651</u>	<u>38,317,232</u>
Fund balance – end of year	<u>\$ 17,073,792</u>	<u>\$ 676,109</u>	<u>\$ 8,505,317</u>	<u>\$ 21,494,649</u>	<u>\$ 47,749,867</u>

See Accompanying Notes to the Financial Statements

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

Net change in fund balances - Total governmental funds	\$	9,432,635
Total change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(11,237,383)
Capital outlay		2,908,177
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Grants		(555,870)
Property taxes		40,099
Notes and leases receivable		(325,945)
Expenses are recorded when incurred in the statement of activities		
Accrued interest		(73,584)
Compensated absences		75,845
Net other post employment obligation		(1,552,830)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions		
Net change in net pension liability		(482,192)
Net change in the deferred outflow of resources related to the net pension liability		(14,586,015)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments of long-term debt		1,755,175
Internal service funds are also included as governmental activities		3,044,607
Change in net position of governmental activities	\$	(11,557,281)

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 698,678
Pooled cash and investments	38,443,941	21,940,810	60,384,751	32,034,938
Receivables				
Other	155	232	387	-
Customers	10,867,194	12,310,887	23,178,081	215,580
Due from other units of government	108,760	4,233,606	4,342,366	290,074
Inventories	711,678	264,850	976,528	110,868
Prepaid items	-	2,402,455	2,402,455	373,240
Total current assets	<u>50,131,728</u>	<u>41,152,840</u>	<u>91,284,568</u>	<u>33,723,378</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	5,113,523	5,113,523	4,315
Accrued interest receivable	61,538	-	61,538	-
Capital assets not being depreciated	38,077	724,317	762,394	-
Capital assets, net of accumulated depreciated	<u>48,976,873</u>	<u>47,753,684</u>	<u>96,730,557</u>	<u>1,459,121</u>
Total noncurrent assets	<u>49,076,488</u>	<u>53,591,524</u>	<u>102,668,012</u>	<u>1,463,436</u>
Total assets	<u>99,208,216</u>	<u>94,744,364</u>	<u>193,952,580</u>	<u>35,186,814</u>
Deferred Outflows of Resources				
Deferred amount of pension expense related to net pension liability	<u>1,850,709</u>	<u>1,623,841</u>	<u>3,474,550</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>101,058,925</u>	<u>96,368,205</u>	<u>197,427,130</u>	<u>35,186,814</u>

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 1,307,727	\$ 2,742,622	\$ 4,050,349	\$ 5,803,714
Accrued and other liabilities	388,094	1,010,146	1,398,240	242,938
Claims payable - current	-	-	-	395,101
Deposits payable	-	908,953	908,953	-
Unearned revenue	-	1,102,938	1,102,938	-
Current portion of noncurrent liabilities	201,113	224,411	425,524	168,124
Total current liabilities	1,896,934	5,989,070	7,886,004	6,609,877
Noncurrent liabilities				
Claims payable	-	-	-	791,387
Other postemployment benefit	16,337,944	11,512,650	27,850,594	-
Net pension liability	44,828,406	38,428,055	83,256,461	-
Long-term debt net of current portion	589,733	21,146,373	21,736,106	265,613
Total noncurrent liabilities	61,756,083	71,087,078	132,843,161	1,057,000
Total liabilities	63,653,017	77,076,148	140,729,165	7,666,877
Net position				
Net investment in capital assets	48,444,350	27,376,450	75,820,800	1,025,384
Restricted for:				
Debt service	-	2,077,033	2,077,033	-
Capital replacement	-	3,036,490	3,036,490	-
Unrestricted (deficit)	(11,038,442)	(13,197,916)	(24,236,358)	26,494,553
Total net position	\$ 37,405,908	\$ 19,292,057	56,697,965	\$ 27,519,937
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			3,450,763	
Net position of business-type activities			\$ 60,148,728	

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
User charges	\$ 30,057,960	\$ 29,504,500	\$ 59,562,460	\$ 55,031,176
Other revenue	236,380	62,574	298,954	513,012
 Total operating revenue	 <u>30,294,340</u>	 <u>29,567,074</u>	 <u>59,861,414</u>	 <u>55,544,188</u>
Operating expenses				
Salaries and benefits	17,094,252	15,027,064	32,121,316	2,747,968
Supplies	1,139,097	1,092,370	2,231,467	893,901
Contractual services	2,859,611	6,316,612	9,176,223	5,533,831
Claims	-	-	-	497,100
Utilities	1,643,794	357,493	2,001,287	32,379
Equipment operation	224,010	1,005,907	1,229,917	-
Repairs and maintenance	1,194,218	316,032	1,510,250	438,955
Insurance	-	-	-	645,530
Other expenses	3,205,317	2,660,160	5,865,477	273,251
Costs of materials and services rendered	-	17,307,301	17,307,301	39,349,939
Depreciation	4,014,638	3,053,073	7,067,711	522,047
 Total operating expenses	 <u>31,374,937</u>	 <u>47,136,012</u>	 <u>78,510,949</u>	 <u>50,934,901</u>
 Operating income (loss)	 <u>(1,080,597)</u>	 <u>(17,568,938)</u>	 <u>(18,649,535)</u>	 <u>4,609,287</u>

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Nonoperating revenue (expenses)				
Federal grant	\$ -	\$ 1,253,227	\$ 1,253,227	\$ -
State grant	287,809	18,821,340	19,109,149	742,762
Local grants	-	1,745,252	1,745,252	-
Investment income	191,003	171,735	362,738	105,231
Loss on sale of assets	-	(490)	(490)	-
Miscellaneous expense	(4,376)	-	(4,376)	-
Interest expense	(21,914)	(10,382)	(32,296)	(30,825)
 Total nonoperating revenues (expenses)	 <u>452,522</u>	 <u>21,980,682</u>	 <u>22,433,204</u>	 <u>817,168</u>
 Income (loss) before transfers	 (628,075)	 4,411,744	 3,783,669	 5,426,455
Transfers in	55,445	154,887	210,332	-
Transfers out	<u>(1,860,000)</u>	<u>(1,130,000)</u>	<u>(2,990,000)</u>	<u>(998,330)</u>
 Change in net position	 (2,432,630)	 3,436,631	 1,004,001	 4,428,125
Net position – beginning of year	<u>39,838,538</u>	<u>15,855,426</u>	<u>55,693,964</u>	<u>23,091,812</u>
Net position – end of year	<u>\$ 37,405,908</u>	<u>\$ 19,292,057</u>	<u>56,697,965</u>	<u>\$ 27,519,937</u>
 Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			 <u>1,383,518</u>	
Change in net position of business-type activities			<u>\$ 2,387,519</u>	

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Cash flows from operating activities				
Receipts from customers	\$ 26,897,161	\$ 23,659,817	\$ 50,556,978	\$ 55,240,758
Receipts from other funds	-	-	-	4,216,455
Payments to suppliers	(9,937,727)	(34,085,154)	(44,022,881)	(45,920,672)
Payments to employees	(13,423,921)	(11,906,498)	(25,330,419)	(2,747,968)
Claims paid	-	-	-	(490,955)
Net cash provided (used) by operating activities	<u>3,535,513</u>	<u>(22,331,835)</u>	<u>(18,796,322)</u>	<u>10,297,618</u>
Cash flows from noncapital financing activities				
Transfer from other funds	55,445	154,887	210,332	-
Transfers to other funds	(1,860,000)	(1,130,000)	(2,990,000)	(998,330)
Federal grant	-	1,253,227	1,253,227	-
State grant	287,809	18,821,340	19,109,149	-
Local grant	-	1,745,252	1,745,252	742,762
Net cash provided (used) by noncapital financing activities	<u>(1,516,746)</u>	<u>20,844,706</u>	<u>19,327,960</u>	<u>(255,568)</u>
Cash flows from capital and related financing activities				
Purchases/construction of capital assets	(692,031)	(6,103,887)	(6,795,918)	(466,375)
Principal and interest paid on long-term debt	(153,610)	(165,344)	(318,954)	(194,736)
Loss on sale of capital assets	-	(490)	(490)	-
Net cash used by capital and related financing activities	<u>(845,641)</u>	<u>(6,269,721)</u>	<u>(7,115,362)</u>	<u>(661,111)</u>
Cash flows from investing activities				
Interest received	188,906	171,735	360,641	105,231
Net change in cash and cash equivalents	1,362,032	(7,585,115)	(6,223,083)	9,486,170
Cash and cash equivalents – beginning of year	37,081,909	34,639,448	71,721,357	23,251,761
Cash and cash equivalents – end of year	<u>\$ 38,443,941</u>	<u>\$ 27,054,333</u>	<u>\$ 65,498,274</u>	<u>\$ 32,737,931</u>

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (1,080,597)	\$ (17,568,938)	\$ (18,649,535)	\$ 4,609,287
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	4,014,638	3,053,073	7,067,711	522,047
Changes in assets and liabilities				
Receivables (net)	(3,288,419)	(5,178,087)	(8,466,506)	(13,356)
Due from other units of government	(108,760)	98,801	(9,959)	(290,074)
Due from other funds	-	-	-	4,216,455
Inventories	(137,791)	58,442	(79,349)	2,976
Prepaid items	-	(757,203)	(757,203)	502,087
Deferred outflows	3,273,307	2,768,737	6,042,044	-
Accounts payable	734,052	2,419,261	3,153,313	585,357
Accrued and other liabilities	(270,414)	(6,711,875)	(6,982,289)	156,694
Unearned revenue	-	(897,062)	(897,062)	-
Customer deposits payable	-	69,091	69,091	6,145
Other post employment benefit obligation	288,813	260,299	549,112	-
Net pension liability	108,211	91,530	199,741	-
Compensated absences	2,473	(37,904)	(35,431)	-
Net cash provided (used) by operating activities	<u>\$ 3,535,513</u>	<u>\$ (22,331,835)</u>	<u>\$ (18,796,322)</u>	<u>\$ 10,297,618</u>
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 698,678
Pooled cash and investments	38,443,941	21,940,810	60,384,751	32,034,938
Restricted cash and cash equivalents	-	5,113,523	5,113,523	4,315
Cash and cash equivalents – end of year	<u>\$ 38,443,941</u>	<u>\$ 27,054,333</u>	<u>\$ 65,498,274</u>	<u>\$ 32,737,931</u>

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

	<u>Pension and Benefit Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 1,935,889	\$ 1,279,125
Pooled cash and investments	-	902,620
Investments:		
U.S government obligations	6,169,495	-
Agency securities	8,185,356	-
Corporate stocks	29,904,714	-
Corporate bonds	14,474,162	-
Receivables		
Taxes	-	3,787,257
Accrued interest and other	203,276	796,064
	<u>60,872,892</u>	<u>6,765,066</u>
Total assets		
Liabilities		
Accounts payable	-	5,234,232
Checks written against future deposits	3,500	-
Due to other units of government	-	1,530,834
Accrued expenses	691,624	-
	<u>695,124</u>	<u>\$ 6,765,066</u>
Total liabilities		
Net position		
Net position restricted for pensions	<u>\$ 60,177,768</u>	

See Accompanying Notes to the Financial Statements

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

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 5,523,202
Retiree	<u>2,030,357</u>
Total contributions	<u>7,553,559</u>
Investment earnings (expenses)	
Interest and dividends	1,315,140
Change in fair value	4,411,718
Investment related expenses	<u>(339,371)</u>
Total investment earnings	<u>5,387,487</u>
Total additions	<u>12,941,046</u>
Deductions	
Benefits	<u>6,463,002</u>
Change in net position	6,478,044
Net position – beginning of year	<u>53,699,724</u>
Net position – end of year	<u>\$ 60,177,768</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Net Position
Component Units
June 30, 2017

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
Assets					
Cash and cash equivalents	\$ 162,950	\$ 447,059	\$ 1,062,333	\$ 82,526,972	\$ 84,199,314
Investments	-	-	-	119,570,663	119,570,663
Receivables					
Customers	38,294	-	-	51,094,001	51,132,295
Accrued interest receivable	-	-	-	519,661	519,661
Other	-	-	2,331	-	2,331
Notes and leases receivable, net	-	316,922	67,148	-	384,070
Inventories	-	-	-	5,193,318	5,193,318
Prepaid items	3,880	13,940	-	3,664,973	3,682,793
Restricted assets					
Cash and cash equivalents	300,437	501,298	-	12,640,856	13,442,591
Investments	-	-	-	24,188,557	24,188,557
Other assets	-	-	-	954,408	954,408
Investment in joint ventures	-	-	-	6,377,966	6,377,966
Capital assets not being depreciated	4,878,067	93,860	-	-	4,971,927
Capital assets, net of accumulated depreciation	<u>8,736,648</u>	<u>309,298</u>	<u>-</u>	<u>105,999,725</u>	<u>115,045,671</u>
Total assets	<u>14,120,276</u>	<u>1,682,377</u>	<u>1,131,812</u>	<u>412,731,100</u>	<u>429,665,565</u>
Deferred outflows of resources					
Deferred amount of pension expense related to net pension liability	-	-	-	40,696,525	40,696,525
Deferred amount on refunding	-	-	-	913,997	913,997
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,610,522</u>	<u>41,610,522</u>
Total assets and deferred outflows of resources	<u>14,120,276</u>	<u>1,682,377</u>	<u>1,131,812</u>	<u>454,341,622</u>	<u>471,276,087</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Net Position
Component Units
June 30, 2017

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
Liabilities					
Accounts payable	\$ 54,203	\$ 9,178	\$ -	\$ 18,983,018	\$ 19,046,399
Accrued and other liabilities	80,450	6,169	-	34,809,015	34,895,634
Estimated third-party payor settlements	-	-	-	34,251,657	34,251,657
Due to primary government	8,025,000	55,686	-	-	8,080,686
Deposits and advances	22,820	-	-	-	22,820
Payable from restricted assets	-	501,298	-	-	501,298
Unearned revenue	-	11,407	-	-	11,407
Noncurrent liabilities					
Net pension liability	-	-	-	174,742,143	174,742,143
Due within one year	87,606	-	-	6,427,155	6,514,761
Due in more than one year	596,566	-	-	79,690,919	80,287,485
Claims payable	-	-	-	24,285,365	24,285,365
Total liabilities	<u>8,866,645</u>	<u>583,738</u>	<u>-</u>	<u>373,189,272</u>	<u>382,639,655</u>
Deferred inflows of resources					
Deferred amount of pension expense related to net pension liability	-	-	-	2,936,055	2,936,055
Total liabilities and deferred inflows of resources	<u>8,866,645</u>	<u>583,738</u>	<u>-</u>	<u>376,125,327</u>	<u>385,575,710</u>
Net position					
Net investment in capital assets	5,205,980	403,158	-	24,391,101	30,000,239
Restricted					
Community development	-	741,763	36,832	-	778,595
Revolving loan program	-	-	1,094,980	-	1,094,980
Donor restricted and other	-	-	-	8,128,180	8,128,180
Unrestricted (deficit)	47,651	(46,282)	-	45,697,014	45,698,383
	<u>\$ 5,253,631</u>	<u>\$ 1,098,639</u>	<u>\$ 1,131,812</u>	<u>\$ 78,216,295</u>	<u>\$ 85,700,377</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
Downtown Development Authority	\$ 1,990,328	\$ 918,968	\$ -	\$ (1,071,360)
Economic Development Corporation	173,553	136,548	47,745	10,740
Flint Area Enterprise Community	17,317	-	-	(17,317)
Hurley Medical Center	<u>477,457,260</u>	<u>491,442,931</u>	<u>-</u>	<u>13,985,671</u>
Total component unit activities	<u>\$ 479,638,458</u>	<u>\$ 492,498,447</u>	<u>\$ 47,745</u>	<u>\$ 12,907,734</u>

Component Units

	Downtown Development Authority Activities	Economic Development Corporation Activities	Flint Area Enterprise Community Activities	Hurley Medical Center Activities	Total
Changes in net position					
Net expense	<u>\$ (1,071,360)</u>	<u>\$ 10,740</u>	<u>\$ (17,317)</u>	<u>\$ 13,985,671</u>	<u>\$ 12,907,734</u>
General revenues:					
Property taxes	427,091	-	-	-	427,091
Unrestricted investment earnings	821	9,087	31,071	6,082	47,061
Miscellaneous	11,479	-	1,767	1,125,776	1,139,022
Gain (loss) on extinguishment of debt	<u>371,694</u>	<u>-</u>	<u>(26,495)</u>	<u>-</u>	<u>345,199</u>
Total general revenues	<u>811,085</u>	<u>9,087</u>	<u>6,343</u>	<u>1,131,858</u>	<u>1,958,373</u>
Change in net position	(260,275)	19,827	(10,974)	15,117,529	14,866,107
Net position beginning of year	<u>5,513,906</u>	<u>1,078,812</u>	<u>1,142,786</u>	<u>63,098,766</u>	<u>70,834,270</u>
Net position, end of year	<u>\$ 5,253,631</u>	<u>\$ 1,098,639</u>	<u>\$ 1,131,812</u>	<u>\$ 78,216,295</u>	<u>\$ 85,700,377</u>

See Accompanying Notes to the Financial Statements

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Units

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

Discretely Presented Component Units

The component unit column in the government-wide financial statements include the financial data of the City's four component

units. These units are reported in a separate column to emphasize that they are legally separate from the City. Separately issued financial statements are prepared for all of the discretely presented component units.

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

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

The Flint Area Enterprise Community (FAEC) is a non-profit organization, established under state law. FAEC is responsible for coordinating and implementing a strategic plan to advocate and develop business and community development in a federally designated zone that includes portions of Mt. Morris Township and the City of Flint. The City appoints a majority of the board of directors, provides the majority of its funding for operations, and any assets remaining at the cessation of its operating activities would be returned to the City of Flint. The FAEC is presented as a governmental activity. The FAEC plans to cease operations during the fiscal year ending 2018. They are currently working with the State to determine which organization will take over the loans.

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

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

Complete financial statements for the following individual component units may be obtained at the entity's administrative offices:

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

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

Flint Area Enterprise Community
 805 Welch Boulevard
 Flint, Michigan 48504

Hurley Medical Center
 One Hurley Plaza
 Flint, MI 48503

Joint Ventures

Hurley Medical Center participates in a privately held joint venture. The corporate joint venture is recorded in the financial statements under the equity method of accounting. Joint venture financial statement can be obtained by contacting the Medical Center. The Medical Center is unaware of any circumstances that would cause an additional financial benefit or burden to the Medical Center in the near future.

Genesys Hurley Cancer Institute (GHCI) is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001 to provide outpatient oncology services, including laboratory and radiation oncology. The Medical Center's net investment at June 30, 2017 was \$6,337,966. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. The equity income to the Medical Center from this joint venture was \$(137,435) for the year ending June 30, 2017. A total of \$0 was distributed to the Medical Center during the year ended June 30, 2017. GHCI paid the Medical Center \$775,000 for leased employees for the year ended June 30, 2017. The following is a summary of financial position and results of operations of GHCI as of and for the year ended June 30, 2017 (in thousands):

Total assets	\$ 21,406
Total liabilities	8,757
Net assets	<u>\$ 12,649</u>
Operating revenue	\$ 7,936
Operating expenses	<u>8,432</u>
Operating loss	(496)
Nonoperating revenue	<u>199</u>
Deficiency of revenue over expenses	<u>\$ (297)</u>

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for

which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and within 90 days for all other sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

The Grant 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 government reports the following major proprietary funds:

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

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

Additionally, the government reports the following:

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

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

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the sewer and water funds and the internal service funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new

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

customers to the system. Operating expenses for sewer and water funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Tax Revenue

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

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

The 2016 taxable valuation of the City totaled \$710 million. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	7.5	\$ 4,759,236
Public improvement	2.5	1,644,708
Parks and recreation	0.5	329,177
Public safety	6.0	3,948,193
Neighborhood police	2.0	1,320,222
Total	<u>18.5</u>	<u>\$ 12,001,536</u>

Assets, Liabilities, and Net Position or Equity

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

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

At June 30, 2017, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as checks written against future deposits.

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

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

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

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

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

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

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

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

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

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

Restricted assets recorded in the Hurley Medical Center discretely presented component unit consist of (1) proceeds of debt issues and funds of HMC deposited with a trustee and limited to use in accordance with the requirements of an indenture (2) assets restricted by outside donors.

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

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

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

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

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

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

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

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

In addition, deferred amounts on bond refunding are included in the government-wide financial statements. The amounts represent the difference between the reacquisition price and net carrying amount of the prior debt.

