



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2018

CITY OF FLINT
MICHIGAN



City of Flint, Michigan
Comprehensive Annual Financial Report
For the Year Ended
June 30, 2018

Prepared by:
Department of Finance and Administration
Dawn Steele, Deputy Director of Finance

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INTRODUCTORY SECTION



Hughey Newsome
Chief Financial Officer

CITY OF FLINT, MICHIGAN

Department of Finance

Dawn Steele
Deputy Finance Director

December 20, 2018

To the Mayor, Members of City Council, City Administrator, and Citizens of the City of Flint:

Michigan Public Act 2 of 1968 as amended, requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Flint for the fiscal year ended June 30, 2018.

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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2018, 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 96,448 (2017 census.gov estimate). The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

The City of Flint has operated under the strong mayor / council form of government since November 4, 1975, when the previous charter was adopted. The new charter, adopted August 7, 2017 and in effect since January 1, 2018, re-established this form of government. According to the Charter, legislative authority is vested in a City Council consisting of nine members elected from each of the nine wards in the City and serving a four-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving resolutions and appointing committees. The Mayor is an elected official who serves as the chief executive officer of the City for a four-year term of office (the Mayor may be re-elected for additional terms and the newly adopted Charter mandates a three-year term to align the election of City Council with that of the Mayor). The Mayor appoints a City Administrator to be the chief administrative officer of the City, overseeing the day-to-day operations of the government. The Mayor also appoints the principal officials responsible for budget, personnel, planning, legal counsel, and administrative services. In addition, the Mayor may appoint department heads over such departments as may be necessary to administer the responsibilities of the City for public safety, public works, utilities, parks and recreation, transportation, finance, community development, and environmental protection. The City Council must approve these appointments. The City Council and the Mayor are elected on a non-partisan basis.

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

to coordinate the federal enterprise community plan and help leverage resources for the zone. The City of Flint also has a newly-established Economic Development Department that is designed to support economic development activities and coordinate related activities with aforementioned organizations.

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 January 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 March (as per the new Charter, which was previously the first Monday in April). The Council is required to hold public hearings on the proposed budget and to adopt a final budget, by charter, on the first Monday in June. The City's fiscal year ends on June 30. The current appropriated budget is prepared by fund, function (e.g., public safety), department (e.g. police) and line item. 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 FY 12 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 FY18 budget was adopted under the guidance of the newly elected Mayor, City Administrator and Charter-designated leaders along with State receivership transitionary 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 \$279.4 million at the end of FY18, compared to more than \$862 million seven 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. Starting with FY18, all municipalities were required to account for OPEB liabilities using the General Accounting Standards number seventy-five (75) as opposed to forty-five (45). The \$279.4 million liability was recorded using this standard.

The City recorded a \$345.7 million net pension liability on the government wide financial statements in FY 17. The total net pension liability increased slightly to \$346.0 million at the end of FY 18.

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.

There are other efforts to reinvigorate Flint's economy with the spirit of economic diversification. Huntington Bank, a financial services institution, hired almost 100 people in its downtown Flint location during FY18. The Flint River Restoration project continues. Work on Hamilton Dam concluded on November 2017 and several projects are scheduled for completion in FY 19. A total of \$35 million has been earmarked for the Flint River Restoration, which will result in improved water quality and enhanced riverfront from Hamilton Avenue to the Mott Park Golf Course. 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 \$30 million, and the City had a high level of confidence of award as of the end of FY18. Also, Spentech, a manufacturer of industrial equipment, hired roughly 30 people in FY18.

Property taxes. Values went from \$714 million in taxable value in 2017 to roughly \$734 million in taxable value in 2018. This rebound could be symptomatic of a sustained recovery from the loss of accretion of taxable value due to the water crisis, but more time is needed to draw a firm conclusion. Administration, through the City's newly developed Economic Development Department, will continue to seek community development opportunities as well as to work with the Genesee County Land Bank to bring vacant properties back onto the City tax rolls.

Cash management policies and practices. Cash flow for the City has been a concern for several years, but in FY 18 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, 2018 Audited Financial Statements. The City's cash on hand at June 30, 2018 totaled more than \$130.3 million compared to \$129.2 million on June 30, 2017 across all governmental and business type activities.