Compensated absences – The City’s policy concerning compensated absences changed as of July 1, 2014. All time off including vacation, personal time as well as health, maternity leave and FMLA was reclassified to Paid Time off (PTO). All employees had up to 200 hours of their accumulated annual bank placed in the employee’s

Maximum Accumulation Hours Bank. PTO time in excess of 200 hours was placed in a holding bank to be paid out at retirement, death, termination of employment at the rate of 100% of the employee’s straight time hourly rate in effect as of July 1, 2014. Such payment shall not be included as final average compensation for the purpose of computing retirement benefits. PTO time is computed and accrued on a basis of each payroll period that a regular employee has at least 72 straight time hours or a part time employee has at least 29 straight time hours. PTO time is based on City Seniority as defined in the Article entitled Seniority of this Agreement.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

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

The City also reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

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

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

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

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

Committed – amounts constrained by the government’s highest level decision-makers, the Mayor/City Council/City Administrator, subject to the approval of the RTAB. A fund balance commitment

may be established, modified, or rescinded by a resolution, subject to approval of the RTAB.

Assigned – amounts intended to be used for specific purposes. The City Council may assign fund balance for a specific purpose, subject to the approval of the RTAB. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the

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

reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Hurley Medical Center – Patient Accounts Receivable

Patient accounts receivable at June 30, 2017 and revenues for the year then ended include estimated amounts due from various third-party payors which are computed in accordance with their respective reimbursement formulas. In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$11,000,000 for 2017. The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

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 decreases in net patient service revenue of approximately \$1.9 million during 2017, 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.

Adoption of New Accounting Standards

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

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

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

Upcoming Accounting and Reporting Changes

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards

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

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

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

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

similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

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

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

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

On June 13, 2016, 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.

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year.

State Construction Code Act

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

Shortfall at July 1, 2016	\$ 3,059,305
Current year building permit revenue	2,203,157
Related expenditures	<u>(1,890,010)</u>
Restricted fund balance at June 30, 2017	<u>\$ 3,372,452</u>

Note 3 - Pooled Cash and Investments

The pooled cash and investments account at June 30, 2017 is comprised of the following:

Cash deposits and restricted cash	\$ 42,801,481
Investments	86,402,713
Total	<u>\$ 129,204,194</u>

Note 4 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations, of the United States, or any agency or instrumentality of the United States, repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the City Council, in accordance with Public Act 196 of 1997, is in accordance with statutory authority.

The City's investment policy authorizes the City and its component units to invest in obligations of the U.S. Treasury and obligation of U.S. agencies, where the principal and interest are fully guaranteed by the United States, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase agreements secured by obligations of the U.S. Government and U.S. Agencies, banker's acceptances of

City of Flint, Michigan
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U.S. banks, and mutual funds comprised of the above authorized investments.

The City's investment policy further requires that investments held in the pooled investment fund be limited by the investment type and financial institution. The City's pooled cash investments are limited as follows:

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

The City was in compliance with all aspects of its investment policy at June 30, 2017. The City deals only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements.

The Medical Center's Retiree Healthcare Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Medical Center has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the items

listed above. The Medical Center's deposits and investment policies are in accordance with statutory authority.

The Medical Center's investment policy limits any single investment to 10 percent of the portfolio, with the exception of cash or U.S. treasuries, and further restricts that combined mortgage-backed securities may not exceed 50 of the portfolio. No single investment exceeded 5 percent of the investment portfolio at June 30, 2017.

The cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's bank deposits, including its component units, (certificates of deposit, checking, and savings) totaling \$161,634,727 were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits its funds, and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk.

Hurley does have a deposit policy for custodial credit risk that requires the investments be held by a nationally chartered custodian bank. The chief investment officer shall select the custodian bank based on various factors including bank stability.

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

Investment Type	Carrying Value	How Held
Primary government:		
U.S government or agency bonds	\$ 9,202,383	Counterparty trust dept.
Commercial paper	14,924,189	Counterparty trust dept.
Corporate bonds	2,992,450	Counterparty trust dept.
Total	<u>\$ 27,119,022</u>	
Fiduciary fund – corporate stocks	<u>\$ 518,420</u>	Counterparty trust dept.
Component unit:		
U.S government or agency bonds	\$ 132,474,680	Counterparty trust dept.
Corporate stocks	28,320,078	Counterparty trust dept.
Corporate bonds	15,539,998	Counterparty trust dept.
Repurchase agreements	40,098,635	Counterparty
Municipal bonds	5,062,607	Counterparty trust dept.
Total	<u>\$ 221,495,998</u>	

Interest Rate Risk

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

As of June 30, 2017, the following securities were subject to interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
Primary government:		
U.S. government or agency bonds	\$ 9,202,383	5.76
Corporate bonds	2,992,450	< 1 year
Commercial paper	14,924,189	< 1 year
Money market funds	32,518,103	< 1 year
Certificates of deposit	5,528,693	2.47
Total	<u>\$ 65,165,818</u>	
Fiduciary fund:		
Money market funds	<u>\$ 380</u>	< 1 year
Component unit:		
U.S. government or agency bonds	\$ 132,474,680	3.70
GNMA pool	7,736,048	15.31
U.S. government mortgage backed securities	12,840,735	19.11
Corporate bonds	15,539,998	5.65
Money market funds	15,951,049	< 1 year
Repurchase agreement	40,098,635	< 1 year
Municipal bonds	5,062,607	< 1 year
Total	<u>\$ 229,703,752</u>	

Credit Risk

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

City of Flint, Michigan
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As of June 30, 2017, the following are credit quality ratings of the City's debt securities subject to credit risk:

Investment	Fair Value	Rating	Rating Organization
Primary government:			
U.S. government bonds	\$ 8,363,160	AA+	S&P
U.S. government bonds	839,223	AAA	S&P
Corporate bonds	1,995,090	A1+	S&P
Corporate bonds	997,360	A2	S&P
Money market funds	30,756,983	AAA	S&P
Money market funds	662,218	AAA/AA	S&P
Commercial paper	3,973,367	A1+	S&P
Commercial paper	4,984,407	A2	S&P
Commercial paper	5,966,416	A1	S&P
Total	\$ 58,538,224		
Fiduciary fund:			
Money market funds	\$ 380	AAA/AA	S&P
Component unit:			
U.S. agency bonds	\$ 10,397,233	AA+	S&P
U.S. agency bonds	122,077,447	Not rated	Not rated
U.S. government mortgage backed securities	12,840,735	Not rated	Not rated
Corporate bonds	6,376,389	AA+/A-	S&P
Corporate bonds	655,293	AAA	S&P
Corporate bonds	5,151,125	BBB+/B-	S&P
Corporate bonds	171,244	CCC+	S&P
Corporate bonds	3,185,947	Not rated	Not rated
Money market funds	15,951,049	Not rated	Not rated
Repurchase agreements	40,098,635	Not rated	Not rated
Total	\$ 216,905,097		

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

Custodial credit risk is the risk that in the event of a bank failure, EDC's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, EDC had \$66,536 bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. As a result, the EDC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Custodial credit risk is the risk that in the event of a bank failure, FAEC's deposits may not be returned to it. FAEC has a deposit policy for custodial credit risk. At year end, FAEC had \$562,332 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. FAEC believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, FAEC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Flint Downtown Development Authority's (DDA) cash and investments are subject to various types of risk.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, DDA's deposits may not be returned to it. DDA does not have a deposit policy for custodial credit risk. At year end, DDA had \$10,469 that was uninsured and uncollateralized.

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Credit Risk

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

Investment	Fair Value	Rating
Money market	\$ 39,968	Not Available

Note 5 - Fair Value Measurements

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

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

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

- U.S. governmental and agency securities of \$9,202,383 and money markets of \$1,761,544 are valued using quoted market prices (Level 1 inputs).

- The local government investment pool (Michigan CLASS) of \$30,756,939 are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the investments fund/pool (Level 2 inputs).

The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The Downtown Development Authority has the following recurring fair value measurements as of June 30, 2017:

- Money market mutual funds of \$39,968 are valued using quoted market prices (Level 1 inputs).

Hurley Medical Center has the following recurring fair value measurements as of June 30, 2017:

- Domestic equity securities of \$22,943,510, international private equity funds of \$5,046,754, and money market mutual funds of \$15,951,049 are valued using quoted market prices (Level 1 inputs).
- The U.S. treasury securities of \$137,537,287, government mortgage-backed securities of \$20,576,783, corporate bonds of \$15,539,998, and international private equity funds of \$329,814 were determined based on other observable inputs. The Medical Center estimates the fair value of these estimates by automatic methods using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. (Level 2 inputs).

City of Flint, Michigan
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Note 6 - Receivables

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

	Governmental Activities	Business Type Activities	Component Units
Primary government			
Income taxes, net of allowance of \$4,075,910	\$ -	\$ -	\$ -
Accounts receivable, net of allowance of \$19,046	-	23,178,081	51,132,295
Property taxes	2,277,576	-	-
Other receivables, net of allowance of \$308,969	3,749,717	387	2,331
Accrued interest and other	17,035	61,538	519,661
Due from other units of governments	7,296,679	4,342,366	-
Due from component units, net of allowance of \$1,780,318	6,300,368	-	-
Notes			
Due within one year	553,000	-	-
Due after one year	8,350,279	-	384,070
Total receivables, net	\$ 28,544,654	\$ 27,582,372	\$ 52,038,357

Note 7 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,409,836	\$ -	\$ -	\$ 14,409,836
Construction in progress	436,576	192,380	227,673	401,283
Total capital assets not being depreciated	14,846,412	192,380	227,673	14,811,119
Capital assets being depreciated				
Land improvements	14,719,446	390,636	-	15,110,082
Infrastructure	379,233,284	2,175,070	-	381,408,354
Buildings, additions and improvements	21,686,838	22,227	-	21,709,065
Machinery and equipment	11,112,508	445,399	-	11,557,907
Vehicles	12,024,322	376,513	521,074	11,879,761
Total capital assets being depreciated	438,776,398	3,409,845	521,074	441,665,169
Less accumulated depreciation for				
Land improvements	12,017,275	386,340	-	12,403,615
Infrastructure	282,222,591	10,137,305	-	292,359,896
Buildings, additions and improvements	16,915,162	323,979	-	17,239,141
Machinery and equipment	9,455,696	498,439	-	9,954,135
Vehicles	10,731,556	413,367	521,074	10,623,849
Total accumulated depreciation	331,342,280	11,759,430	521,074	342,580,636
Net capital assets being depreciated	107,434,118	(8,349,585)	-	99,084,533
Governmental activities capital assets, net	\$ 122,280,530	\$ (8,157,205)	\$ 227,673	\$ 113,895,652

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 762,394	\$ -	\$ -	\$ 762,394
Capital assets being depreciated				
Land improvements	5,432,597	-	-	5,432,597
Infrastructure	117,974,223	5,699,579	-	123,673,802
Buildings, additions and improvements	65,390,482	44,190	-	65,434,672
Machinery and equipment	102,393,117	841,817	-	103,234,934
Vehicles	6,889,394	210,332	-	7,099,726
Total capital assets being depreciated	298,079,813	6,795,918	-	304,875,731
Less accumulated depreciation for				
Land improvements	2,314,843	160,338	-	2,475,181
Infrastructure	81,787,651	2,428,746	-	84,216,397
Buildings, additions and improvements	49,313,367	1,342,558	-	50,655,925
Machinery and equipment	62,217,215	2,643,464	-	64,860,679
Vehicles	5,444,387	492,605	-	5,936,992
Total accumulated depreciation	201,077,463	7,067,711	-	208,145,174
Net capital assets being depreciated	97,002,350	(271,793)	-	96,730,557
Business-type capital assets, net	\$ 97,764,744	\$ (271,793)	\$ -	\$ 97,492,951

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 10,017,536	\$ -	\$ 115,237	\$ 9,902,299
Construction in progress	8,279,388	12,149,935	9,989,897	10,439,426
Total capital assets not being depreciated	18,296,924	12,149,935	10,105,134	20,341,725
Capital assets being depreciated				
Land improvements	13,865,382	125,683	-	13,991,065
Office furnishings	1,646,086	57,986	-	1,704,072
Buildings, additions and improvements	182,533,234	3,922,811	2,841,957	183,614,088
Machinery and equipment	114,968,230	6,564,492	2,821,973	118,710,749
Leasehold improvements	6,928,670	3,160	-	6,931,830
Vehicles	314,209	-	57,511	256,698
Total capital assets being depreciated	320,255,811	10,674,132	5,721,441	325,208,502
Less accumulated depreciation for				
Land improvements	4,343,083	494,309	-	4,837,392
Office furnishings	610,372	105,190	-	715,562
Buildings, additions and improvements	121,412,456	4,921,337	2,802,528	123,531,265
Machinery and equipment	80,697,251	11,832,746	2,636,926	89,893,071
Leasehold improvements	6,325,107	53,244	-	6,378,351
Vehicles	211,913	22,586	57,511	176,988
Total accumulated depreciation	213,600,182	17,429,412	5,496,965	225,532,629
Net capital assets being depreciated	106,655,629	(6,755,280)	224,476	99,675,873
Component unit capital assets, net	\$ 124,952,553	\$ 5,394,655	\$ 10,329,610	\$ 120,017,598

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

Governmental activities	
General government	\$ 105,329
Police	324,944
Judicial	1,970
Fire	25,142
Transportation	32,956
Emergency dispatch	71,933
Economic development	-
Parks and recreation	501,766
Public works	10,106,697
Community enrichment and development	66,646
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>522,047</u>
Total governmental activities	<u>11,759,430</u>
Business-type activities	
Sewer	4,014,638
Water	<u>3,053,073</u>
Total business-type activities	<u>7,067,711</u>
Total primary government	<u><u>\$ 18,827,141</u></u>
Component unit activities	
Downtown Development Authority	\$ 388,106
Hurley Medical Center	17,005,994
Economic Development Corporation	<u>35,312</u>
	<u><u>\$ 17,429,412</u></u>

Note 8 - Construction Commitments

The city had active construction projects as of June 30, 2017. The projects and City commitments with contractors were as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bridge Work	\$ 102,660	\$ 3,480
Road Rehabilitation	2,042,676	3,138
	<u><u>\$ 2,145,336</u></u>	<u><u>\$ 6,618</u></u>

Note 9 - Interfund Receivables, Payable, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Entity</u>	<u>Amount</u>
Due to/from primary government and component units		
Nonmajor governmental funds	Component unit - DDA	\$ 8,025,000
General fund	Component unit - EDC	<u>55,686</u>
Total		<u><u>\$ 8,080,686</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. At June 30, 2017, there was an allowance related to the due from DDA of \$1,780,318, which reduces the total due from DDA to \$6,244,682.

The above contractual obligations to the City of Flint (the "City") for the James Rutherford Parking Deck are the result of the City's issuance of bonds on the Authority's behalf. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. Based upon the amount

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drawn through June 30, 2017, principal and interest to be paid on the bonds is a total of \$11,610,156.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General fund	Nonmajor governmental funds	\$ 64,848
General fund	Grant fund	15,641
Major street fund	Nonmajor governmental funds	500,000
Sewer fund	General fund	1,860,000
Water fund	General fund	1,130,000
Internal service funds	Sewer fund	55,445
Internal service funds	Water fund	154,887
Nonmajor governmental funds	Nonmajor governmental funds	734,176
Internal service funds	General fund	787,998
Total		<u>\$ 5,302,995</u>

Transfers between funds were primarily for operating purposes or to cover operating deficits. The transfer from General Fund to the Grant Fund was to cover the interest on debt reported under the Grant 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 transfers from the Water & Sewer Funds to the General Fund represent a return on equity and reimbursement for the billing and collection of water sewer bills.

Note 10 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the components of unearned revenue are as follows:

Primary government	
Grants received prior to meeting eligibility requirements	<u>\$ 1,223,327</u>
Component Units	
Other revenue	<u>\$ 11,407</u>

Note 11 - Leases

Operating Leases

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

Year ending June 30,	
2018	\$ 1,168,536
2019	1,188,446
2020	1,122,537
2021	1,007,097
2022	755,495
Thereafter	<u>2,006,301</u>
Total	<u>\$ 7,248,412</u>

Total rent expense under these leases was approximately \$936,000 for the year ended June 30, 2017.

City of Flint, Michigan
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Note 12 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Section 108 loan	0.56 – 2.66%	\$150,000 – 154,000	\$ 154,000	\$ -	\$ 154,000	\$ -	\$ -
Section 108 loan – 500 Block	1.34 – 4.13%	295,000 – 296,000	2,955,000	-	295,000	2,660,000	295,000
Section 108 loan – Ok Industries	2.38 – 5.67%	21,000 – 22,000	22,000	-	22,000	-	-
Section 108 loan – Guaranteed Funds	0.56 – 4.28%	75,000 – 2,416,000	4,805,000	-	115,000	4,690,000	160,000
Section 108 loan – W. Carpenter Rd	LIBOR + 1.5%	54,745 – 100,000	1,290,000	-	98,000	1,192,000	98,000
General obligation Capital Improvements							
Capital Improvements Bonds	4.00 – 6.00%	310,000 – 710,000	8,355,000	-	330,000	8,025,000	345,000
Local government loan program	3.50 – 6.00%	200,000 – 585,000	7,210,000	-	220,000	6,990,000	225,000
SIB 3rd avenue reconstruction loan	0.50%	110,072 – 118,032	1,489,451	-	111,175	1,378,276	111,731
Emergency Loan – General Obligation							
Limited Tax 2014-15 Series I	2.09%	390,000 – 540,000	6,610,000	-	410,000	6,200,000	420,000
Total bond payable			32,890,451	-	1,755,175	31,135,276	1,654,731
Accrued sick and vacation payable			3,168,787	22,528	98,373	3,092,942	870,000
Capital leases							
Enterprise vehicles			324,118	-	103,308	220,810	105,094
Street sweepers			273,530	-	60,603	212,927	63,030
Total governmental activities			\$ 36,656,886	\$ 22,528	\$ 2,017,459	\$ 34,661,955	\$ 2,692,855

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
General obligation bonds							
2001 MMBA Drinking Water Revolving Fund Revenue Bonds	0.00%	\$395,000 – 448,994	\$ 2,543,994	\$ -	\$ -	\$ 2,543,994	\$ -
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	0.00%	435,000 – 505,000	3,275,000	-	-	3,275,000	-
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	0.00%	485,000 – 581,408	4,256,408	-	-	4,256,408	-
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	0.00%	905,000 – 1,504,934	10,694,934	-	-	10,694,934	-
Total bonds payable			<u>20,770,336</u>	<u>-</u>	<u>-</u>	<u>20,770,336</u>	<u>-</u>
Capital leases							
Vactor trucks			559,303	-	86,119	473,184	88,413
Enterprise vehicles			629,170	-	200,539	428,631	207,111
Accrued sick and vacation payable			<u>524,910</u>	<u>-</u>	<u>35,431</u>	<u>489,479</u>	<u>130,000</u>
Total business-type activities			<u>\$ 22,483,719</u>	<u>\$ -</u>	<u>\$ 322,089</u>	<u>\$ 22,161,630</u>	<u>\$ 425,524</u>

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component unit activities							
Bonds payable							
Series 2010	5.84 – 7.50%	500,000 – 3,555,000	\$ 32,715,000	\$ -	\$ 500,000	\$ 32,215,000	\$ 500,000
Series 2011	4.19%	707,513 – 802,103	1,985,158	-	769,245	1,215,913	802,103
Series 2013A	5.00 – 5.25%	15,000 – 930,000	21,940,000	-	-	21,940,000	-
Series 2013B	3.50 – 5.00%	1,235,000 – 1,305,000	34,800,000	-	4,810,000	29,990,000	4,980,000
Parking System Improvement Revenue Bonds	2.50%	\$64,896	-	648,964	-	648,964	64,896
Total bonds payable			91,440,158	648,964	6,079,245	86,009,877	6,346,999
Capital leases			3,334,653	123,255	3,358,619	99,289	41,085
Mortgage payable			1,079,173	-	98,501	980,672	103,967
Key State Bank loan – Kearsly Street Lights			62,500	-	27,292	35,208	22,710
Special assessment obligations			9,301	-	9,301	-	-
Unamortized bond premium			618,395	-	100,508	517,887	-
Unamortized bond discount			(893,116)	52,429	-	(840,687)	-
Total component unit activities			\$ 95,651,064	\$ 824,648	\$ 9,673,466	\$ 86,802,246	\$ 6,514,761

City of Flint, Michigan
Notes to the Financial Statements
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Annual debt service requirements to maturity for the above bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,654,731	\$ 1,178,004	\$ -	\$ -	\$ 6,346,999	\$ 4,625,547
2019	1,695,290	1,131,169	-	-	6,143,706	4,370,262
2020	1,735,851	1,081,023	-	-	6,444,896	4,063,868
2021	1,770,416	1,027,069	254,399	-	7,089,896	3,720,771
2022	1,821,983	969,584	581,899	-	2,519,898	3,594,561
2023 – 2027	10,055,520	3,840,412	7,176,688	-	14,604,482	15,819,093
2028 – 2032	9,546,481	1,699,284	9,548,869	-	14,200,000	11,677,719
2033 – 2037	2,855,004	284,600	3,208,481	-	16,070,000	6,804,557
2038 – 2042	-	-	-	-	12,590,000	925,350
	<u>\$ 31,135,276</u>	<u>\$ 11,211,145</u>	<u>\$ 20,770,336</u>	<u>\$ -</u>	<u>\$ 86,009,877</u>	<u>\$ 55,601,728</u>

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

Year ending June 30,	
2018	\$ 502,644
2019	519,093
2020	389,554
Total minimum lease payments	1,411,291
Less amount representing interest	(75,739)
Present value of minimum lease payments	\$ 1,335,552
Assets	
Machinery and equipment	\$ 2,780,085
Less accumulated depreciation	(1,668,049)
Total	\$ 1,112,036

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

During 2015, Hurley Medical Center entered into a mortgage note payable to acquire real property and a building in Lapeer, Michigan. The mortgage payable is due in monthly installments of \$7,135, including interest of 5.75 percent. The mortgage note payable is collateralized by the building and real property and is due on December 1, 2024. The balance of the mortgage note payable was paid in full during 2017.

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

percent. The mortgage note payable is collateralized by the building and real property and is due on August 3, 2025.

The following is a schedule of the future principal and interest payments for capital leases and mortgage payable for Hurley Medical Center:

Year Ending June 30,	Hurley Medical Center	
	Principal	Interest
2018	\$ 145,052	\$ 50,384
2019	150,820	44,615
2020	132,946	38,524
2021	122,258	32,093
2022	129,048	25,302
2023 - 2027	399,837	31,859
	\$ 1,079,961	\$ 222,777

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

Year Ending June 30,	Flint Downtown Development Authority Principal
2018	\$ 22,708
2019	12,500
	\$ 35,208

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The City has an agreement with Karegnondi Water Authority (KWA) to purchase water. As a part of this agreement, KWA issued bonds for which the City will be paying a portion. Payments began in 2017. The City's payment was \$3,966,054, which is included in 'Costs of materials and services rendered' on the Statement of Net Position for the water fund. The debt is recorded on the books of the Genesee County Drain Commission. The terms of the agreement and the City's participation in the KWA are under discussion as of the issuance of the financial statements.

Future Revenues Pledged for Debt Payments:

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

Revenues Pledged in Connection with Component Unit Debt – The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City's state-shared revenues. The bonds issued during 2008 in the amount of \$10,000,000 were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2017, principal and interest to be paid on the bonds total \$11,610,156. During the current year, the net loss from the parking operations was \$371,695. Cash flow projections indicate that the DDA's annual debt service to the City for repayment of the bonds will not coincide with the City's annual debt service obligation. During the current year, the City has forgiven a portion of the debt payment made by the City on behalf of the DDA.

Section 108 Loans – The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the programs are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Programs were \$3,293,610 as compared to the annual debt requirements of \$553,000.

Section 7-302 of the City Charter, adopted November 4, 1975, limits "net" debt to 7 percent of the assessed value of all real and personal property in the City, but does not define "net" debt. The following computation is based on previous practice and is consistent with the requirements of the State of Michigan Public Act 279 of 1909.

Assessed valuation at May 27, 2014	\$ 709,805,046
Legal debt limit (7 percent of assessed valuation)	49,686,353
Total bonded debt at June 30, 2017	\$ 120,356,249
Less debt not subject to limitation under City charter and State statute:	
Revenue bonds and notes	106,131,249
Debt subject to limitation	14,225,000
Unused debt limitation	\$ 35,461,353

Hurley Medical Center Revenue Refunding Bonds – The 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 (the "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. 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

City of Flint, Michigan
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include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center.

The lease purchase agreements contain certain restrictive covenants, including maintaining a certain minimum debt service ratio and minimum days of cash on hand. The Medical Center entered into two leases for buildings, which included a rider for transfer ownership of the property at the end of the lease term. The leases required monthly lease payments totaling \$74,440. During 2017, the Medical Center accelerated its lease payments under the agreement and full title was transferred to the Medical Center and the lease obligation was paid in full.

Note 13 - Restricted Assets

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

	Governmental Activities	Business-type Activities	Component Units
Section 108 business loan proceeds	\$ 383,698	\$ -	\$ -
Insurance escrow	4,315	-	-
Equipment replacement and improvement	-	-	534,567
Retirement	-	-	28,953
Self-insurance	-	-	19,293,550
Revenue bond indenture held by trustee	-	-	16,972,343
Unspent bond proceeds	-	-	801,735
Revenue bond equipment replacement account – pooled cash	-	3,036,489	-
Debt service reserve – pooled cash	-	2,077,034	-
	<u>\$ 388,013</u>	<u>\$ 5,113,523</u>	<u>\$ 37,631,148</u>

Note 14 - Risk Management

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

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

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

City of Flint, Michigan
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Risk Management of Component Units

The Flint Economic Development Corporation is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Flint Downtown Development Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims.

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

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

Conditional Asset Retirement Obligation

The Medical Center has an obligation related to the removal of asbestos within various buildings on campus upon reconstruction, demolition, or abandonment of the buildings. The Medical Center has not recorded a liability related to the potential costs associated with the asbestos abatement, as the amount of the liability cannot currently be reasonably estimated. The Medical Center currently has no plans or expectation of plans to undertake a major renovation that would

require significant removal of the asbestos or demolition of the buildings. The Medical Center will recognize a liability in the period sufficient information is available to reasonably estimate the amount of the liability.

Note 15 - Self-Insurance

General Liability

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

The changes in the claims liability for the fiscal years ended June 30, 2017 and 2016 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2016	\$ 1,124,352	\$ 274,785	\$ (218,794)	\$ 1,180,343
2017	1,180,343	279,940	(273,795)	1,186,488

As of June 30, 2017, general liability insurance has \$395,101 of current claims payable, and the remaining \$791,387 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
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Health, Dental and Eye Insurance

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay-as-you-go basis. Claims are being paid out of the fringe benefits internal service fund for active employee claims and out of the retiree health care trust fund for retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and 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. No City also provides fully insured HMO health insurance coverage to a limited number of employees.

The changes in the claims liability for the fiscal years ended June 30, 2017 and 2016 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2016	\$ 1,513,116	\$ 10,633,731	\$(10,797,197)	\$ 1,349,650
2017	1,349,650	10,128,375	(10,300,520)	1,177,505

The claims payable as of June 30, 2017 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, 2017 was not material.

Workers' Compensation

The City is self-insured for worker's compensation on a pay-as-you-go basis for claims up to \$1,000,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self-insurance program is administered by a third-party administrator. All workers' compensation benefits are paid out of the fringe benefits internal service fund. The claims liability for fiscal year ended June 30, 2017 was not material.

The changes in the claims liability for the fiscal years ended June 30, 2017 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2016	\$ 1,173,669	\$ 242,014	\$ (284,386)	\$ 1,131,297
2017	1,131,297	165,005	(154,879)	1,141,423

The claims payable as of June 30, 2017 are included in accounts payable on the financial statements.

Hurley Medical Center

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. The Medical Center's self-insured retention is \$6 million per occurrence annually with excess claims made coverage up to \$20 million

City of Flint, Michigan
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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. The changes in the aggregate malpractice claims for the fiscal years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Estimated liability – beginning of year	\$ 26,025,399	\$ 29,833,112
(Decrease) increase in claims liability	293,984	(1,350,545)
Defense costs and other fund expenses	(695,684)	(284,852)
Excess insurance premium payments	(681,525)	(1,053,166)
Claims paid	(496,250)	(1,119,150)
Estimated liability – end of year	<u>\$ 24,445,924</u>	<u>\$ 26,025,399</u>

Professional liability for claims is reported in other long-term liabilities, net of \$1,600,000 included as a current liability in accrued expenses. The carrying amount of the insurance trust assets (at market) amounted to \$19,346,545 and \$18,924,344 at June 30, 2017 and 2016, respectively.

The Medical Center is self-insured for workers' compensation claims with a self-insured retainer of \$600,000 per claim. As of June 30, 2017 and 2016, the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,439,441 and \$1,175,972, respectively. The changes in the aggregate workers' compensation claims for the fiscal years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Estimated liability – beginning of year	\$ 1,175,972	\$ 1,093,257
Increase in claims liability	1,273,341	847,606
Excess insurance premium payments	(99,725)	(99,694)
Claims paid	(910,147)	(665,197)
Estimated liability – end of year	<u>\$ 1,439,441</u>	<u>\$ 1,175,972</u>

Total long-term accrued liabilities as of June 30, 2017 and 2016 are \$24,285,365 and \$27,201,371, respectively.

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

Note 16 - Employee Retirement And Benefit Systems

Michigan Municipal Employees' Retirement System

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

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

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

Inactive employees or beneficiaries currently receiving benefits	1,800
Inactive employees entitled to but not yet receiving benefits	121
Active employees	414

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. The City is required to contribute an amount equal to a percentage of covered payroll, which is based on a flat rate as determined by the actuary. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

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

Actuarial assumptions – The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75% in the long-term, gross of administrative expenses, including inflation; 3) Investment rate of return of 8%, net of investment expense, including inflation.

Although no explicit price inflation assumption is used in this valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male – 50% Female blend of the following tables: 1) RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; 2) RP-2014 Employee Mortality Tables; 3) RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male – 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

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Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of changes in net pension liability and related ratios	2017
Total Pension Liability	
Service cost	\$ 2,233,013
Interest on the total pension liability	42,351,721
Experience differences	1,729,337
Change in actuarial assumptions	-
Other changes	(882)
Benefit payments and refunds	<u>(51,497,082)</u>
Net change in total pension liability	(5,183,893)
Total pension liability – beginning	<u>554,028,549</u>
Total pension liability – ending (a)	<u>\$ 548,844,656</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 22,022,738
Employee contributions	1,665,719
Pension plan net investment income	22,386,661
Benefit payments and refunds	(51,497,082)
Pension plan administrative expense	<u>(443,862)</u>
Net change in plan fiduciary net position	(5,865,826)
Plan fiduciary net position – beginning	<u>208,965,319</u>
Plan fiduciary net position – ending (b)	<u>\$ 203,099,493</u>
Net pension liability (a-b)	<u>\$ 345,745,163</u>
Plan fiduciary net position as a percentage of total pension liability	37.00%
Covered employee payroll	\$ 21,427,792
Net pension liability as a percentage of covered employee payroll	1,614%

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

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 598,333,704	\$ 548,844,656	\$ 506,331,020
Fiduciary net position	<u>203,099,493</u>	<u>203,099,493</u>	<u>203,099,493</u>
Net pension liability	<u>\$ 395,234,211</u>	<u>\$ 345,745,163</u>	<u>\$ 303,231,527</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2017, the employer recognized pension expense of \$16,964,535. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Differences in experience	\$ 864,668	\$ 864,668
Excess investment returns	9,567,117	9,567,117
Contributions subsequent to the measurement date*	<u>8,477,316</u>	<u>-</u>
Total	<u>\$ 18,909,101</u>	<u>\$ 10,431,785</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2018.

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

<u>Year Ended,</u>		
2018	\$	4,813,286
2019		3,948,616
2020		3,029,790
2021		<u>(1,359,907)</u>
	\$	<u>10,431,785</u>

Hurley Medical Center Municipal Employees' Retirement System

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

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

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

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

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

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

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

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Employees Covered by Benefit Terms – At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,913
Inactive employees entitled to but not yet receiving benefits	278
Active employees	<u>1,980</u>
	<u><u>4,171</u></u>

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

Payable to the Pension Plan – At June 30, 2017, the Medical Center reported a payable of \$2,295,722 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2017.

Net Pension Liability – The total pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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

Schedule of changes in net pension liability and related ratios	<u>2017</u>
Total Pension Liability	
Service cost	\$ 7,542,280
Interest on the total pension liability	44,306,689
Experience differences	(3,480,197)
Other changes	(1,066)
Benefit payments and refunds	<u>(39,469,485)</u>
Net change in total pension liability	8,898,221
Total pension liability – beginning	<u>569,797,218</u>
Total pension liability – ending (a)	<u><u>\$ 578,695,439</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 21,315,066
Employee contributions	6,487,981
Pension plan net investment income	42,015,304
Benefit payments and refunds	(39,469,485)
Pension plan administrative expense	<u>(829,764)</u>
Net change in plan fiduciary net position	29,519,102
Plan fiduciary net position – beginning	<u>374,434,194</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 403,953,296</u></u>
Net pension liability (a-b)	<u><u>\$ 174,742,143</u></u>
Plan fiduciary net position as a percentage of total pension liability	69.80%
Covered employee payroll	\$ 113,422,810
Net pension liability as a percentage of covered employee payroll	154%

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Pension Expense and Deferred Outflows of Resources Related to Pensions – For the year ended June 30, 2017, the Medical Center recognized pension expense of \$29,729,534. At June 30, 2017, the Medical Center reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ -	\$ 2,936,055	\$ (2,936,055)
Differences in assumptions	14,582,064	-	14,582,064
Excess investment returns	15,485,713	-	15,485,713
Contributions subsequent to the measurement date*	10,628,748	-	-
Total	<u>\$ 40,696,525</u>	<u>\$ 2,936,055</u>	<u>\$ 27,131,722</u>

*Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date \$10,628,748, which will impact the net pension liability in fiscal year 2018, rather than pension expense.

Year Ended,	
2018	\$ 12,994,736
2019	12,994,737
2020	4,350,372
2021	(3,208,123)
	<u>\$ 27,131,722</u>

Actuarial Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.5%
- Salary increases 3.75%
- Investment rate of return 8.00%, net of investment expense, gross of administrative expense, including inflation

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

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

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2016, the measurement date, for each major asset class are summarized in the following table:

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

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 234,156,808	\$ 174,742,143	\$ 123,942,346

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Charter Retirement Plan

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a monthly benefit. The current membership of the plan at June 30, 2017 is one member. The City intends to pay retirement benefits as they become due from future years' General Fund revenue. The City's contribution to the plan for the year ended June 30, 2017 was \$37,288 and was calculated based on actual current pension benefits due to be paid. The present value of vested benefits has not been determined. The City has not requested an actuarial valuation of the plan since 1985 because of the decreasing nature and the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net position available for pension benefits at June 30, 2017 was \$37,288.

Hurley Medical Center Defined Contribution Plan

The Medical Center has a defined contribution plan established under a City of Flint ordinance for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the

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employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension expense included in the statement of revenue, expenses, and changes in net position was approximately \$1,400,000 for the year ended June 30, 2017. The defined contribution plan is no longer offered to employees hired after January 1, 2014.

Hurley Medical Center Profit Sharing and 403(b) Plan

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit-sharing plan for HPMS employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to the federal pension law limitations. HHS may make a discretionary contribution. HHS' contributions to the 401(k) plan were approximately \$74,000 for 2017.

HHS also maintains two qualified deferred compensation plans under Section 403(b) of the Internal Revenue Code. Under the plans, HHS and THC employees may elect to defer a percentage of their salary, subject to the Internal Revenue Service limits. HHS may make a discretionary contribution. HHS' contributions to the 403(b) plans amounted to approximately \$465,000 for 2017.

Retiree Death Benefit Plan

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

As of June 30, 2017, there were 990 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2017 were \$0. Net position available for benefits, reported at fair value, was

\$515,300 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During the year ended, the City paid death benefits of \$133,500.

Other Postemployment Benefits

Plan description – The City provides retiree healthcare benefits to eligible employees and their spouses through the Retiree Health Care Fund. Benefits are provided to public safety and general employees. Currently, the plan has 1,765 members, including 302 employees in active service and 1,463 retired employees and beneficiaries currently receiving benefits.

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

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

Funding Progress – For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities not to exceed 25 years.

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

Annual required contribution	\$ 20,617,796
Interest on net OPEB obligation	6,387,096
Adjustment to annual required contribution	<u>(9,875,882)</u>
Annual OPEB cost	17,129,010
Contribution made	<u>(15,027,068)</u>
Change in net OPEB obligation	2,101,942
Net OPEB obligation, beginning of year	<u>150,284,614</u>
Net OPEB obligation, end of year	<u><u>\$ 152,386,556</u></u>

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

Fiscal Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 55,252,592	37.0%	\$ 113,615,741
2011	61,351,938	32.1%	155,284,670
2012	22,105,930	92.4%	156,975,216
2013	18,942,499	89.8%	158,901,714
2014	13,896,769	139.4%	153,431,369
2015	14,219,784	114.2%	151,416,390
2016	15,569,923	107.3%	150,284,614
2017	17,129,010	114.0%	152,386,556

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 774,606,738	\$ 774,606,738	-	\$ 41,166,662	1882%
7/1/2010	-	862,302,934	862,302,934	-	36,252,274	2379%
7/1/2011	-	366,832,597	366,832,597	-	37,339,842	982%
7/1/2012	166,903	320,180,757	320,013,854	0.1%	N/A	-
7/1/2013	14,237	240,539,434	240,525,197	-	N/A	-
7/1/2014	137,927	240,734,057	240,596,130	0.1%	N/A	-
7/1/2015	137,998	273,817,859	273,679,861	0.1%	17,892,129	1530%
7/1/2016	-	293,607,373	293,607,373	0.0%	16,418,398	1788%

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

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

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In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent, and an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of invests over a five-year period. The UAAL is being amortized as a level percentage dollar on a closed basis. The remaining amortization period at July 1, 2016 was 25 years.

Following are the condensed financial statements for the individual pension plans and postemployment healthcare plans for the year ended June 30, 2017:

Statement of Plan Net Position

	Death Benefit	Retiree Health Care	Hurley Medical Center Retiree Benefit Trust Fund	Total
Cash and cash equivalents	\$ -	\$ -	\$ 1,935,889	\$ 1,935,889
Investments, at fair value	518,800	-	58,214,927	58,733,727
Other assets	-	-	203,276	203,276
Liabilities	(3,500)	-	(691,624)	(695,124)
Net position held in trust for pension benefits	\$ 515,300	\$ -	\$ 59,662,468	\$ 60,177,768

Statement of Changes in Plan Net Position

	Death Benefit	Retiree Health Care	Hurley Medical Center Retiree Benefit Trust Fund	Total
Contributions	\$ -	\$ -	\$ 7,553,559	\$ 7,553,559
Investment income (loss)	78,807	-	5,308,680	5,387,487
Benefit payments	-	(138,008)	(6,324,994)	(6,463,002)
Net change in net position	\$ 78,807	\$ (138,008)	\$ 6,537,245	\$ 6,478,044

Other Postemployment Benefits – Hurley Medical Center

Plan Description – The Medical Center provides retiree health insurance premiums to eligible retirees and their spouses through the Retiree Health Benefit Plan (the "Plan"). Retirees receive full or partial health insurance coverage depending on the employee's date of employment and union affiliation. During the year ended June 30, 2010, the Plan was amended to eliminate the full coverage benefits to those eligible employees. Eligible retirees prior to December 31, 2009 were grandfathered into the Plan with full health insurance benefits. The number of participants was 604 at June 30, 2017.

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

Funding Policy – The Medical Center expenses the cost of the Plan in its proprietary fund. The cost of providing retiree healthcare benefits is estimated through an actuarial valuation issued on June 30, 2015 based on participant data as of June 30, 2015. The valuation computes the annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The Medical Center has no obligation to make contributions in advance of when the insurance

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premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Medical Center has made contributions to advance fund certain of these benefits.

This valuation's computed contribution and actual funding are summarized as follows for the year ended June 30, 2017:

For the years ended June 30, 2017, the annual required contribution, as determined by the supplemental actuarial valuation, was \$5,523,153.

The funding progress of the Plan as of the most recent valuation dates is as follows:

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

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the

plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included an 8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the Medical Center's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 3.75 percent after 10 years. Both rates included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 22 years.

Hurley Medical Center's Retiree Health Insurance Trust

Plan Description – The Hurley Medical Center board of managers established Hurley Medical Center Retiree's Health Insurance Trust (RHI Trust), a single-employer defined benefit plan that is used to provide postemployment healthcare benefits to eligible retirees and their beneficiaries. Hurley Medical Center's Chief Financial Officer serves as the trust administrator. The board of managers consists of 15 members that are appointed by the mayor and approved by the Flint City Council and such body has the powers granted under the State of Michigan Public Employees' Retirement System Act including but not limited to make rules with respect to the trust to be consistent with the Act, to determine the consistency with the applicable laws, rules and regulations, to invest all RHI Trust assets and to adopt, establish, and abide by investment policies.