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. Although the Risk Management position was eliminated under the direction of Emergency Managers, the principles still remain. 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, 2018 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 FY 13 are to 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, 2017 (the latest actuarial report) was 36.3% funded along with taking into consideration four new actuarial assumptions. Currently, there are 1,787 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 Note 16 of the June 30, 2018 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 FY 18, there were 1,463 retired employees receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2018, the City paid \$14.7 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$279 million for the year ending June 30, 2018. 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 FY18. Operating income remained negative in the City's Water Fund. The Mayor's "Fast Start Initiative", which is a lead line infrastructure replacement program that commenced at the end of FY16 continued through FY18. As of June 30, 2018, an estimated 10,425 service lines had been excavated and inventoried. 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, 2017. The City has now received this award fifteen 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, 2018, 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,

A handwritten signature in blue ink, appearing to read 'H. Newsome', with a long horizontal flourish extending to the right.

Hughie Newsome
Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Dawn Steele'.

Dawn Steele
Deputy Finance Director

City of Flint, Michigan
GFOA Certificate of Achievement
June 30, 2018



Government Finance Officers Association

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

Presented to

**City of Flint
Michigan**

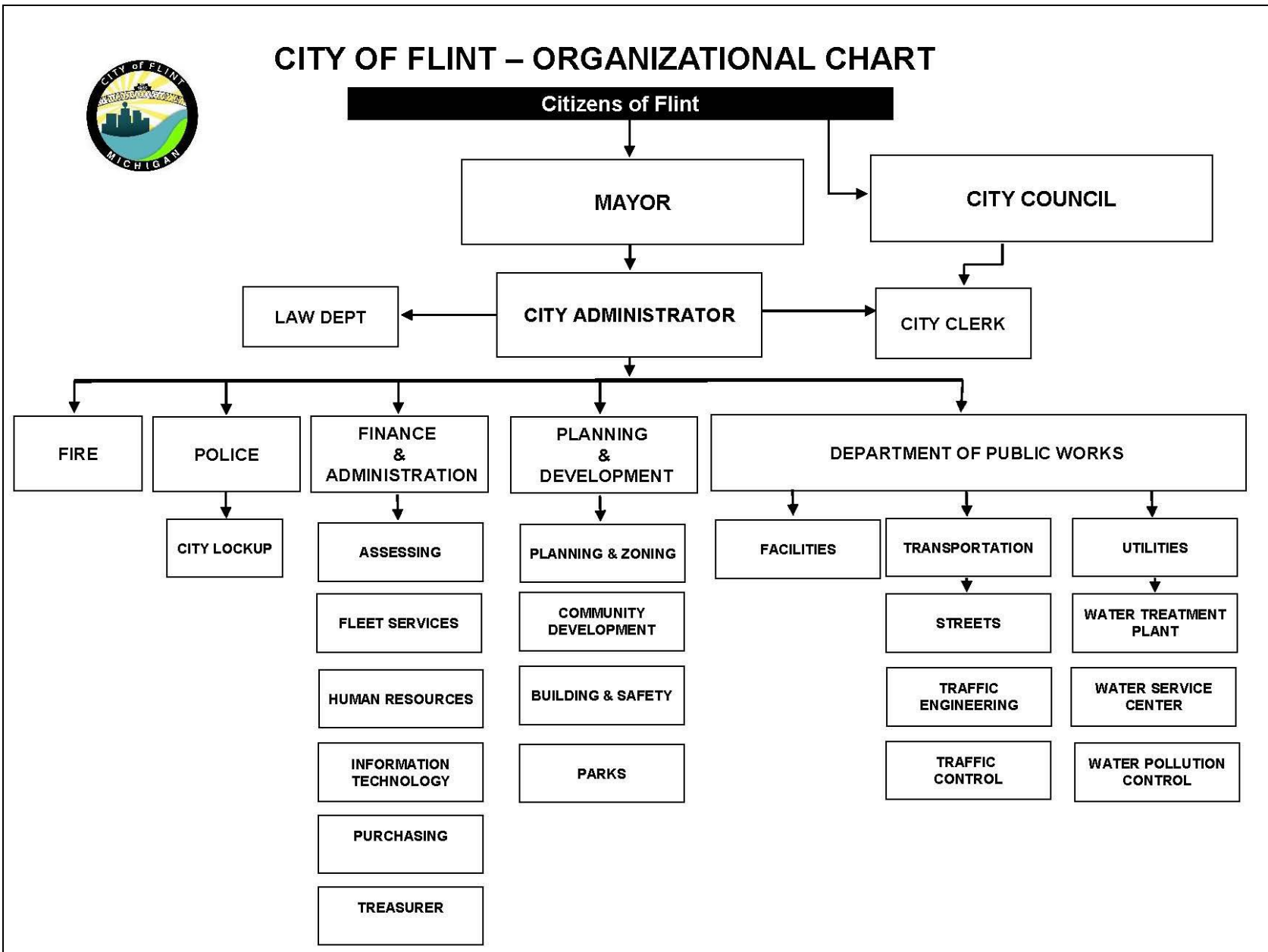
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Flint, Michigan
Organizational Chart
June 30, 2018