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Benefits Provided – The healthcare benefits are provided by the Medical Center's self-insurance plan. The third party that administers the RHI Trust formulates an illustrative rate based on the coverage provided. RHI Trust members receive full or partial health coverage (illustrative rate) depending on the member's date of employment and union affiliation. Those members that were employed by 1989 and retired on or before December 31, 2009, are eligible to receive full healthcare benefits. All other members may receive a specified stipend that is used to offset the cost of the healthcare benefit illustrative rate and the retiree contributes the remainder. Once RHI Trust members reach the age 65, the member's coverage is converted to a fully insured product and the stipend is reduced.

Plan Membership Covered by Benefit Terms – The following members were covered by the benefit terms as of the June 30, 2015 participant data:

Inactive employees or beneficiaries	
currently receiving benefits	542
Inactive employees entitled to but not	
yet receiving benefits	62
Active employees	<u>2,561</u>
	<u><u>3,165</u></u>

Contributions – The RHI Trust is funded based on discretionary contributions as determined by the Hurley Medical Center board of managers. The cost of providing retiree healthcare benefits was estimated through an actuarial valuation issued August 8, 2017, based on participant data as of June 30, 2015. The valuation computes the annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actual liabilities over 20 years.

Net OPEB Liability – The Medical Center reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning in 2018, the Medical Center will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the Medical Center has been measured as of June 30, 2017 and is composed of the following:

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

Total OPEB liability	94,503,927
Plan fiduciary net position	59,662,468
Net OPEB liability	<u>\$ 34,841,459</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.13%

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2015. Updated procedures were used to roll forward the total OPEB liability to the OPEB plan's fiscal year end of June 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation 2.75%
- Healthcare cost trend rate 9% decreasing to 3.25%
- Salary increases 3.25% average, including inflation
- Investment rate of return 6.75% net of OPEB plan investment expense, including inflation

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Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the Medical Center contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the RHI Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on RHI Trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. equities	40.0%	10.20%
International equities	10.0%	8.90%
U.S. convertibles	10.0%	8.60%
U.S. fixed income	40.0%	4.00%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using the discount rate of 6.75 percent, depending on the plan option. The following also reflects what the Medical Center's net OPEB liability would be if it were calculated using a discount rate that is 1

percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 44,446,818	\$ 34,841,459	\$ 26,654,494

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend – Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the Medical Center's net OPEB liability, calculated using the assumed trend rates as well as what the Medical Center's net OPEB liability would be if it were calculated using the trend rate that is 1 percentage lower or 1 percentage higher:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 28,686,110	\$ 34,841,459	\$ 42,065,674

Investment Policy – The RHI Trust's investment policy indicates that the RHI Trust investment must be in compliance with Public Acts 149 and 314. The investment policy and future changes shall be approved by the board of managers. The ongoing responsibility of the review of the investment activity has been delegated to its finance committee and the Chief Investment Officer (CIO) is responsible for the implementing the investment strategy including the investment allocation. The investment policy and asset allocation are reviewed annually.

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

The following is the board of managers' adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	Target Allocation	Long-term Expected Real Rate of Return
U.S. equities	40.0%	10.20%
International equities	10.0%	8.90%
U.S. convertibles	10.0%	8.60%
U.S. fixed income	40.0%	4.00%

Investment Policy Changes – During the annual investment policy update, the allocation of investments increased U.S. equities by 5 percent and international equities by 5 percent and decreased the U.S. fixed income by 10 percent.

Rate of Return – For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was 10.58 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 17 - Contingent Liabilities

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

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

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

Note 18 - Related Party Transactions

The Medical Center pays subsidies and management fees for services rendered by HHS to the Medical Center. Management fees and contributions from the Medical Center to HHS for the years ended June 30, 2017 amounted to \$27,905,865. Amounts paid by HHS to the Medical Center for rent and other miscellaneous expenses for the years ended June 30, 2017 amounted to \$145,284.

As of June 30, 2017, the Medical Center had accounts receivable from HHS of \$297,098, and accounts payable to HHS of \$178,404.

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

Note 19 - Prior Period Adjustments

The City's beginning fund equity has been restated to correct an error in the recording of a prior year revenue amount previously allocated to the wrong funds. Beginning fund equity for the general fund was increased by \$163,488, beginning fund equity of other aggregate remaining funds was decreased by the same amount. There was no effect on governmental activities net position.

Hurley Medical Center's beginning net position has been restated to correct an error in the recording of a capital lease previously recorded as an operating lease in a prior year. Capital assets were increased by \$6,448,010, current portion of long-term debt increased by \$484,859, long-term debt – net of current portion increased by \$2,849,794, and total net position increased by \$3,113,357.

City of Flint, Michigan
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,400,000	\$ 4,400,000	\$ 4,759,236	\$ 359,236
Income taxes	14,535,783	14,535,783	15,644,292	1,108,509
Licenses and permits	95,531	95,531	66,515	(29,016)
State revenue sharing	14,777,939	14,777,939	14,899,242	121,303
Other state grants	3,000,675	3,677,511	3,317,435	(360,076)
Local contributions	-	100,000	50,590	(49,410)
Charges for services	8,006,321	8,006,321	8,290,092	283,771
Fines and forfeitures	106,500	346,500	288,387	(58,113)
Investment income	235,000	235,000	282,178	47,178
Cable franchise fees	1,050,000	1,050,000	1,022,650	(27,350)
Miscellaneous	519,458	399,458	455,231	55,773
Transfers in	2,777,998	2,777,998	3,777,998	1,000,000
	<u>49,505,205</u>	<u>50,402,041</u>	<u>52,853,846</u>	<u>2,451,806</u>
Expenditures				
Current				
General government				
Mayor's office	342,549	560,347	352,961	(207,386)
Finance	4,570,866	4,871,096	3,870,443	(1,000,653)
City clerk	1,000,661	1,000,661	843,196	(157,465)
Law office	846,425	846,425	703,794	(142,631)
Human resources	683,034	683,034	456,787	(226,247)
General government	4,126,479	3,881,012	3,810,312	(70,700)
City administrator	320,051	326,657	302,040	(24,617)
	<u>11,890,065</u>	<u>12,169,232</u>	<u>10,339,533</u>	<u>(1,829,699)</u>

City of Flint, Michigan
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Judicial - 68th District Court	\$ 829,681	\$ 901,361	\$ 901,361	\$ -
Public safety				
Police department	24,022,378	23,514,627	21,966,606	(1,548,021)
Fire	9,674,356	9,782,399	9,034,111	(748,288)
Emergency dispatch	-	177,244	88,622	(88,622)
Total public safety	<u>33,696,734</u>	<u>33,474,270</u>	<u>31,089,339</u>	<u>(2,384,931)</u>
Legislative - City council	<u>715,403</u>	<u>973,459</u>	<u>870,950</u>	<u>(102,509)</u>
Community development	<u>812,524</u>	<u>911,329</u>	<u>729,330</u>	<u>(181,999)</u>
Facilities maintenance	<u>1,480,309</u>	<u>1,891,901</u>	<u>1,643,145</u>	<u>(248,756)</u>
Transfers out	<u>80,489</u>	<u>80,489</u>	<u>80,489</u>	<u>-</u>
Total expenditures	<u>49,505,205</u>	<u>50,402,041</u>	<u>45,654,147</u>	<u>(4,747,894)</u>
Excess of revenues over expenditures	-	-	7,199,699	7,199,699
Fund balance – beginning of year	<u>9,874,093</u>	<u>9,874,093</u>	<u>9,874,093</u>	<u>-</u>
Fund balance – end of year	<u>\$ 9,874,093</u>	<u>\$ 9,874,093</u>	<u>\$ 17,073,792</u>	<u>\$ 7,199,699</u>

City of Flint, Michigan
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Grant Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 299,262	\$ 81,347,527	\$ 5,783,334	\$ (75,564,193)
Other state grants	-	2,937,740	645,660	(2,292,080)
Local contributions	-	5,073,138	646,435	(4,426,703)
Charges for services	40,400	103,800	70,174	(33,626)
Interest income	241,785	241,785	291,404	49,619
Miscellaneous	393,000	393,000	393,000	-
Transfers in	(15,641)	(15,641)	15,641	31,282
	<u>958,806</u>	<u>90,081,349</u>	<u>7,845,648</u>	<u>(82,235,701)</u>
Expenditures				
Current				
Public safety	-	19,407,404	2,914,599	(16,492,805)
Public works	-	40,008,300	-	(40,008,300)
Community development	-	29,605,707	4,842,583	(24,763,124)
Debt service				
Principal retirement	684,000	684,000	684,000	-
Interest and fiscal charges	306,088	306,088	306,773	685
	<u>990,088</u>	<u>90,011,499</u>	<u>8,747,955</u>	<u>(81,263,544)</u>
Excess (deficiency) of revenues over expenditures	(31,282)	69,850	(902,307)	(972,157)
Fund balance – beginning of year	<u>1,578,416</u>	<u>1,578,416</u>	<u>1,578,416</u>	<u>-</u>
Fund balance – end of year	<u>\$ 1,547,134</u>	<u>\$ 1,648,266</u>	<u>\$ 676,109</u>	<u>\$ (972,157)</u>

City of Flint, Michigan
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Major Streets
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ 1,400	\$ 1,400
State revenue sharing	8,510,766	8,510,766	8,121,363	(389,403)
Other state grants	701,400	701,400	321,345	(380,055)
Local contributions	-	-	17,756	17,756
Charges for services	31,506	31,506	36,601	5,095
Investment income	-	-	26,062	26,062
Other revenue	196,210	214,046	73,855	(140,191)
Total revenues	<u>9,439,882</u>	<u>9,457,718</u>	<u>8,598,382</u>	<u>(859,336)</u>
Expenditures				
Current				
Transportation	8,250,473	9,193,634	6,552,517	(2,641,117)
Debt service				
Principal retirement	111,175	111,175	111,173	(2)
Interest and fiscal charges	7,447	7,447	7,447	-
Transfers out	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total expenditures	<u>8,869,095</u>	<u>9,812,256</u>	<u>7,171,137</u>	<u>(2,641,119)</u>
Excess (deficiency) of revenues over expenditures	570,787	(354,538)	1,427,245	1,781,783
Fund balance – beginning of year	<u>7,078,072</u>	<u>7,078,072</u>	<u>7,078,072</u>	<u>-</u>
Fund balance – end of year	<u>\$ 7,648,859</u>	<u>\$ 6,723,534</u>	<u>\$ 8,505,317</u>	<u>\$ 1,781,783</u>

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

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2014	\$ 16,409,676	\$ 16,409,676	\$ -	\$ 23,285,420	70.47%
12/31/2014	16,676,472	16,545,459	131,013	18,635,475	88.78%
12/31/2015	17,194,662	16,598,425	596,237	18,783,674	88.37%
12/31/2016	17,325,673	16,964,535	361,138	21,427,792	79.17%

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	22 years
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	50 - 60 years old
Mortality	RP-2014 Group annuity mortality table of 50% male and 50% female blend

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

Fiscal year ended June 30,	2017	2016	2015
Total Pension Liability			
Service cost	\$ 2,233,013	\$ 2,240,734	\$ 2,288,673
Interest on the total pension liability	42,351,721	41,160,626	41,626,038
Experience differences	1,729,337	(3,016,376)	-
Change in actuarial assumptions	-	24,031,996	-
Other changes	(882)	1,705,992	1,293,199
Benefit payments and refunds	<u>(51,497,082)</u>	<u>(50,963,762)</u>	<u>(51,039,410)</u>
Net change in total pension liability	(5,183,893)	15,159,210	(5,831,500)
Total pension liability – beginning	<u>554,028,549</u>	<u>538,869,339</u>	<u>544,700,839</u>
Total pension liability – ending (a)	<u>\$ 548,844,656</u>	<u>\$ 554,028,549</u>	<u>\$ 538,869,339</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 22,022,738	\$ 8,119,213	\$ 20,420,923
Employee contributions	1,665,719	2,128,481	2,999,208
Pension plan net investment income (loss)	22,386,661	(3,316,770)	16,151,453
Benefit payments and refunds	(51,497,082)	(50,963,762)	(51,039,410)
Pension plan administrative expense	<u>(443,862)</u>	<u>(512,817)</u>	<u>(584,862)</u>
Net change in plan fiduciary net position	(5,865,826)	(44,545,655)	(12,052,688)
Plan fiduciary net position – beginning	<u>208,965,319</u>	<u>253,510,974</u>	<u>265,563,662</u>
Plan fiduciary net position – ending (b)	<u>203,099,493</u>	<u>208,965,319</u>	<u>253,510,974</u>
Net pension liability (a-b)	<u>\$ 345,745,163</u>	<u>\$ 345,063,230</u>	<u>\$ 285,358,365</u>
Plan fiduciary net position as a percentage of total pension liability	37.00%	37.72%	47.04%
Covered employee payroll	\$ 21,427,792	\$ 18,783,674	\$ 18,635,475
Net pension liability as a percentage of covered employee payroll	1,614%	1,837%	1,531%

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total Pension</u> <u>Liability</u>	<u>Plan Net</u> <u>Position</u>	<u>Net Pension</u> <u>Liability</u>	<u>Plan Net Position</u> <u>as a % of Total</u> <u>Pension Liability</u>	<u>Covered</u> <u>Payroll</u>	<u>Net Pension</u> <u>Liability as a % of</u> <u>Covered Payroll</u>
2015	\$ 538,869,339	\$ 253,510,974	\$ 285,358,365	47.04%	\$ 18,635,475	1,531%
2016	554,028,549	208,965,319	345,063,230	37.72%	18,783,674	1,837%
2017	548,844,656	203,099,493	345,745,163	37.00%	21,427,792	1,614%

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

City of Flint, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan – Hurley Medical Center
Schedule of Employer Contributions
June 30, 2017

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2008	\$ 10,926,397	\$ 3,266,993	\$ 7,659,404	\$ 111,456,399	2.93%
6/30/2009	12,198,479	21,212,789	(9,014,310)	41,524,209	51.09%
6/30/2010	13,041,452	11,828,597	1,212,855	123,943,771	9.54%
6/30/2011	6,059,456	9,450,835	(3,391,379)	114,100,876	8.28%
6/30/2012	11,808,875	10,809,936	998,939	116,841,151	9.25%
6/30/2013	12,682,496	10,412,640	2,269,856	82,825,759	12.57%
6/30/2014	9,333,014	10,776,547	(1,443,533)	107,836,591	9.99%
6/30/2015	7,720,716	7,087,266	633,450	103,276,871	6.86%
6/30/2016	7,609,493	14,609,493	(7,000,000)	109,316,532	13.36%
6/30/2017	8,315,067	21,315,067	(13,000,000)	113,422,810	18.79%

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Medical Center's fiscal year ended June 30, 2017 were determined based on the actuarial valuation as of December 31, 2014. The most recent valuation is as of December 31, 2016.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay
Remaining amortization period	23 years
Asset valuation method	10-year smoothed market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	8.0% - gross of pension plan investment expense, including inflation
Retirement age	Experience -based table of rates are specific to the type of eligibility condition
Mortality	RP-2014 Disabled Retiree Mortality Tables of a 50 percent male and 50 percent female blend

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

Fiscal year ended June 30,	2017	2016	2015
Total Pension Liability			
Service cost	\$ 7,542,280	\$ 7,442,132	\$ 7,262,751
Interest on the total pension liability	44,306,689	42,384,435	41,412,276
Experience differences	(1,066)	(303,795)	-
Change in actuarial assumptions	(3,480,197)	29,164,128	-
Other changes	-	(1,010)	-
Benefit payments and refunds	<u>(39,469,485)</u>	<u>(37,836,677)</u>	<u>(36,129,561)</u>
Net change in total pension liability	8,898,221	40,849,213	12,545,466
Total pension liability – beginning	<u>569,797,218</u>	<u>528,948,005</u>	<u>516,402,539</u>
Total pension liability – ending (a)	<u>\$ 578,695,439</u>	<u>\$ 569,797,218</u>	<u>\$ 528,948,005</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 21,315,066	\$ 14,609,493	\$ 5,979,573
Employee contributions	6,487,981	6,197,682	5,883,466
Pension plan net investment income (loss)	42,015,304	(5,694,176)	24,690,814
Benefit payments and refunds	(829,764)	(37,836,677)	(36,129,561)
Pension plan administrative expense	<u>(39,469,485)</u>	<u>(854,403)</u>	<u>(901,753)</u>
Net change in plan fiduciary net position	29,519,102	(23,578,081)	(477,461)
Plan fiduciary net position – beginning	<u>374,434,194</u>	<u>398,012,275</u>	<u>398,489,736</u>
Plan fiduciary net position – ending (b)	<u>403,953,296</u>	<u>374,434,194</u>	<u>398,012,275</u>
Net pension liability (a-b)	<u>\$ 174,742,143</u>	<u>\$ 195,363,024</u>	<u>\$ 130,935,730</u>
Plan fiduciary net position as a percentage of total pension liability	69.80%	65.71%	75.25%
Covered employee payroll	\$ 113,422,810	\$ 109,316,532	\$ 103,276,871
Net pension liability as a percentage of covered employee payroll	154.06%	178.71%	126.78%

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total Pension</u> <u>Liability</u>	<u>Plan Net</u> <u>Position</u>	<u>Net Pension</u> <u>Liability</u>	<u>Plan Net Position</u> <u>as a % of Total</u> <u>Pension Liability</u>	<u>Covered</u> <u>Payroll</u>	<u>Net Pension</u> <u>Liability as a % of</u> <u>Covered Payroll</u>
2015	\$ 528,948,005	\$ 398,012,275	\$ 130,935,730	75.25%	\$ 103,276,871	126.78%
2016	569,797,218	374,434,194	195,363,024	65.71%	109,316,532	178.71%
2017	578,695,439	403,953,296	174,742,143	69.80%	113,422,810	154.06%

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

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits - Hurley Medical Center
Schedule of Employer Contributions
June 30, 2017

<u>Fiscal Year End</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
6/30/2016	\$ 5,558,658	\$ 5,613,665	\$ (55,007)	\$ 166,189,110	3.38%
6/30/2017	5,523,161	5,523,202	(41)	169,685,956	3.25%

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

Level dollar, closed

Remaining amortization period

20 years

Asset valuation method

Market value

Inflation

2.75%

Healthcare cost trend rates

Trend starting at 9.0 percent and gradually increasing to an ultimate trend rate of 3.25 percent

Salary increases

3.75%, including inflation

Investment rate of return

6.75%, net of OPEB plan investment expense, including inflation

Retirement age

Experience -based table of rates are specific to the type of eligibility condition

Mortality

Postretirement: RPH-2014 Blue Collar Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.

Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.

Preretirement: RPH-2014 Blue Collar Employee Mortality Table for males and females, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits - Hurley Medical Center
Schedule of Employers' Net OPEB Liability and Related Ratios
June 30, 2017

Fiscal year ended June 30,	2017	2016
Total OPEB Liability		
Service cost	\$ 715,842	\$ 787,997
Interest on the total OPEB liability	6,088,805	5,916,624
Benefit payments and refunds	(4,294,637)	(3,940,800)
Net change in total OPEB liability	2,510,010	2,763,821
Total OPEB liability – beginning	91,993,917	89,230,096
Total OPEB liability – ending (a)	\$ 94,503,927	\$ 91,993,917
Plan Fiduciary Net Position		
Employer contributions	\$ 5,523,202	\$ 5,613,665
Employee contributions	-	-
OPEB plan net investment income (loss)	5,308,681	(53,346)
Benefit payments and refunds	(4,294,637)	(3,940,800)
Net change in plan fiduciary net position	6,537,246	1,619,519
Plan fiduciary net position – beginning	53,125,222	51,505,703
Plan fiduciary net position – ending (b)	59,662,468	53,125,222
Net OPEB liability (a-b)	\$ 34,841,459	\$ 38,868,695
Plan fiduciary net position as a percentage of total OPEB liability	63.13%	57.75%
Covered employee payroll	\$ 169,685,956	\$ 166,189,110
Net OPEB liability as a percentage of covered employee payroll	20.53%	23.39%

*GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation.

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

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits - Hurley Medical Center
Schedule of OPEB Investment Returns
June 30, 2017

Fiscal Year End	Annual Money- Weighted Rate of Return*
6/30/2016	0.6%
6/30/2017	10.6%

* Net of investment expenses

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

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits
June 30, 2017

Annual required contribution (recommended)	\$	20,617,796
Interest on the prior year's net OPEB obligation		6,387,096
Less adjustment to the annual required contribution		<u>(9,875,882)</u>
Annual OPEB cost		17,129,010
Amounts contributed - payments of current premiums		<u>(15,027,068)</u>
Change in net OPEB obligation		2,101,942
OPEB obligation – beginning of year		<u>150,284,614</u>
OPEB obligation – end of year	\$	<u><u>152,386,556</u></u>

Schedule of Employer Contributions

Year Ended June 30,	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
2010	55,252,592	37.00%	113,615,741
2011	61,351,938	32.10%	155,284,670
2012	22,105,830	92.40%	156,975,216
2013	18,942,499	89.80%	158,901,714
2014	13,896,769	139.40%	153,431,369
2015	14,219,784	114.20%	151,416,390
2016	15,569,923	107.30%	150,284,614
2016	17,129,010	113.99%	152,386,556

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/2016	\$ -	\$ 293,607,373	\$ 293,607,373	0.0%	\$ 16,418,398	1788%
7/1/2015	137,998	273,817,859	273,679,861	0.1%	17,892,129	1530%
7/1/2014	137,927	240,734,057	240,596,130	0.1%	-	-
7/1/2013	14,237	240,539,434	240,525,197	-	-	-
7/1/2012	166,903	320,180,757	320,013,854	0.1%	-	-
7/1/2011	-	366,832,597	366,832,597	-	37,339,842	982%
7/1/2010	-	862,302,934	862,302,934	-	36,252,274	2379%
7/1/2009	-	774,606,738	774,606,738	-	41,166,662	1882%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

LOCAL STREETS FUNDS

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

NEIGHBORHOOD POLICING FUND

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

STATE ACT 251 – FOREFEITURE FUND

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

EDA REVOLVING LOAN FUND

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

PARKS AND RECREATION FUND

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

SENIOR CITIZEN CENTERS FUND

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

BUILDING DEPARTMENT FUND

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

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

GARBAGE COLLECTION FUND

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

STREET LIGHT FUND

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

PUBLIC SAFETY FUND

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

DEBT SERVICE FUNDS

PUBLIC IMPROVEMENT FUND

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

PARKING DECK DEBT SERVICE FUND

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

THE WINDMILL PLACE DEBT SERVICE FUND

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

BUICK CITY DEBT SERVICE FUND

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

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

	Special Revenue Funds						
	Local Street	Neighborhood Policing	State Act 251- Forfeitures	EDA Revolving Loan	Parks and Recreation	Senior Citizen Centers	Building Department
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 483,799	\$ -	\$ -	\$ 50
Receivables							
Property taxes	-	165,207	-	-	41,058	-	166
Accrued interest and other	-	-	-	8,524	-	-	-
Notes and leases receivable	-	-	-	280,050	-	-	-
Due from other units of government	455,364	-	3,207	-	-	-	-
Due from component unit	-	-	-	-	-	-	-
Pooled cash and investments	2,519,180	990,892	1,167,226	-	238,989	2,231	3,392,437
Total assets	<u>\$ 2,974,544</u>	<u>\$ 1,156,099</u>	<u>\$ 1,170,433</u>	<u>\$ 772,373</u>	<u>\$ 280,047</u>	<u>\$ 2,231</u>	<u>\$ 3,392,653</u>
Liabilities							
Accounts payable	\$ 41,729	\$ 3,820	\$ 1,930	\$ 82	\$ 8,332	\$ -	\$ 2,503
Deposits and advances	-	-	590,632	-	-	-	-
Accrued and other liabilities	49,368	53,893	-	-	9,674	-	17,532
Total liabilities	<u>91,097</u>	<u>57,713</u>	<u>592,562</u>	<u>82</u>	<u>18,006</u>	<u>-</u>	<u>20,035</u>
Deferred inflows of resources							
Notes and leases receivable	-	-	-	288,575	-	-	-
Taxes	-	165,300	-	-	41,081	-	166
Total liabilities and deferred inflows of resources	<u>91,097</u>	<u>223,013</u>	<u>592,562</u>	<u>288,657</u>	<u>59,087</u>	<u>-</u>	<u>20,201</u>
Fund balances							
Restricted	<u>2,883,447</u>	<u>933,086</u>	<u>577,871</u>	<u>483,716</u>	<u>220,960</u>	<u>2,231</u>	<u>3,372,452</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,974,544</u>	<u>\$ 1,156,099</u>	<u>\$ 1,170,433</u>	<u>\$ 772,373</u>	<u>\$ 280,047</u>	<u>\$ 2,231</u>	<u>\$ 3,392,653</u>

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

	Special Revenue Funds			Debt Service				Total Nonmajor Governmental Funds
	Garbage Collection	Street Light	Public Safety	Public Improvement	Parking Deck	Windmill Place	Buick City	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 483,849
Receivables								
Property taxes	418,070	147,742	209,126	230,836	-	-	-	1,212,205
Accrued interest and other	-	-	8,511	-	-	-	-	17,035
Notes and leases receivable	-	-	-	-	-	-	-	280,050
Due from other units of government	-	-	-	-	-	-	-	458,571
Due from component unit	-	-	-	6,244,682	-	-	-	6,244,682
Pooled cash and investments	1,417,455	1,274,990	4,066,847	1,291,767	10,766	-	-	16,372,780
Total assets	<u>\$ 1,835,525</u>	<u>\$ 1,422,732</u>	<u>\$ 4,284,484</u>	<u>\$ 7,767,285</u>	<u>\$ 10,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,069,172</u>
Liabilities								
Accounts payable	\$ 258,293	\$ 194,557	\$ -	\$ 113,769	\$ -	\$ -	\$ -	\$ 625,015
Deposits and advances	-	-	-	-	-	-	-	590,632
Accrued and other liabilities	306,776	159,145	209,554	51,781	-	-	-	857,723
Total liabilities	<u>565,069</u>	<u>353,702</u>	<u>209,554</u>	<u>165,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,073,370</u>
Deferred inflows of resources								
Notes and leases receivable	-	-	-	-	-	-	-	288,575
Taxes	418,210	147,742	209,126	230,953	-	-	-	1,212,578
Total liabilities and deferred inflows of resources	<u>983,279</u>	<u>501,444</u>	<u>418,680</u>	<u>396,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,574,523</u>
Fund balances								
Restricted	852,246	921,288	3,865,804	7,370,782	10,766	-	-	21,494,649
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,835,525</u>	<u>\$ 1,422,732</u>	<u>\$ 4,284,484</u>	<u>\$ 7,767,285</u>	<u>\$ 10,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,069,172</u>

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

	Special Revenue Funds						
	Local Street	Neighborhood Policing	State Act 251- Forfeitures	EDA Revolving Loan	Parks and Recreation	Senior Citizen Centers	Building Department
Revenues							
Taxes	\$ -	\$ 1,320,222	\$ -	\$ -	\$ 329,177	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	2,158,373
State revenue sharing	2,354,028	-	-	-	-	-	-
Other state grants	-	181,888	-	-	-	-	-
Local contributions	332,104	-	-	-	-	-	-
Charges for services	7,840	-	16,670	-	-	-	31,425
Fines and forfeitures	-	-	141,473	-	-	-	-
Investment income	8,373	3,630	4,234	13,281	876	-	13,159
Other revenue	539,605	-	1,150	28,152	5,042	-	200
Total revenues	<u>3,241,950</u>	<u>1,505,740</u>	<u>163,527</u>	<u>41,433</u>	<u>335,095</u>	<u>-</u>	<u>2,203,157</u>
Expenditures							
Current							
Public safety	-	784,571	73,696	-	-	-	1,890,010
Public works							
Transportation	3,819,669	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-	-
Community development	-	-	-	4,172	-	-	-
Parks and recreation	-	-	-	-	234,887	5,004	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>3,819,669</u>	<u>784,571</u>	<u>73,696</u>	<u>4,172</u>	<u>234,887</u>	<u>5,004</u>	<u>1,890,010</u>
Excess (deficiency) of revenues over expenditures	<u>(577,719)</u>	<u>721,169</u>	<u>89,831</u>	<u>37,261</u>	<u>100,208</u>	<u>(5,004)</u>	<u>313,147</u>
Other financing sources (uses)							
Transfers in	500,000	-	-	-	64,848	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,848</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(77,719)</u>	<u>721,169</u>	<u>89,831</u>	<u>37,261</u>	<u>165,056</u>	<u>(5,004)</u>	<u>313,147</u>
Fund balance – beginning of year	<u>2,961,166</u>	<u>211,917</u>	<u>488,040</u>	<u>446,455</u>	<u>55,904</u>	<u>7,235</u>	<u>3,059,305</u>
Fund balance – end of year	<u>\$ 2,883,447</u>	<u>\$ 933,086</u>	<u>\$ 577,871</u>	<u>\$ 483,716</u>	<u>\$ 220,960</u>	<u>\$ 2,231</u>	<u>\$ 3,372,452</u>

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

	Special Revenue Funds			Debt Service Funds				Total Nonmajor Governmental Funds
	Garbage Collection	Street Lights	Public Safety	Public Improvement	Parking Deck	Windmill Place	Buick City	
Revenues								
Taxes	\$ 4,959,273	\$ -	\$ 3,948,193	\$ 1,644,708	\$ -	\$ -	\$ -	\$ 12,201,573
Licenses and permits	1,460	-	-	-	-	-	-	2,159,833
State revenue sharing	-	-	-	-	-	-	-	2,354,028
Other state grants	-	-	545,667	-	-	-	-	727,555
Local contributions	-	-	-	-	-	-	-	332,104
Charges for services	-	2,714,349	14,109	-	-	-	-	2,784,393
Fines and forfeitures	-	-	-	-	-	-	-	141,473
Investment income	5,194	4,672	14,903	4,760	13	-	-	73,095
Other revenue	-	3,288	-	-	-	-	-	577,437
Total revenues	4,965,927	2,722,309	4,522,872	1,649,468	13	-	-	21,351,491
Expenditures								
Current								
Public safety	-	-	4,745,724	-	-	-	-	7,494,001
Public works								
Transportation	-	2,264,897	-	-	-	-	-	6,084,566
Garbage and rubbish	4,161,996	-	-	-	-	-	-	4,161,996
Community development	-	-	-	-	-	-	-	4,172
Parks and recreation	-	-	-	344,328	-	-	-	584,219
Debt service								
Principal retirement	-	-	-	630,000	330,000	-	-	960,000
Interest and fiscal charges	-	-	-	522,375	397,012	-	-	919,387
Total expenditures	4,161,996	2,264,897	4,745,724	1,496,703	727,012	-	-	20,208,341
Excess (deficiency) of revenues over expenditures	803,931	457,412	(222,852)	152,765	(726,999)	-	-	1,143,150
Other financing sources (uses)								
Transfers in	-	-	-	-	734,176	-	-	1,299,024
Transfers out	-	-	-	(727,013)	-	(6,520)	(643)	(734,176)
Total other financing sources and uses	-	-	-	(727,013)	734,176	(6,520)	(643)	564,848
Net change in fund balance	803,931	457,412	(222,852)	(574,248)	7,177	(6,520)	(643)	1,707,998
Fund balance – beginning of year	48,315	463,876	4,088,656	7,945,030	3,589	6,520	643	19,786,651
Fund balance – end of year	\$ 852,246	\$ 921,288	\$ 3,865,804	\$ 7,370,782	\$ 10,766	\$ -	\$ -	\$ 21,494,649

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Local Streets Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue sharing	\$ 2,827,118	\$ 2,827,118	\$ 2,354,028	\$ (473,090)
Other state grants	341,474	341,474	-	(341,474)
Local contributions	-	664,208	332,104	(332,104)
Charges for services	-	-	7,840	7,840
Interest income	-	-	8,373	8,373
Other revenue	682,444	682,444	539,605	(142,839)
Transfers in	500,000	500,000	500,000	-
	<u>4,351,036</u>	<u>5,015,244</u>	<u>3,741,950</u>	<u>(1,273,294)</u>
Expenditures				
Current				
Transportation	4,937,295	5,601,502	3,819,669	(1,781,833)
	<u>4,937,295</u>	<u>5,601,502</u>	<u>3,819,669</u>	<u>(1,781,833)</u>
Excess (deficiency) of revenues over expenditures	(586,259)	(586,258)	(77,719)	508,539
Fund balance – beginning of year	2,961,166	2,961,166	2,961,166	-
	<u>2,961,166</u>	<u>2,961,166</u>	<u>2,961,166</u>	<u>-</u>
Fund balance – end of year	\$ 2,374,907	\$ 2,374,908	\$ 2,883,447	\$ 508,539
	<u>\$ 2,374,907</u>	<u>\$ 2,374,908</u>	<u>\$ 2,883,447</u>	<u>\$ 508,539</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Neighborhood Policing Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,163,484	\$ 1,163,484	\$ 1,320,222	\$ 156,738
Other state grants	48,000	48,000	181,888	133,888
Interest income	-	-	3,630	3,630
	<u>1,211,484</u>	<u>1,211,484</u>	<u>1,505,740</u>	<u>294,256</u>
Expenditures				
Public safety				
Police department	<u>978,470</u>	<u>978,470</u>	<u>784,571</u>	<u>(193,899)</u>
Excess of revenues over expenditures	233,014	233,014	721,169	488,155
Fund balance – beginning of year	<u>211,917</u>	<u>211,917</u>	<u>211,917</u>	<u>-</u>
Fund balance – end of year	<u>\$ 444,931</u>	<u>\$ 444,931</u>	<u>\$ 933,086</u>	<u>\$ 488,155</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
State Act 251 – Forfeitures Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 16,670.00	\$ 16,670.00
Fines and forfeitures	72,500	72,500	141,473	68,973
Investment income	-	-	4,234	4,234
Other revenue	<u>12,721</u>	<u>12,721</u>	<u>1,150</u>	<u>(11,571)</u>
Total revenues	<u>85,221</u>	<u>85,221</u>	<u>163,527</u>	<u>78,306</u>
Expenditures				
Public safety	<u>232,064</u>	<u>232,064</u>	<u>73,696</u>	<u>(158,368)</u>
Excess (deficiency) of revenues over expenditures	(146,843)	(146,843)	89,831	236,674
Fund balance – beginning of year	<u>488,040</u>	<u>488,040</u>	<u>488,040</u>	<u>-</u>
Fund balance – end of year	<u>\$ 341,197</u>	<u>\$ 341,197</u>	<u>\$ 577,871</u>	<u>\$ 236,674</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
EDA Revolving Loan Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 15,680	\$ 15,680	\$ 13,281	\$ (2,399)
Principal payments received	<u>35,200</u>	<u>35,200</u>	<u>28,152</u>	<u>(7,048)</u>
Total revenues	<u>50,880</u>	<u>50,880</u>	<u>41,433</u>	<u>(9,447)</u>
Expenditures				
Economic development	<u>5,300</u>	<u>5,300</u>	<u>4,172</u>	<u>(1,128)</u>
Excess (deficiency) of revenues over expenditures	45,580	45,580	37,261	(8,319)
Fund balance – beginning of year	<u>446,455</u>	<u>446,455</u>	<u>446,455</u>	<u>-</u>
Fund balance – end of year	<u>\$ 492,035</u>	<u>\$ 492,035</u>	<u>\$ 483,716</u>	<u>\$ (8,319)</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Parks and Recreation Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 315,000	\$ 315,000	\$ 329,177	\$ 14,177
Investment income	-	-	876	876
Other revenue	1,500	1,500	5,042	3,542
Transfers in	64,848	64,848	64,848	-
Total revenues	<u>381,348</u>	<u>381,348</u>	<u>399,943</u>	<u>18,595</u>
Expenditures				
Recreation and culture	<u>381,348</u>	<u>381,348</u>	<u>234,887</u>	<u>(146,461)</u>
Excess of revenues over expenditures	-	-	165,056	165,056
Fund balance – beginning of year	<u>55,904</u>	<u>55,904</u>	<u>55,904</u>	<u>-</u>
Fund balance – end of year	<u>\$ 55,904</u>	<u>\$ 55,904</u>	<u>\$ 220,960</u>	<u>\$ 165,056</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Senior Citizen Centers Special Revenue Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Expenditures				
Current				
Recreation and culture	\$ -	\$ -	\$ 5,004	\$ 5,004
Fund balance – beginning of year	<u>7,235</u>	<u>7,235</u>	<u>7,235</u>	<u>-</u>
Fund balance – end of year	<u>\$ 7,235</u>	<u>\$ 7,235</u>	<u>\$ 2,231</u>	<u>\$ (5,004)</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Building Department Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 1,865,000	\$ 1,865,000	\$ 2,158,373	\$ 293,373
Charges for services	-	-	31,425	31,425
Investment income	-	-	13,159	13,159
Other revenue	-	-	200	200
Total revenues	<u>1,865,000</u>	<u>1,865,000</u>	<u>2,203,157</u>	<u>338,157</u>
Expenditures				
Public safety	<u>2,380,272</u>	<u>2,380,272</u>	<u>1,890,010</u>	<u>(490,262)</u>
Excess (deficiency) of revenues over expenditures	(515,272)	(515,272)	313,147	828,419
Fund balance – beginning of year	<u>3,059,305</u>	<u>3,059,305</u>	<u>3,059,305</u>	<u>-</u>
Fund balance – end of year	<u>\$ 2,544,033</u>	<u>\$ 2,544,033</u>	<u>\$ 3,372,452</u>	<u>\$ 828,419</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Garbage Collection Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 4,400,000	\$ 4,400,000	\$ 4,959,273	\$ 559,273
Licenses and permits	1,500	1,500	1,460	(40)
Investment income	-	-	5,194	5,194
	<u>4,401,500</u>	<u>4,401,500</u>	<u>4,965,927</u>	<u>564,427</u>
Total revenues				
Expenditures				
Public works	<u>4,614,710</u>	<u>4,614,710</u>	<u>4,161,996</u>	<u>(452,714)</u>
Excess (deficiency) of revenues over expenditures	(213,210)	(213,210)	803,931	1,017,141
Fund balance – beginning of year	<u>48,315</u>	<u>48,315</u>	<u>48,315</u>	<u>-</u>
Fund balance (deficit) – end of year	<u>\$ (164,895)</u>	<u>\$ (164,895)</u>	<u>\$ 852,246</u>	<u>\$ 1,017,141</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Public Safety Special Revenue Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues				
Taxes	\$ 3,490,453	\$ 3,490,453	\$ 3,948,193	\$ 457,740
Other state grants	144,000	144,000	545,667	401,667
Charges for services	-	-	14,109	14,109
Investment income	-	-	14,903	14,903
	<u>3,634,453</u>	<u>3,634,453</u>	<u>4,522,872</u>	<u>888,419</u>
Total revenues				
Expenditures				
Public safety	<u>6,187,561</u>	<u>6,187,561</u>	<u>4,745,724</u>	<u>(1,441,837)</u>
Excess (deficiency) of revenues over expenditures	(2,553,108)	(2,553,108)	(222,852)	2,330,256
Fund balance – beginning of year	<u>4,088,656</u>	<u>4,088,656</u>	<u>4,088,656</u>	<u>-</u>
Fund balance – end of year	<u>\$ 1,535,548</u>	<u>\$ 1,535,548</u>	<u>\$ 3,865,804</u>	<u>\$ 2,330,256</u>

City of Flint, Michigan
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget to Actual
Street Light Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,205,000	\$ 2,205,000	\$ 2,714,349	\$ 509,349
Interest income	-	-	4,672	4,672
Other revenue	-	-	3,288	3,288
Total revenues	<u>2,205,000</u>	<u>2,205,000</u>	<u>2,722,309</u>	<u>517,309</u>
Expenditures				
Transportation	<u>2,442,528</u>	<u>2,442,528</u>	<u>2,264,897</u>	<u>(177,631)</u>
Excess (deficiency) of revenues over expenditures	(237,528)	(237,528)	457,412	694,940
Fund balance – beginning of year	<u>463,876</u>	<u>463,876</u>	<u>463,876</u>	<u>-</u>
Fund balance – end of year	<u>\$ 226,348</u>	<u>\$ 226,348</u>	<u>\$ 921,288</u>	<u>\$ 694,940</u>