City of Flint, Michigan
List of Elected, Civil Service, and Appointed Officials
June 30, 2018

Elected Officials

Dr. Karen W. Weaver – Elected Mayor November 2015

City Council

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

Eric Mays – First Ward

Maurice Davis – Second Ward

Santino Guerra – Third Ward

Kate Fields – Fourth Ward

Jerri Winfrey-Carter – Fifth Ward

Herbert Winfrey – Sixth Ward

Monica Galloway – Seventh Ward

L. Allan Griggs – Eighth Ward

Eva Worthing – Ninth Ward

City of Flint, Michigan
List of Elected, Civil Service, and Appointed Officials
June 30, 2018

Appointed and Other City Officials

Suzanne Wilcox – Planning & Development Director

Raymond Barton – Fire Chief

Inez M Brown – City Clerk

Gerard Burnash – Chief Operating Officer, Downtown Development Authority

Robert Case – Water Pollution Control Supervisor

Stacey Bassi – City Assessor

Bryan Bond – Purchasing Manager

Steve Branch – City Administrator

Jeff Keen – Information Technology Services Administrator

Hughey Newsome – Chief Financial Officer

Timothy Johnson – Chief of Police

Makini Jackson – Director of Human Resources & Labor Relations

Candice Mushatt – Public Information Officer

Betty Wideman – Transportation Director

Angela Wheeler – Chief Legal Officer

Michael Rule – Fleet & Yards Superintendent

Rob Bincsik – Director, Department of Public Works

Amanda Trujillo – City Treasurer

Dawn Steele – Deputy Finance Director

FINANCIAL SECTION



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Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
City of Flint

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, 2018, 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 96.1 percent, 86.4 percent, and 99.5 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, 2018, 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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 20, 2018 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 20, 2018

City of Flint, Michigan
Management's Discussion and Analysis
June 30, 2018

The following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2018 fiscal year, which began on July 1, 2017 and ended on June 30, 2018. 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 had been included as a business-type activity of the City government. In this report, it is considered a discrete component unit.

Financial Highlights

The City of Flint had already returned to local government control in April 2015. This process was completed in April 4, 2018 with the removal of the State appointed Receivership Transition Advisory Board, which was put in place to oversee and approve City operational decisions. (The City had been in state receivership under an Emergency Manager since December 1, 2011).

The City has adopted a two-year operating budget and new ordinances addressing the achievement and maintenance of financial stability. These ordinances include requirements for creating and 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; and an update of the City's purchasing ordinance. In the City's adopted budget for FY 2018/19, the staffing levels at the Police Department and Fire Department were not reduced.

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 2017/18 with a fund balance of \$20.4 million. The City's cash on hand at June 30, 2018 totaled more than \$130.3 million compared to \$129.2 million on June 30, 2017 across all governmental and business type activities.

In FY18, the City billed \$204 million in taxes, fees, and grants for governmental and business-type activities, and spent \$149.7 million to provide City services. During the course of the year, the City's capital assets decreased by \$9.5 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 \$16.4 million against the depreciation expense of \$6.9 million.

City of Flint, Michigan
Management's Discussion and Analysis
June 30, 2018

The City's Statement of Net Position on June 30, 2018, highlights primary government assets, including deferred outflows, totaling \$429.1 million and liabilities (and deferred inflows) totaling \$688.1 million, for a total net position of a negative \$259.0 million. Unrestricted net position totaled a negative \$412.9 million in the governmental activity and a negative \$72.4 million in the business-type activities. This amount was netted against positive restricted net position and positive net investment in capital assets to reach the negative \$259.0 million total net position on the Statement of Net Position.

The City has a 1 percent income tax for residents and a ½ percent income tax for non-residents, Non-residents do not live in the City but work in the City of Flint. In FY 2017/18, the City's income tax revenue nearly maintained status quo at \$15.3 million (a slight drop from the \$15.5 million figure from FY 2016/17).