INTERNAL SERVICE FUNDS

DATA PROCESSING FUND

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

FRINGE BENEFITS FUND

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

CENTRAL MAINTENANCE GARAGE FUND

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

SELF-INSURANCE FUND

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

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 389,293	\$ 100	\$ 309,285	\$ 698,678
Pooled cash and investments	6,430,919	9,034,386	10,526,658	6,042,975	32,034,938
Accounts receivable	4,188	98,861	-	112,531	215,580
Due from other units of government	-	-	-	290,074	290,074
Inventories	-	-	110,868	-	110,868
Prepaid items	-	373,240	-	-	373,240
Total current assets	<u>6,435,107</u>	<u>9,895,780</u>	<u>10,637,626</u>	<u>6,754,865</u>	<u>33,723,378</u>
Noncurrent assets					
Cash and cash equivalents	-	4,315	-	-	4,315
Capital assets, net	167,620	-	1,291,501	-	1,459,121
Total noncurrent assets	<u>167,620</u>	<u>4,315</u>	<u>1,291,501</u>	<u>-</u>	<u>1,463,436</u>
Total assets	<u>6,602,727</u>	<u>9,900,095</u>	<u>11,929,127</u>	<u>6,754,865</u>	<u>35,186,814</u>
Liabilities					
Current liabilities					
Accounts payable	114,766	4,258,409	277,297	1,153,242	5,803,714
Accrued and other liabilities	10,701	216,560	15,677	-	242,938
Claims payable - current	-	-	-	395,101	395,101
Current portion of noncurrent liabilities	-	-	168,124	-	168,124
Total current liabilities	<u>125,467</u>	<u>4,474,969</u>	<u>461,098</u>	<u>1,548,343</u>	<u>6,609,877</u>
Noncurrent liabilities					
Claims payable	-	-	-	791,387	791,387
Long-term debt net of current portion	-	-	265,613	-	265,613
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>265,613</u>	<u>791,387</u>	<u>1,057,000</u>
Total liabilities	<u>125,467</u>	<u>4,474,969</u>	<u>726,711</u>	<u>2,339,730</u>	<u>7,666,877</u>
Net position					
Net investment in capital assets	167,620	-	857,764	-	1,025,384
Unrestricted	6,309,640	5,425,126	10,344,652	4,415,135	26,494,553
Total net position	<u>\$ 6,477,260</u>	<u>\$ 5,425,126</u>	<u>\$ 11,202,416</u>	<u>\$ 4,415,135</u>	<u>\$ 27,519,937</u>

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended June 30, 2017

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Operating revenue					
User charges	\$ 4,483,481	\$ 42,643,673	\$ 4,904,022	\$ 3,000,000	\$ 55,031,176
Other revenue	-	489,377	23,635	-	513,012
	<u>4,483,481</u>	<u>43,133,050</u>	<u>4,927,657</u>	<u>3,000,000</u>	<u>55,544,188</u>
Operating expenses					
Salaries and benefits	1,070,403	48,634	1,463,225	165,706	2,747,968
Supplies	1,747	-	892,154	-	893,901
Contractual services	1,811,134	363,434	97,970	3,261,293	5,533,831
Claims	-	-	-	497,100	497,100
Utilities	-	-	32,379	-	32,379
Repairs and maintenance	89,296	-	349,659	-	438,955
Insurance	-	-	-	645,530	645,530
Other expenses	158,764	21,509	91,478	1,500	273,251
Costs of materials or services rendered	-	39,349,939	-	-	39,349,939
Depreciation	106,807	-	415,240	-	522,047
	<u>3,238,151</u>	<u>39,783,516</u>	<u>3,342,105</u>	<u>4,571,129</u>	<u>50,934,901</u>
Operating income (loss)	<u>1,245,330</u>	<u>3,349,534</u>	<u>1,585,552</u>	<u>(1,571,129)</u>	<u>4,609,287</u>
Nonoperating revenue (expenses)					
State grant	5,425	-	-	737,337	742,762
Investment income	23,566	29,852	29,295	22,518	105,231
Interest expense	-	-	(30,825)	-	(30,825)
	<u>28,991</u>	<u>29,852</u>	<u>(1,530)</u>	<u>759,855</u>	<u>817,168</u>
Income (loss) before transfers out	1,274,321	3,379,386	1,584,022	(811,274)	5,426,455
Transfers out	-	(787,998)	(210,332)	-	(998,330)
Change in net position	1,274,321	2,591,388	1,373,690	(811,274)	4,428,125
Net position – beginning of year	5,202,939	2,833,738	9,828,726	5,226,409	23,091,812
Net position – end of year	<u>\$ 6,477,260</u>	<u>\$ 5,425,126</u>	<u>\$ 11,202,416</u>	<u>\$ 4,415,135</u>	<u>\$ 27,519,937</u>

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2017

	Central				Total
	Data Processing	Fringe Benefits	Maintenance Garage	Self Insurance	
Cash flows from operating activities					
Receipts from customers	\$ 4,506,589	\$ 43,084,299	\$ 4,929,056	\$ 2,720,814	\$ 55,240,758
Receipts from other funds	216,455	1,500,000	2,500,000	-	4,216,455
Payments to suppliers	(2,059,801)	(39,345,416)	(1,247,788)	(3,267,667)	(45,920,672)
Payments to employees	(1,070,403)	(48,634)	(1,463,225)	(165,706)	(2,747,968)
Claims paid	-	-	-	(490,955)	(490,955)
Net cash provided (used) by operating activities	<u>1,592,840</u>	<u>5,190,249</u>	<u>4,718,043</u>	<u>(1,203,514)</u>	<u>10,297,618</u>
Cash flows from noncapital financing activities					
Transfers to other funds	-	(787,998)	(210,332)	-	(998,330)
State grant	<u>5,425</u>	<u>-</u>	<u>-</u>	<u>737,337</u>	<u>742,762</u>
Net cash provided (used) by noncapital financing activities	<u>5,425</u>	<u>(787,998)</u>	<u>(210,332)</u>	<u>737,337</u>	<u>(255,568)</u>
Cash flows from capital and related financing activities					
Purchases/construction of capital assets	(52,400)	-	(413,975)	-	(466,375)
Principal and interest paid on long-term debt	<u>-</u>	<u>-</u>	<u>(194,736)</u>	<u>-</u>	<u>(194,736)</u>
Net cash used by capital and related financing activities	<u>(52,400)</u>	<u>-</u>	<u>(608,711)</u>	<u>-</u>	<u>(661,111)</u>
Cash flows from investing activities					
Interest received	<u>23,566</u>	<u>29,852</u>	<u>29,295</u>	<u>22,518</u>	<u>105,231</u>
Net change in cash and cash equivalents	1,569,431	4,432,103	3,928,295	(443,659)	9,486,170
Cash and cash equivalents – beginning of year	<u>4,861,488</u>	<u>4,995,891</u>	<u>6,598,463</u>	<u>6,795,919</u>	<u>23,251,761</u>
Cash and cash equivalents – end of year	<u>\$ 6,430,919</u>	<u>\$ 9,427,994</u>	<u>\$ 10,526,758</u>	<u>\$ 6,352,260</u>	<u>\$ 32,737,931</u>

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2017

			Central		
	Data Processing	Fringe Benefits	Maintenance Garage	Self Insurance	Total
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 1,245,330	\$ 3,349,534	\$ 1,585,552	\$ (1,571,129)	\$ 4,609,287
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	106,807	-	415,240	-	522,047
Changes in assets and liabilities					
Receivables (net)	23,108	(48,751)	1,399	10,888	(13,356)
Due from other units of government	-	-	-	(290,074)	(290,074)
Due from other funds	216,455	1,500,000	2,500,000	-	4,216,455
Inventories	-	-	2,976	-	2,976
Prepaid items	-	496,775	-	5,312	502,087
Accounts payable	(1,054)	(259,265)	209,211	636,465	585,357
Accrued and other liabilities	2,194	151,956	3,665	(1,121)	156,694
Claims payable	-	-	-	6,145	6,145
Net cash provided (used) by operating activities	<u>\$ 1,592,840</u>	<u>\$ 5,190,249</u>	<u>\$ 4,718,043</u>	<u>\$ (1,203,514)</u>	<u>\$ 10,297,618</u>
Reconciliation of cash and cash equivalents					
Cash and cash equivalents	\$ -	\$ 389,293	\$ 100	\$ 309,285	\$ 698,678
Pooled cash and investments	6,430,919	9,034,386	10,526,658	6,042,975	32,034,938
Restricted cash and cash equivalents	<u>-</u>	<u>4,315</u>	<u>-</u>	<u>-</u>	<u>4,315</u>
Cash and cash equivalents – end of year	<u>\$ 6,430,919</u>	<u>\$ 9,427,994</u>	<u>\$ 10,526,758</u>	<u>\$ 6,352,260</u>	<u>\$ 32,737,931</u>

PENSION AND BENEFIT TRUST FUNDS

DEATH BENEFITS FUND

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

HEALTH BENEFITS PLAN AND TRUST

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

HURLEY MEDICAL CENTER HEALTH BENEFIT PLAN AND TRUST

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

AGENCY FUNDS

MISCELLANEOUS AGENCY FUND

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

COUNTY REVOLVING LOAN FUND

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

City of Flint, Michigan
Other Supplementary Information
Fiduciary Funds
Combining Statement of Assets and Liabilities
June 30, 2017

	Pension and Benefit Trust Funds				Agency Funds		
	Death Benefit Fund	Health Benefits Plan Fund	Hurley Retiree Health Benefit Trust Fund	Total Pension and Benefit Trust Funds	Miscellaneous Agency	County Revolving Loan	Total Agency Funds
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 1,935,889	\$ 1,935,889	\$ 722,622	\$ 556,503	\$ 1,279,125
Pooled cash and investments	-	-	-	-	902,620	-	902,620
Investments							
U.S. government obligations	-	-	6,169,495	6,169,495	-	-	-
Agency securities	-	-	8,185,356	8,185,356	-	-	-
Corporate stocks	518,800	-	29,385,914	29,904,714	-	-	-
Corporate bonds	-	-	14,474,162	14,474,162	-	-	-
Receivables							
Taxes	-	-	-	-	3,787,257	-	3,787,257
Other	-	-	203,276	203,276	796,064	-	796,064
	<u>518,800</u>	<u>-</u>	<u>60,354,092</u>	<u>60,872,892</u>	<u>\$ 6,208,563</u>	<u>\$ 556,503</u>	<u>\$ 6,765,066</u>
Liabilities							
Accounts payable	-	-	-	-	5,234,079	153	5,234,232
Checks written against future deposits	3,500	-	-	3,500	-	-	-
Due to other units of government	-	-	-	-	974,484	556,350	1,530,834
Accrued expenses	-	-	691,624	691,624	-	-	-
	<u>3,500</u>	<u>-</u>	<u>691,624</u>	<u>695,124</u>	<u>\$ 6,208,563</u>	<u>\$ 556,503</u>	<u>\$ 6,765,066</u>
Net Position Restricted For							
Pensions and other Employee Benefits	<u>\$ 515,300</u>	<u>\$ -</u>	<u>\$ 59,662,468</u>	<u>\$ 60,177,768</u>			

City of Flint, Michigan
Other Supplementary Information
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	<u>Death Benefit Fund</u>	<u>Health Benefits Plan Fund</u>	<u>Hurley Retiree Health Benefit Trust Fund</u>	<u>Total Pension and Benefit Trust Funds</u>
Additions				
Contributions				
Employer	\$ -	\$ -	\$ 5,523,202	\$ 5,523,202
Retiree	-	-	2,030,357	2,030,357
Total contributions	<u>-</u>	<u>-</u>	<u>7,553,559</u>	<u>7,553,559</u>
Investment earnings (expenses)				
Interest and dividends	-	-	1,315,140	1,315,140
Investment related expenses	-	-	(339,371)	(339,371)
Change in fair value	78,807	-	4,332,911	4,411,718
Total investment earnings	<u>78,807</u>	<u>-</u>	<u>5,308,680</u>	<u>5,387,487</u>
Total additions	<u>78,807</u>	<u>-</u>	<u>12,862,239</u>	<u>12,941,046</u>
Deductions				
Benefits	-	138,008	6,324,994	6,463,002
Total deductions	<u>-</u>	<u>138,008</u>	<u>6,324,994</u>	<u>6,463,002</u>
Change in net position	78,807	(138,008)	6,537,245	6,478,044
Net position – beginning of year	<u>436,493</u>	<u>138,008</u>	<u>53,125,223</u>	<u>53,699,724</u>
Net position – end of year	<u>\$ 515,300</u>	<u>\$ -</u>	<u>\$ 59,662,468</u>	<u>\$ 60,177,768</u>

City of Flint, Michigan
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Miscellaneous Agency				
Assets				
Cash and cash equivalents	\$ 721,894	\$ 893,585	\$ 892,857	\$ 722,622
Receivables	4,605,610	59,416,851	59,439,140	4,583,321
Pooled cash and investments	1,115,115	45,085,415	45,297,910	902,620
Total assets	<u>\$ 6,442,619</u>	<u>\$ 105,395,851</u>	<u>\$ 105,629,907</u>	<u>\$ 6,208,563</u>
Liabilities				
Accounts payable	\$ 5,490,072	\$ 76,555,622	\$ 76,811,615	\$ 5,234,079
Due to other governmental units	952,547	292,191	270,254	974,484
Total liabilities	<u>\$ 6,442,619</u>	<u>\$ 76,847,813</u>	<u>\$ 77,081,869</u>	<u>\$ 6,208,563</u>
County Revolving Loan				
Assets				
Cash and cash equivalents	\$ 556,385	\$ 1,191	\$ 1,073	\$ 556,503
Liabilities				
Accounts payable	\$ 91	\$ 447	\$ 386	\$ 152
Due to other governmental units	556,294	505	448	556,351
Total liabilities	<u>\$ 556,385</u>	<u>\$ 952</u>	<u>\$ 834</u>	<u>\$ 556,503</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,278,279	\$ 894,776	\$ 893,930	\$ 1,279,125
Pooled cash and investments	1,115,115	45,085,415	45,297,910	902,620
Receivables	4,605,610	59,416,851	59,439,140	4,583,321
Total assets	<u>\$ 6,999,004</u>	<u>\$ 105,397,042</u>	<u>\$ 105,630,980</u>	<u>\$ 6,765,066</u>
Liabilities				
Accounts payable	\$ 5,490,163	\$ 76,556,069	\$ 76,812,001	\$ 5,234,231
Due to other governmental units	1,508,841	292,696	270,702	1,530,835
Total liabilities	<u>\$ 6,999,004</u>	<u>\$ 76,848,765</u>	<u>\$ 77,082,703</u>	<u>\$ 6,765,066</u>

STATISTICAL SECTION

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

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

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

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

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

City of Flint, Michigan
Statistical Section (unaudited)
GASB Statement 44, Economic Condition Reporting
June 30, 2017

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

Financial Trends:

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

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

Revenue Capacity:

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

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

Debt Capacity:

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

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

Demographic and Economic Information:

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

Demographic and Economic Statistics	Schedule 15
Principal Employers	Schedule 16

Operating & Resource Information:

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

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

Flint Employees' Retirement System:

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

Comparative Schedule - Actuarial Valuations	Schedule 20
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City of Flint, Michigan
Statistical Section
Financial Trend Information – Schedule 1
Net Position by Component
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 190,526,479	\$ 184,617,905	\$ 180,811,443	\$ 176,533,920	\$ 164,557,732	\$ 153,329,640	\$ 138,929,966	\$ 127,601,186	\$ 120,193,431	\$ 112,083,639
Restricted	21,090,174	19,700,865	9,401,616	8,886,933	7,712,381	25,690,959	40,976,633	38,525,638	17,600,308	17,288,837
Unrestricted	(66,676,216)	(94,639,303)	(120,251,900)	(148,784,633)	(149,241,234)	(158,391,840)	(151,887,277)	(348,263,708)	(335,931,410)	(339,067,428)
Total net position	\$ 144,940,437	\$ 109,679,467	\$ 69,961,159	\$ 36,636,220	\$ 23,028,879	\$ 20,628,759	\$ 28,019,322	\$ (182,136,884)	\$ (198,137,671)	\$ (209,694,952)
Business Type Activities:										
Invested in capital assets, net of related debt	\$ 121,424,230	\$ 123,161,141	\$ 125,632,814	\$ 127,847,276	\$ 84,181,963	\$ 78,604,810	\$ 76,669,716	\$ 77,042,464	\$ 75,805,935	\$ 75,820,800
Restricted	10,289,006	11,106,759	10,761,281	11,432,623	5,585,334	4,385,534	5,848,116	5,848,116	5,113,523	5,113,523
Unrestricted	97,377,129	88,481,489	65,053,326	43,022,814	(8,458,664)	8,278,835	13,212,790	(33,880,794)	(23,158,249)	(20,785,595)
Total net position	\$ 229,090,365	\$ 222,749,389	\$ 201,447,421	\$ 182,302,713	\$ 81,308,633	\$ 91,269,179	\$ 95,730,622	\$ 49,009,786	\$ 57,761,209	\$ 60,148,728
Primary government in total:										
Invested in capital assets, net of related debt	\$ 311,950,709	\$ 307,779,046	\$ 306,444,257	\$ 304,381,196	\$ 248,739,695	\$ 231,934,450	\$ 215,599,682	\$ 204,643,650	\$ 195,999,366	\$ 187,904,439
Restricted	31,379,180	30,807,624	20,162,897	20,319,556	13,297,715	30,076,493	46,824,749	44,373,754	22,713,831	22,402,360
Unrestricted	30,700,913	(6,157,814)	(55,198,574)	(105,761,819)	(157,699,898)	(150,113,005)	(138,674,487)	(382,144,502)	(359,089,659)	(359,853,023)
Total net position	\$ 374,030,802	\$ 332,428,856	\$ 271,408,580	\$ 218,938,933	\$ 104,337,512	\$ 111,897,938	\$ 123,749,944	\$ (133,127,098)	\$ (140,376,462)	\$ (149,546,224)

*In 2004, the City retroactively capitalized infrastructure in accordance with GASB 34, significantly increasing the investment in capital assets for governmental activities.
In 2014, there was a prior period adjustment in total governmental activities, see Note 17.*

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
General government	\$ 30,126,082	\$ 28,617,291	\$ 26,999,131	\$ 18,640,073	\$ 12,034,876	\$ 7,880,521	\$ 7,691,189	\$ 10,540,197	\$ 14,042,753	\$ 15,334,791
Judicial	8,820,013	6,681,529	7,549,727	7,504,547	3,673,809	5,095,682	5,031,863	5,032,427	5,143,547	530,845
Public Safety	78,048,619	61,324,633	57,784,496	53,062,194	42,196,455	39,022,487	41,576,320	36,224,195	49,407,091	48,981,359
Building inspection	5,063,848	5,277,613	6,332,983	8,610,149	7,049,138	4,017,923	2,452,420	1,282,613	1,254,516	1,561,223
Public works	30,519,397	31,907,385	27,224,651	28,549,114	25,942,018	22,978,241	27,278,596	26,380,580	27,140,462	25,165,859
Community enrichment and development	6,163,998	6,620,929	10,835,034	16,541,698	14,668,606	19,981,427	6,751,200	5,617,598	8,988,332	5,750,353
Parks and recreation	7,610,803	6,147,632	5,431,010	6,803,411	4,455,354	2,864,223	3,096,360	4,112,910	1,723,835	1,825,123
Interest on long-term debt	1,091,347	1,122,341	806,637	1,132,521	1,361,513	1,021,815	1,203,196	1,166,786	1,280,956	1,306,639
Total governmental activities	167,444,107	147,699,353	142,963,669	140,843,707	111,381,769	102,862,319	95,081,144	90,357,306	108,981,492	100,456,192
Program revenues:										
Charges for services										
General government	17,547,766	15,114,833	16,222,583	18,497,109	9,272,670	11,736,677	9,223,175	7,017,607	8,466,185	7,356,125
Judicial	2,663,984	2,339,395	2,094,107	1,668,559	1,594,061	1,696,157	1,826,600	1,449,274	680,908	177,055
Public Safety	5,100,191	4,460,730	3,291,583	2,878,264	2,594,216	3,180,137	2,180,536	2,531,669	2,285,236	2,313,574
Building inspection	1,501,849	1,736,737	1,728,460	3,173,389	3,949,658	2,062,378	2,004,074	2,726,592	3,149,559	2,232,541
Public works	8,221	9,124	267,712	186,105	63,496	65,025	35,085	25,798	106,319	47,301
Community enrichment and development	147,744	69,749	564,698	53,960	11,371	1,659	6,816	495	523	5,224
Parks and recreation	53,999	44,512	30,193	554,742	229,710	10,075	4,190	5,171	1,236	61,208
Total charges for services	27,023,754	23,775,080	24,199,336	27,012,128	17,715,182	18,752,108	15,280,476	13,756,606	14,689,966	12,193,028
Operating grants and contributions	19,590,161	17,154,589	22,074,893	27,243,104	20,903,212	14,213,238	14,562,573	16,880,612	18,497,749	18,821,609
Capital grants and contributions	8,850,442	10,162,836	4,436,527	6,414,945	13,290,515	21,872,060	11,218,347	1,924,929	6,240,235	2,092,816
Total program revenue	55,464,357	51,092,505	50,710,756	60,670,177	51,908,909	54,837,406	41,061,396	32,562,147	39,427,950	33,107,453
Net (expense) revenue	(111,979,750)	(96,606,848)	(92,252,913)	(80,173,530)	(59,472,860)	(48,024,913)	(54,019,748)	(57,795,159)	(69,553,542)	(67,348,739)
General revenues:										
Property taxes	25,602,458	24,343,118	19,224,393	18,142,422	14,263,876	21,722,352	21,292,833	19,757,581	18,429,084	19,861,396
Income taxes	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999	14,674,274	13,038,276	14,012,171	15,540,594	15,487,439
State-shared revenues	18,959,082	18,466,481	16,424,091	16,424,088	13,103,186	13,667,182	14,140,573	14,458,731	14,451,256	14,899,242
Franchise fees	-	-	-	-	-	-	-	-	-	1,022,650
Unrestricted investment earnings	2,133,630	1,109,633	624,699	507,915	632,134	445,325	860,821	742,926	1,113,097	773,736
Gain (loss) on sale of capital assets	35,610	69,084	(327,551)	-	-	1,046,990	16,800	1,567,571	-	-
Miscellaneous revenue	150,975	-	54,549	84,408	36,324	1,203,070	2,942,613	2,990,000	1,028,722	967,327
Total general revenues	63,398,171	58,266,255	49,551,428	49,555,179	42,875,519	52,759,193	52,291,916	53,528,980	50,562,753	53,011,790
Transfers	-	3,079,623	2,983,177	5,670,849	2,990,000	2,990,000	2,990,000	-	2,990,000	2,779,668
Change in net position	\$ (48,581,579)	\$ (35,260,970)	\$ (39,718,308)	\$ (24,947,502)	\$ (13,607,341)	\$ 7,724,280	\$ 1,262,168	\$ (4,266,179)	\$ (16,000,789)	\$ (11,557,281)

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating revenue										
Sale of water	\$ 33,956,858	\$ 34,080,677	\$ 31,956,754	\$ 36,762,663	\$ 44,850,678	\$ 49,880,827	\$ 43,552,152	\$ 33,777,658	\$ 32,355,881	\$ 30,057,960
Sewage disposal charges	17,143,474	17,836,304	15,957,087	17,637,811	23,214,899	32,025,929	28,605,162	30,435,699	29,031,074	29,504,500
Hurley Medical Center	332,199,875	351,792,875	360,903,987	354,078,435	-	-	-	-	-	-
Other charges for services	891,241	1,098,854	583,498	-	3,761	23,041	-	123,224	37,051	-
Total operating revenue	384,191,448	404,808,710	409,401,326	408,478,909	68,069,338	81,929,797	72,157,314	64,336,581	61,424,006	59,562,460
Operating expenses										
Cost of water produced/purchased	16,297,871	17,421,663	17,103,752	20,919,987	21,251,448	23,308,800	21,508,040	-	8,354,748	17,307,301
Water supply	15,145,174	16,966,375	17,829,720	17,050,216	15,600,804	14,429,553	17,381,525	18,805,048	22,478,663	26,786,020
Sewage disposal	21,531,917	21,118,123	25,923,101	24,780,913	20,249,253	21,203,557	20,180,686	18,898,748	22,052,088	26,003,071
Hurley Medical Center	319,553,166	335,354,672	343,633,278	339,408,386	-	-	-	-	-	-
Nonmajor Enterprise funds	1,625,295	1,203,591	1,156,400	-	-	-	-	-	-	-
Depreciation	19,196,772	20,877,152	20,394,544	19,529,104	10,056,150	7,538,013	8,806,180	6,036,783	7,039,991	7,067,711
Total operating expenses	393,350,195	412,941,576	426,040,795	421,688,606	67,157,655	66,479,923	67,876,431	43,740,579	59,925,490	77,164,103
Operating income (loss)	(9,158,747)	(8,132,866)	(16,639,469)	(13,209,697)	911,683	15,449,874	4,280,883	20,596,002	1,498,516	(17,601,643)
Nonoperating revenue (expense)										
Federal grant	-	-	-	-	-	-	-	-	-	1,253,227
State grant	-	-	-	-	-	-	-	-	6,000,000	19,109,149
Local grants	-	-	-	-	-	-	-	-	2,374,748	1,745,252
Investment income	6,382,545	4,488,845	2,186,379	2,048,499	209,179	945	155,578	247,222	613,207	362,738
Interest expense	(4,739,233)	(4,717,484)	(4,528,788)	(4,594,996)	(694,504)	(787,584)	(572,376)	(565,869)	(170,301)	-
Income (loss) from joint ventures	3,639,181	2,327,524	742,126	1,469,880	-	-	-	-	-	-
Gain (loss) on disposal of assets	(653,040)	(313,727)	(165,327)	-	-	(1,856,694)	3,593,677	225,465	-	(490)
Capital grants and contributions	838,132	476,760	(42,567)	797,749	-	99,240	-	-	-	-
Miscellaneous revenue (expense)	-	-	-	-	51,215	44,765	(6,319)	(6,571)	(5,981)	298,954
Income (loss) – before transfers	(3,691,162)	(5,870,948)	(18,447,646)	(13,488,565)	477,573	12,950,546	7,451,443	20,496,249	10,310,189	5,167,187
Grants for capital improvements	-	199,596	128,855	14,706	-	-	-	-	-	-
Transfers from other funds	-	2,320,377	6,823	285,992	-	-	800,000	800,000	-	210,332
Transfers to other funds	-	(2,990,000)	(2,990,000)	(5,956,841)	(2,990,000)	(2,990,000)	(3,790,000)	(3,790,000)	(2,990,000)	(2,990,000)
Change in net position	(3,691,162)	(6,340,975)	(21,301,968)	(19,144,708)	(2,512,427)	9,960,546	4,461,443	17,506,249	7,320,189	2,387,519
Change in net position – primary government	<u>\$(52,272,741)</u>	<u>\$(41,601,945)</u>	<u>\$(61,020,276)</u>	<u>\$(44,092,210)</u>	<u>\$(16,119,768)</u>	<u>\$ 17,684,826</u>	<u>\$ 5,723,611</u>	<u>\$ 13,240,070</u>	<u>\$ (8,680,600)</u>	<u>\$ (9,169,762)</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund										
Restricted	\$ 177,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	1,586,995	-	-	-	-	-	-
Unassigned (deficit)	(7,046,820)	(10,113,744)	(14,621,546)	(8,863,134)	(19,184,850)	(12,895,642)	(8,961,427)	3,346,327	10,037,581	17,073,792
Total general fund (deficit)	(6,869,370)	(10,113,744)	(14,621,546)	(7,276,139)	(19,184,850)	(12,895,642)	(8,961,427)	3,346,327	10,037,581	17,073,792
All other governmental funds										
Restricted	2,279,414	2,021,691	1,749,242	-	-	826,744	1,261,017	-	-	-
Nonspendable	-	-	-	1,180,246	-	-	-	-	-	-
Assigned	3,591,002	7,190,250	1,872,197	-	-	-	-	-	-	-
Restricted, reported in:										
Special revenue funds	8,619,573	8,321,188	931,077	4,245,293	5,378,647	4,738,394	17,887,625	18,233,919	20,323,869	23,294,527
Debt service funds	7,163	7,163	7,163	7,163	7,163	7,163	7,962	10,720	10,752	10,766
Capital projects funds	3,460,669	304,138	1,831,338	1,657,446	1,630,490	2,597,719	9,335,338	8,174,463	7,945,030	7,370,782
Unassigned	-	-	-	1,667	-	-	-	(108,770)	-	-
Total all other governmental fund:	17,957,821	17,844,430	6,391,017	7,091,815	7,016,300	8,170,020	28,491,942	26,310,332	28,279,651	30,676,075
Total governmental fund balance	<u>\$ 11,088,451</u>	<u>\$ 7,730,686</u>	<u>\$ (8,230,529)</u>	<u>\$ (184,324)</u>	<u>\$ (12,168,550)</u>	<u>\$ (4,725,622)</u>	<u>\$ 19,530,515</u>	<u>\$ 29,656,659</u>	<u>\$ 38,317,232</u>	<u>\$ 47,749,867</u>

*In 2011, there was a prior period adjustment in the General Fund, see Note 1
Fund balance classifications were changed as a result of implementation of GASB 54*

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue										
Property taxes	\$ 25,761,449	\$ 24,890,597	\$ 19,169,740	\$ 18,035,252	\$ 14,409,390	\$ 19,213,064	\$ 18,189,649	\$ 16,696,873	\$ 15,581,099	\$ 16,960,809
Income taxes	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999	14,674,274	13,038,276	14,314,826	15,864,085	15,644,292
Special assessments	39,947	211,682	41,479	-	-	-	-	13,493,216	-	-
Federal revenue	7,098,114	7,538,586	12,414,929	19,718,598	21,573,103	23,822,041	20,035,608	21,699,780	7,007,040	5,783,334
State-shared revenues (and grants)	29,890,165	29,839,715	27,770,303	26,927,022	22,544,231	24,262,024	19,467,727	1,144,948	36,047,846	30,386,628
Licenses and permits	2,274,072	2,348,165	2,440,648	3,220,060	2,639,995	3,410,508	1,502,536	2,450,924	1,154,277	2,227,748
Fines and forfeitures	3,577,563	3,429,032	2,470,584	2,087,179	2,148,127	2,415,648	3,090,045	7,975,310	3,081,246	429,860
Charges for services	10,376,662	11,708,234	11,230,300	12,487,478	12,486,081	11,594,534	9,627,796	582,869	8,390,598	11,181,260
Local grants	1,413,470	2,510,298	1,961,589	-	-	-	632,458	4,976,610	275,028	1,046,885
Cable franchise fees	-	-	-	-	-	-	-	-	-	1,022,650
Miscellaneous	-	-	-	-	-	-	-	-	1,460,982	1,499,523
Interest and other	3,499,428	2,732,572	2,825,591	12,104,122	3,624,681	7,142,900	7,016,496	-	983,837	672,739
Total revenue	100,447,286	99,486,820	93,876,410	108,976,057	94,265,607	106,534,993	92,600,591	83,335,356	89,846,038	86,855,728
Expenditures										
Current:										
Legislative	1,164,844	1,196,266	1,176,953	1,226,475	1,214,229	344,227	338,638	557,841	841,240	870,950
Judicial	6,367,737	5,113,532	5,468,994	5,292,589	5,595,856	4,955,003	5,181,415	5,294,069	3,783,089	901,361
General government	13,094,727	11,862,417	10,976,896	16,875,964	10,905,195	7,999,801	7,466,619	11,033,750	10,771,374	10,339,533
Public safety	57,195,849	47,262,636	44,823,709	42,520,146	41,397,991	44,194,639	42,371,672	38,757,525	36,888,769	39,607,929
Building inspections	4,624,961	4,266,994	6,604,061	7,335,776	7,013,352	4,170,534	2,444,768	1,573,780	1,792,099	1,890,010
Public works	34,462,549	20,571,899	20,379,499	16,950,515	15,775,327	15,285,853	14,608,856	15,801,065	6,155,898	10,714,513
Parks & Recreation	6,000,142	4,538,348	4,340,478	9,278,896	15,383,788	8,328,093	2,729,358	2,980,851	358,444	584,219
Community development	5,973,575	6,398,469	14,899,707	8,285,404	8,427,928	9,379,517	6,750,331	5,582,858	7,745,212	5,576,085
Transportation	-	-	-	-	-	-	-	-	12,012,988	6,084,566
Facilities Maintenance	-	-	-	-	-	-	-	-	1,661,747	1,643,145
Principal	2,076,203	2,035,905	2,292,187	2,040,435	941,435	896,977	1,218,524	1,239,070	1,659,622	1,755,725
Interest and fiscal charges	738,835	881,328	675,147	623,873	837,291	1,038,376	1,203,212	1,168,901	1,292,981	1,233,055
Total expenditures	131,699,422	104,127,794	111,637,631	110,430,073	107,492,392	96,593,020	84,313,393	83,989,710	84,963,463	81,201,091
Excess of revenue over (under) expenditures	(31,252,136)	(4,640,974)	(17,761,221)	(1,454,016)	(13,226,785)	9,941,973	8,287,198	(654,354)	4,882,575	5,654,637
Other Financing Sources (Uses)										
Debt issuance	18,369,192	1,875,000	-	8,000,000	-	-	-	7,000,000	-	-
Sale of fixed assets	35,610	7,782	54,195	1,750	24,300	100	16,800	500	-	-
Interest expense	-	(104,697)	-	-	-	-	-	-	-	-
Transfers in	776,424	5,361,005	3,581,463	6,855,239	7,594,781	5,518,457	6,669,791	5,454,157	5,085,992	5,092,663
Transfers out	(2,077,451)	(5,960,578)	(1,835,652)	(5,356,768)	(6,376,522)	(1,028,457)	(2,608,248)	(1,676,159)	(1,307,994)	(1,314,665)
Total other financing sources (uses)	17,103,775	1,178,512	1,800,006	9,500,221	1,242,559	4,490,100	4,078,343	10,778,498	3,777,998	3,777,998
Net change in fund balances	(14,148,361)	(3,462,462)	(15,961,215)	8,046,205	(11,984,226)	14,432,073	12,365,541	10,124,144	8,660,573	9,432,635
Fund balances – beginning of year	25,236,812	11,088,451	7,730,686	(8,230,529)	(184,324)	(12,168,550)	7,164,974	19,530,515	29,656,659	38,317,232
Fund balances – end of year	\$ 11,088,451	\$ 7,625,989	\$ (8,230,529)	\$ (184,324)	\$ (12,168,550)	\$ 2,263,523	\$ 19,530,515	\$ 29,654,659	\$ 38,317,232	\$ 47,749,867
Debt service expenditures as a percentage of capital outlay expenditures	14.47%	24.78%	27.48%	44.60%	48.13%	38.22%	372.67%	62.25%	65.82%	102.77%
Debt service expenditures as a percentage of non-capital outlay expenditures	2.57%	3.26%	3.03%	2.62%	1.74%	2.16%	2.98%	3.10%	3.81%	3.97%

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

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Tax Rate (mills)	Estimated Actual Value	Taxable	Facilities Tax
		Real Property:			Personal Property	Total Taxable Value			Value as a	Abated Taxable
		Residential	Commercial	Industrial					% of Actual	Value
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751
2007	2008	943,643,241	233,136,810	204,025,343	317,960,800	1,698,766,194	58.6748	3,932,588,200	43.20%	103,753,679
2008	2009	944,469,331	224,215,379	188,255,857	286,484,300	1,643,424,867	58.6748	3,821,928,000	43.00%	84,654,733
2009	2010	898,762,329	217,485,191	168,241,617	221,121,300	1,505,610,437	58.6750	3,296,817,600	45.67%	83,166,191
2010	2011	799,683,301	216,082,248	146,733,154	142,622,700	1,305,121,403	65.3850	2,786,085,200	46.84%	74,687,017
2011	2012	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005	62.8550	2,383,030,600	48.12%	48,290,169
2012	2013	505,714,706	196,112,442	129,649,913	158,959,800	991,241,706	66.3548	1,938,259,600	51.14%	42,861,946
2013	2014	362,867,708	181,351,218	77,833,577	154,602,400	776,654,903	66.4550	1,590,344,800	48.84%	27,773,300
2014	2015	358,826,466	174,669,232	78,779,274	146,551,100	758,826,072	66.4550	1,563,630,500	48.27%	17,607,300
2015	2016	351,627,021	175,031,857	67,448,512	155,838,600	749,945,990	66.9603	1,550,764,900	48.36%	19,771,400
2016	2017	344,250,125	171,595,307	66,040,606	129,048,800	710,934,838	67.9853	1,594,595,400	44.58%	29,670,872
2017	2018	343,371,731	168,918,375	64,844,717	127,785,000	704,919,823	68.1838	1,623,760,348	43.41%	32,175,818

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

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

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

Source: City Assessor

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

Fiscal Year Ending	Millage Rates - Direct City Taxes						Overlapping Tax Rates*				
	General Operating	Public Improvements	Police	Public Transp	Parks & Rec	Public Safety	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County	County Parks & Recreation
2003	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5072	0.4849
2007	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2008	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2009	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2010	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2011	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2012	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2013	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.3072	0.4847
2014	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.3072	0.4847
2015	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.5472	0.7500
2016	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.5472	0.7500
2017	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.5472	0.7500

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

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

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

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

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

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

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

Source: City Audit Dept. / City Assessor

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

Tax Year	Overlapping Tax Rates*								Total Tax Rate	
	Bishop Airport	MTA	District Library	Michigan S.E.T.	Mott Community College	Intermediate School District	School: Homestead	School: Non- homestead	Homestead	Non-homestead
2003	0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
2004	0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
2005	0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
2006	0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705
2007	0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
2008	0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
2009	0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
2010	0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
2011	0.4847	0.7998	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8548	62.8548
2012	0.4847	0.8000	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8550	62.8550
2013	0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.4550	66.4550
2014	0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.4550	66.4550
2015	0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.9603	66.9603
2016	0.4847	1.2250	4.0000	6.0000	2.8596	3.5341	4.0000	22.0000	49.9853	67.9853
2017	0.4847	1.2250	4.0000	6.0000	2.8096	3.7826	4.0000	22.0000	50.1838	68.1838

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

Taxpayer	2016			2007		
	Assessed Value	Rank	City Assessed Value	Assessed Value	Rank	City Assessed Value
Consumers Power Co	\$ 65,613,600	1	9.31	\$ 42,521,200	3	2.23 %
General Motors LLC *	23,700,800	2	3.36	197,341,100	1	10.33
Barette Outdoor Living, Inc	8,475,800	3	1.20			-
Matthews Drive LLC	8,261,100	4	1.17			-
Donlan Assoc. LLC	8,109,600	5	1.15			-
4405 Continental Drive LLC	6,225,100	6	0.88			-
Comcast of Flint, Inc.	3,944,500	7	0.56			-
Perani Prop Co. LLC	3,681,100	8	0.52			-
Evergreen Regency Townhome	3,619,800	9	0.51			-
IIN, Inc.	3,549,400	10	0.50			-
Delphi			-	70,872,600	2	3.71
Great Lakes Tech Center			-	12,562,500	4	0.66
Automotive Component Carriers			-	8,280,900	5	0.43
Michigan Coca-Cola Bottling			-	6,091,000	6	0.32
Citizens Bank			-	6,032,800	7	0.32
Ramco Lapeer Assoc.			-	6,415,000	8	0.34
PPG Industries			-	4,560,600	9	0.24
The Herald Company, Inc. (Flint Journal)			-	3,618,000	10	0.19
Total Assessed Value, Top Ten	\$ 135,180,800		19.18 %	\$ 358,295,700		18.75 %
* Includes AC Rochester						
Total Ad Valorem Assessed Value	\$ 704,919,823			\$ 1,910,964,000		

Source: City Assessor

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

Tax Year ^(a)	Fiscal year ended June 30,	Total Tax Levy ^(b)	Current Tax Collections	Percent of Current Taxes Collected ^(c)	Delinquent Tax Collections ^(d)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,315	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,888,875	23,430,440	87.14%	3,270,819	26,701,259	99.30%
2006	2007	27,607,211	23,476,574	85.04%	4,105,854	27,582,428	99.91%
2007	2008	27,751,506	23,381,424	84.25%	3,769,660	27,151,084	97.84%
2008	2009	25,297,684	20,838,394	82.37%	3,236,819	24,075,213	95.17%
2009	2010	22,864,857	18,580,520	81.26%	3,370,201	21,950,721	96.00%
2010	2011	21,029,361	16,565,947	78.78%	2,865,096	19,431,043	92.40%
2011	2012	18,022,914	14,245,037	79.04%	1,620,980	15,866,017	88.03%
2012	2013	28,192,664	19,113,565	67.80%	5,020,599	24,134,164	85.60%
2013	2014	25,902,601	16,943,948	65.41%	5,443,506	22,387,454	86.43%
2014	2015	25,961,448	16,852,314	64.91%	4,665,668	21,518,002	82.88%
2015	2016	23,794,281	16,075,993	67.56%	3,305,153	19,381,146	81.45%
2016	2017	21,805,219	15,198,951	69.70%	3,252,939	18,451,890	84.62%

^[a] Taxes are levied on the first day of the subsequent fiscal year.

^[b] Does not include Flint Downtown Development Authority levies.

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

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

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

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

Source: City Finance Dept. - Audit Division

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
General obligation bonds	\$ 14,180,000	\$ 12,830,000	\$ 11,345,000	\$ 9,735,000	\$ 9,490,000	\$ 9,230,000	\$ 8,955,000	\$ 8,665,000	\$ 8,355,000	\$ 8,025,000
Local government loan	-	-	-	8,000,000	8,000,000	7,815,000	7,620,000	7,420,000	7,210,000	6,990,000
Emergency Loan	-	-	-	-	-	-	-	7,000,000	6,610,000	6,200,000
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	13,587,306	15,193,175	13,969,551	13,866,079	13,414,642	12,962,665	12,214,143	11,465,076	10,715,453	9,920,276
Capital leases	854,136	437,362.91	398,088	286,104	643,039	375,244	195,390	1,037,459	597,648	433,737
Total governmental activities	28,621,442	28,460,538	25,712,639	31,887,183	31,547,681	30,382,909	28,984,533	35,587,535	33,488,101	31,569,013
Business type activities										
General obligation bonds	250,740	125,370.00	-	-	-	-	-	-	-	-
Revenue bonds	97,094,432	91,289,015	122,651,259	117,225,336	25,955,336	23,840,336	21,675,336	20,770,336	20,770,336	20,770,336
Notes payable	194,776	119,958	41,054	-	-	-	-	-	-	-
Capital leases	75,384	514,243	-	-	-	-	-	-	1,188,473	901,815
Total business-type activities	97,615,332	92,048,586	122,692,313	117,225,336	25,955,336	23,840,336	21,675,336	20,770,336	21,958,809	21,672,151
Total debt of the government	\$ 126,236,774	\$ 120,509,124	\$ 148,404,952	\$ 149,112,519	\$ 57,503,017	\$ 54,223,245	\$ 50,659,869	\$ 56,357,871	\$ 55,446,910	\$ 53,241,164
Total residential personal income	\$ 1,059,356,000	\$ 713,773,437	\$ 505,681,850	\$ 424,438,563	\$ 385,354,047	\$ 384,627,255	\$ 308,782,006	\$ 341,319,125	385,227,365	375,944,196
Total debt as percentage of personal income	11.92%	16.88%	29.35%	35.13%	14.92%	14.10%	16.41%	16.51%	14.39%	14.16%
Total population	114,449	112,857	111,475	102,434	101,558	100,515	99,763	99,002	98,310	97,386
Total debt per capita	1,103.00	1,067.80	1,331.28	1,455.69	566.21	539.45	507.80	569.26	564.00	546.70

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

Fiscal Year	Tax-Limited General			Debt as a		Population	Debt per Capita
	Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Percentage of Taxable Value		
2002	\$ 8,145,494	\$ 5,344,772	\$ 13,490,266	\$ 1,570,116,422	0.85%	123,349	109.37
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,308	82.93
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.42%	119,949	58.62
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.78%	118,596	110.15
2006	6,765,000	7,140,580	13,905,580	1,680,872,526	0.82%	117,271	118.58
2007	5,490,000	6,776,354	12,266,354	1,698,766,194	0.75%	115,821	105.91
2008	14,180,000	13,587,306	27,767,306	1,643,424,867	1.84%	114,449	242.62
2009	12,830,000	15,193,175	28,023,175	1,505,610,437	1.86%	112,857	248.31
2010	9,910,000	13,969,551	23,879,551	1,305,121,403	1.83%	111,475	214.21
2011	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40
2012	9,490,000	13,414,642	22,904,642	991,241,706	2.31%	101,558	225.53
2013	9,230,000	8,190,244	17,420,244	776,654,903	2.24%	101,515	174.62
2014	8,955,000	7,620,000	16,575,000	754,826,072	2.20%	99,763	166.14
2015	8,665,000	14,420,000	23,085,000	749,945,990	3.08%	99,002	233.18
2016	8,355,000	13,820,000	20,097,967	710,934,838	2.83%	98,310	204.43
2017	8,025,000	13,190,000	19,137,967	760,702,865	2.52%	97,386	196.52

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

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

Governmental Unit	Fiscal Year 2017		Estimated Share of Overlapping Debt
	Debt Outstanding	Estimated % Applicable *	
Overlapping Debt:			
Genesee County		14.22%	\$ 53,850,523
Flint School District		100.00%	25,905,133
Genesee Intermediate School District		14.22%	8,509,082
Airport Authority		14.22%	14,988,104
Mott Community College		14.22%	57,260,000
Carman School District		13.20%	33,218,000
Kearsley School District		2.00%	-
Swartz Creek School District		75.00%	10,615,000
Westwood Heights School District		2.12%	-
Mass Transit Authority		14.22%	-
Flint Public Library		14.22%	-
Total Overlapping Debt			204,345,842
Direct City Debt			33,488,101
Total Direct and Overlapping Debt			\$ 237,833,943

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calculation of legal debt limit:										
Assessed valuation	\$ 1,910,964,000	\$ 1,648,408,800	\$ 1,393,042,600	\$ 1,191,515,300	\$ 969,129,800	\$ 795,172,400	\$ 781,815,250	\$ 749,945,990	\$ 710,934,838	\$ 760,702,865
7% of assessed valuation *	\$ 133,767,480	\$ 115,388,616	\$ 97,512,982	\$ 83,406,071	\$ 67,839,086	\$ 55,662,068	\$ 54,727,068	\$ 52,496,219	\$ 49,765,439	\$ 53,249,201
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 111,525,172	\$ 120,509,125	\$ 146,969,952	\$ 149,112,519	\$ 57,503,017	\$ 54,223,245	\$ 50,464,479	\$ 49,357,871	\$ 42,751,574	\$ 41,985,336
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 97,094,432	\$ 107,670,125	\$ 137,059,952	\$ 139,377,519	\$ 48,013,014	\$ 44,993,245	\$ 21,675,336	\$ 20,770,336	\$ 20,770,336	\$ 20,770,336
Debt subject to limitation (net debt)	\$ 14,430,740	\$ 12,839,000	\$ 9,910,000	\$ 9,735,000	\$ 9,490,003	\$ 9,230,000	\$ 28,789,143	\$ 28,587,535	\$ 28,587,535	\$ 21,215,000
Legal debt margin (unused debt limitation)	\$ 119,336,740	\$ 102,549,616	\$ 87,602,982	\$ 73,671,071	\$ 58,349,083	\$ 46,432,068	\$ 25,937,925	\$ 23,908,684	\$ 21,177,904	\$ 32,034,201
Net debt subject to limit as % of debt limit	10.79%	11.13%	10.16%	11.67%	13.99%	16.58%	52.60%	54.46%	57.44%	39.84%

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

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

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

Water Fund Revenue Bonds

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Coverage*
				Principal	Interest	Total	
2003	28,037,317	23,728,120	4,309,197	985,000	454,072	1,439,072	2.99
2004	31,517,778	26,870,741	4,647,037	1,015,000	562,644	1,577,644	2.95
2005	31,160,636	24,853,717	6,306,919	1,040,000	740,160	1,780,160	3.54
2006	34,748,443	26,412,277	8,336,166	1,810,000	914,677	2,724,677	3.06
2007	33,692,378	27,638,175	6,054,203	1,860,000	934,902	2,794,902	2.17
2008	34,710,752	28,891,858	5,818,894	1,905,000	891,611	2,796,611	2.08
2009	34,080,677	33,478,038	602,639	1,945,000	849,427	2,794,427	0.22
2010	31,956,754	32,012,727	(55,973)	2,040,000	753,906	2,793,906	(0.02)
2011	36,762,663	37,970,203	(1,207,540)	2,140,923	754,013	2,894,936	(0.42)
2012	44,854,439	37,694,085	7,160,354	2,060,000	694,504	2,754,504	2.60
2013	49,903,867	38,525,937	11,377,930	211,500	787,584	999,084	11.39
2014	43,552,152	38,889,565	4,662,587	2,165,000	571,478	2,736,478	1.70
2015	33,808,810	26,142,389	7,666,421	905,000	530,571	1,435,571	5.34
2016	41,053,585	29,609,105	11,444,480	-	259,629	259,629	44.08
2017	51,558,138	41,511,375	10,046,763	-	-	-	-

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

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

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

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

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

Calendar Year	Population	Personal Income	Per Capita Personal Income *	Michigan Labor Market - Jobless Rate for Flint only
2002	121,308	2,595,966,375	21,400	13.1%
2003	119,949	2,505,060,765	20,884	14.7%
2004	118,596	2,150,985,535	18,137	14.4%
2005	117,271	2,071,630,014	17,665	13.8%
2006	115,821	1,684,426,650	14,543	14.3%
2007	114,449	1,059,356,000	9,256	14.5%
2008	112,857	713,773,437	6,325	17.7%
2009	111,475	505,681,850	4,536	24.4%
2010	102,434	424,438,563	4,144	23.4%
2011	101,558	385,354,047	3,794	18.9%
2012	100,515	384,627,255	3,827	16.6%
2013	99,763	308,782,006	3,095	15.6%
2014	99,002	341,319,125	3,448	11.7%
2015	98,310	385,227,365	3,918	11.0%
2016	97,386	375,944,196	3,860	9.3%

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

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

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

	Taxpayer	FY 2017 (2016)		FY 2008 (2007)		2007 Rank
		Employees	Percentage of Total	Employees	Percentage of Total	
1	General Motors Corp/Motors Liquidation Co	8,361	24.55 %	18,968	25.57 %	1
2	McLaren Regional Medical Center	2,961	8.69	2,614	3.52	5
3	University of Michigan	2,734	8.03	-	-	-
4	Hurley Medical Center	1,646	4.83	2,765	-	4
5	Diplomat Pharmacy	1,454	4.27	-	-	-
6	CS Mott Community College	1,434	4.21	-	-	-
7	State of Michigan	945	2.77	1,164	-	8
8	City of Flint	772	2.27	1,317	1.78	7
9	Genesee County	746	2.19	2,523	3.40	6
10	Flint School District	633	1.86	4,199	5.66	3
	Delphi Automotive Systems	-	-	4,803	6.47	2
	Genesys Health Systems	-	-	784	1.06	9
	United States Post Office	-	-	751	1.01	10
		<u>21,686</u>	<u>63.66 %</u>	<u>39,888</u>	<u>53.76 %</u>	
	Total Employees Working in City	34,063		74,193		

Delphi split from General Motors in 1999

Source: City of Flint Income Tax Division

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

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration										
City Administration	2.0	2.0	6.0	5.0	1.0	1.0	2.0	3.0	3.0	3.0
Mayor's Office	9.0	5.0	2.0	3.0	2.0	2.0	2.0	2.0	3.0	3.0
Mayor's Office on Human Services	-	-	-	-	-	-	-	-	-	-
Legal Department	12.0	10.0	12.0	11.5	9.0	8.0	8.0	8.0	8.0	8.0
City Clerk's Office (not including election workers)	7.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	6.0	6.0
City Council	12.0	12.0	12.0	11.0	2.0	1.0	2.0	2.0	3.0	3.0
Ombudsman's Office	5.0	2.0	2.5	2.0	-	-	-	-	-	-
Human Resources - Personnel & Labor Relations	7.0	7.0	12.0	11.0	7.0	5.0	7.0	5.0	7.0	7.0
Civil Service Commission	0.5	1.0	1.0	1.0	-	-	-	-	-	-
Human Relations Commission	3.0	2.0	2.0	1.5	1.0	-	-	-	-	-
Union Representatives	3.0	3.0	3.0	3.0	3.0	1.0	1.0	1.0	1.0	1.0
68th District Court	52.0	63.0	55.0	49.0	35.0	30.0	30.0	28.0	-	-
Finance Administration										
Finance Department/Payroll/Retirement	19.0	14.0	14.0	12.0	8.0	8.0	8.0	8.0	8.0	9.0
Treasury/Customer Service/Income Tax	51.0	42.0	36.0	33.0	26.0	21.0	18.0	20.0	19.0	20.0
Assessment	13.0	12.0	10.5	9.0	8.0	8.0	9.0	9.0	9.0	9.0
Budget Management	2.0	1.0	1.0	-	-	-	-	-	-	-
Information Services/Data Processing	17.0	14.0	14.0	14.0	11.0	6.0	5.0	4.0	5.0	5.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	9.0	9.0	4.0	4.0	4.0	-	-	-	-	-
Public Service Attendants	20.0	16.0	14.0	10.0	15.0	-	-	-	-	-
Purchasing										
Administration	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Inventory Control/Stockkeepers	8.0	6.0	6.0	5.0	5.0	-	-	-	-	-
Community & Economic Development/Major Grants	12.0	9.0	11.0	15.0	14.0	11.0	10.0	12.0	14.0	16.0
Fire Department										
Emergency 9-1-1	28.0	26.0	25.5	25.5	23.0	22.0	22.0	18.0	-	-

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

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police Department										
Sworn Officers	265.0	219.0	165.0	132.0	133.0	122.0	121.0	97.0	106.0	111.0
Civilians	35.0	28.0	23.5	18.0	15.0	22.0	17.0	14.0	16.0	15.0
Jail - Security Guards/Admin	29.0	-	-	-	-	-	-	-	-	-
<i>School Crossing Guards (not FTEs)</i>	<i>25.0</i>	<i>25.0</i>	<i>25.0</i>	<i>34.0</i>	<i>31.0</i>	<i>24.0</i>	<i>29.0</i>	<i>29.0</i>	<i>30.0</i>	<i>30.0</i>
Parks & Recreation										
Administration	16.0	11.0	7.0	6.0	7.0	2.0	1.0	-	-	-
Facilities Maintenance/Grounds	13.0	13.0	11.0	9.0	8.0	4.0	1.0	2	2	3
Forestry Division	10.0	3.0	3.0	3.0	-	-	-	-	-	-
Golf Division	25.7	7.0	16.0	12.0	-	-	-	-	-	-
Public Works & Utilities Administration										
Public Works & Utilities Administration	-	-	-	-	-	-	-	-	-	-
Building Inspections/Development/Demolition	27.0	15.0	21.0	26.0	27.0	9.0	12.0	13.0	13.0	14.0
Engineering	8.0	6.0	6.0	5.0	5.0	-	-	-	-	-
Fleet Management	13.0	9.0	13.0	14.0	12.0	9.0	8.0	9.0	9.0	9.0
Street Maintenance	38.0	36.0	35.0	27.0	20.0	23.0	16.0	17.0	22.0	21.0
Traffic Engineering	18.0	15.0	15.0	17.0	9.0	10.0	11.0	10.0	11.0	10.0
Waste Collection/Sanitation	43.0	37.0	29.0	33.0	27.0	-	-	-	-	-
Transportation-Director/Administration	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	7.0	6.0
Utilities Administration	4.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sewer Maintenance	34.0	31.0	34.0	32.0	25.0	25.0	26.0	27.0	33.0	34.0
Water Plant	30.0	27.0	33.0	29.0	23.0	20.0	23.0	22.0	24.0	25.0
Water Pollution Control	60.0	59.0	61.0	65.0	53.0	40.0	38.0	35.0	38.0	38.0
Water Service Center	54.0	54.0	54.0	48.0	38.0	31.0	34.0	33.0	33.0	34.0
Total Staffing (excluding school crossing guards)	1,156.2	968.0	885.0	792.5	686.0	546.0	525.0	481.0	473.0	483.0

Source: City of Flint Finance Office

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

Function/ program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Election Data (Calendar Year - November Elections):										
Registered voters	92,890	85,441	84,624	83,063	83,176	83,255	78,992	79,206	75,437	76,276
Voters (at the polls or absentee)	48,869	10,397	25,573	15,787	N/A	40,348	15,161	23,182	14,041	33,858
Percent voting	52.6%	12.2%	30.2%	19.0%	-	48.5%	19.2%	29.3%	18.6%	44.4%
68th District Court (Calendar Year):										
Number of new court cases	43,088	44,812	33,516	25,251	N/A	25,972	28,219	27,959	30,887	-
Police: (Calendar Year thru 2006/Fiscal Year beginning 2007)										
Physical arrests (fiscal year beg. 2007)	10,711	4,208	2,870	1,650	1,003	3,744	2,933	1,553	1,464	1,664
Traffic violations/misdemeanors/civil infractions (fiscal	20,995	15,022	13,105	5,351	6,752	6,318	7,408	6,300	7,285	*17,072
Investigations (fiscal year beg. 2007)	25,130	19,736	19,137	16,547	7,739	12,526	11,576	12,527	10,513	10,500
Fire (Calendar Year):										
Fire runs	3,487	3,031	3,191	3,111	3,553	3,191	2,679	2,695	3,211	2,609
Emergency medical runs	4,233	2,413	3,562	3,861	3,095	3,562	1,755	1,281	1,109	1,776
Inspections	223	239	308	329	350	308	224	380	400	508
Public Works:										
Miles of streets resurfaced	33.37	22.79	25.16	113.50	6.82	4.32	-	0.75	2.54	-
Potholes repaired	835	850	725	750	725	700	32,486	15,511	43,081	8,679
Refuse Collection:										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	141,370	109,515	116,852	110,577	93,682	100,537	114,949	101,889	102,137	103,716
Parks and Recreation (Calendar Year):										
Recreation Centers - Senior & Youth Participants	1,407	2,974	5,690	3,326	2,318	1,653	1,045	1,208	3,657	1,654
Water:										
Number of customers billed	39,745	40,191	38,977	37,437	35,833	32,702	32,085	29,596	31,468	30,404
Total consumption (ccf)	12,120,350	10,844,801	10,027,390	10,140,906	9,649,847	9,470,315	8,114,852	2,857,898	2,826,200	3,035,655
Average consumption per user (ccf)	305	270	257	271	269	290	253	97	90	100
Wastewater (Calendar Year):										
Average daily sewage treatment - gallons	24,400,000	26,200,000	20,200,000	19,000,000	21,000,000	19,900,000	19,900,000	19,900,000	19,900,000	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.

Operating Indicators are not available for the general government function.

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

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

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	6	6	7	9	10	5	6	6	5	5
Patrol units	193	166	106	126	132	114	94	91	91	100
Fire:										
Stations	6	6	5	5	5	5	5	5	5	5
Fire response vehicles	18	18	15	15	14	15	14	14	14	14
Emergency response vehicles	3	3	5	5	5	4	3	3	3	3
Public Works:										
City Streets (miles):	508.39	508.39	508.39	508.39	508.39	508.18	508.18	508.18	508.18	508.18
Major streets	152.29	152.29	152.29	152.29	152.29	152.33	152.33	152.33	152.33	152.33
Local streets	356.10	356.10	356.10	356.10	356.10	355.85	355.85	355.85	355.85	355.85
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.50	986.50	986.50	986.50	986.50
Streetlights	11,331	11,374	11,356	11,292	11,292	11,292	11,292	11,292	11,292	11,292
Traffic Signals/Beacons	277	277	273	273	277	252	252	252	252	252
Refuse Collection:										
Collection trucks in service**	20	22	23	23	23	-	-	-	-	-
Parks and Recreation:										
Acreage	1,836	1,836	1,836	1,836	1,836	1,084	1,084	1,084	1,084	1,084
Developed parks/playgrounds	63	63	63	63	63	63	63	63	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	14	14	14	14	14
Community centers	5	5	5	5	4	2	2	2	2	5
Golf courses	4	4	4	4	2	2	2	2	2	4
Water:										
Water mains (miles)	540	540	540	540	540	540	540	540	540	540
Fire hydrants	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Storage capacity (gallons)	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
Sewer:										
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	350	350	350	350	350	350	350	350
Treatment capacity (gallons/day)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,001	80,000,001	80,000,001	80,000,001

Source: Various City Departments

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

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

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

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

Continuation Indicators

Valuation Date	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to		Ratio of UAPVCPB to Payroll
					APVCPB	Member Payroll	
12/31/2002	871,274	955,306	91.2%	84,032	8.8%	146,558	57.3%
12/31/2003	822,813	981,884	83.8%	159,071	16.2%	148,997	106.8%
12/31/2004*	803,420	971,686	82.7%	168,266	17.3%	150,429	111.9%
12/31/2005	784,271	985,338	79.6%	201,067	20.4%	148,319	135.6%
12/31/2006	782,098	1,023,599	76.4%	241,501	23.6%	146,634	164.7%
12/31/2007	801,533	1,071,781	74.8%	270,248	25.2%	157,012	172.1%
12/31/2008	790,384	1,104,888	71.5%	314,504	28.5%	165,730	189.8%
12/31/2008 (after MERS)	670,366	841,266	79.7%	170,900	20.3%	89,636	190.7%
12/31/2009	623,292	873,088	71.4%	249,796	28.6%	89,636	278.7%
6/30/2010	567,215	835,052	67.9%	267,837	32.1%	68,968	388.3%
6/30/2011	506,504	829,380	61.1%	322,876	38.9%	63,063	512.0%
12/31/2012	291,869	552,783	52.8%	260,914	0.0%	23,285	1120.5%
12/31/2014	264,000	550,119	48.0%	286,120	52.0%	51,039	560.6%
12/31/2015	242,518	565,954	48.0%	323,436	57.1%	50,964	561.0%
12/31/2016	218,757	560,509	39.0%	341,751	61.0%	74,136	561.0%

*APVCPB – actuarial present value of credited projected benefits in accordance with GASB Statement No. 5 prior to 1997.
– actuarial accrued liability in accordance with GASB Statement No. 25 beginning in 1997.*

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

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

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

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

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

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

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

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