For the year ended June 30, 2018, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2017. The City's annual Other Post Employment Benefit (OPEB) expenses recognized in FY 2017/18 was a negative \$22.2 million. The City made OPEB contributions of \$14.7 million, on a pay-as-you-go basis for the fiscal year. To adhere to GASB 75, the City saw a change in its total OPEB liability of \$163.9 million as of June 30, 2017. Before, the City recognized a net obligation of \$152.4 million and due to a backwards looking restatement, that figure rose to a net liability of \$316.3 million. During the fiscal year FY2017/18, though, that position dropped to \$279.4 million such that the total liability for FY 2017/18 decreased \$37.0 million.

The City adopted Governmental Accounting Standards Board (GASB) Statements 75 effective June 30, 2018. These GASB statements required the City to recognize the long-term obligation for OPEB benefits as a liability and to measure the annual costs of the OPEB benefits. Although these items existed prior to implementation of the statements, they were not required to be reported. Additional information regarding the City's \$279.4 million net other postemployment benefits liability may be found in Section 3-57 under Note 16.

The City has taken action to reduce these legacy costs associated with health care and pensions. As of the end of the fiscal year, the City requested that the court case *Welch vs City of Flint*, a class action lawsuit resulting in the limitation of changes to retiree health care benefits, be reconsidered. Additionally, the City actively solicited the help of an outside consulting firm to review its current retiree health care benefits. The objective of all of these actions was to seek strategic and legal means to overhaul the City's retiree health care offerings and costs. The City mostly splits retiree costs 80/20 with virtually no hard caps (an approach taken by many municipalities). The projected \$17.9 million of costs for FY 2018/19 is nearly insurmountable for a City in the fragile financial state in which Flint finds itself. The City's unfunded total liability for OPEB is \$279.4 million. 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. Previous restructuring of 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 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 five years. This refinancing saved the City approximately \$2.2 million. In November 2017, the City was notified that its DWRLF obligations were forgiven, resulting in a \$20.7 million loan forgiveness, helping the City's water fund.

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. In the FY 2018/19 biennial budget, the City provided \$20,000 to help maintain the facilities of two senior centers; however, no additional appropriations were approved or anticipated. The Charter Revision Commission established a new Charter for the City and was adopted by the voters of the City of Flint in August 2017. It went into effect January 1, 2018. In terms of finances, the Charter added an additional milestone to the budget cycle, moved the deadline for the Mayor to present the final proposed budget to March (as opposed to April) and established a Revenue Estimating Committee to estimate revenues for the City's budget.

The City continues to achieve financial stability by following the financial stability 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; and establishment of a fund balance reserve, including establishment of a budget stabilization fund.

City Water Fund:

The City continues to work itself out of the water crisis that caused such severe social, health and financial damage.

The civil lawsuit filed by the Concerned Pastors for Social Action and others against the State of Michigan and others over the Flint water crisis was filed in March 2017. The settlement mandated the replacement of 18,000 lead and galvanized service lines in Flint. The settlement also required the state to make available \$87 million to pay for the replacement of lead and galvanized steel water service lines, with at least \$47 million to come from sources other than those approved by Congress and President Barack Obama. As of June 30, 2018, an estimated 10,425 service lines had been excavated and inventoried, through what is known as Mayor Weaver's "Fast Start" initiative.

The City received a \$100 million Federal Water Infrastructure Improvements for the Nation (WIIN) grant in FY 2016/17, 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 State of Michigan matched the federal grant dollars with \$20 million of its money to bring the total amount of the WIIN funds to \$120 million. The first \$40 million of the WIIN funds were earmarked for service line replacement work, to support the funds needed to meet requirements under the Concerned Pastors' settlement. In FY 2017/18, the City entered into a 30-year agreement with the Great Lakes Water Authority ("GLWA") to purchase treated water. This agreement paved the way for the city to finalize its proposal for the use of the WIIN funds that had previously been proposed by the city to the EPA for enhancements to the city's water treatment plant. Purchase of treated water from GLWA meant that the city did not need to treat raw water. With this decision, the city no longer had to use WIIN funds to enhance and update its water treatment plant for full-scale water treatment but could instead use WIIN funds to focus on other needed improvements to the water delivery system. As of June 30, 2018, the city had presented a proposal to the Michigan Department of Environmental Quality ("MDEQ") to use the remaining WIIN funds not dedicated to service line replacement for several projects. These projects included replacement of water meters, renovations to the Dort reservoir and pumping system, renovation of the Cedar Street reservoir and pumping system, development of a secondary

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back-up water supply, construction of a transmission main, construction of water quality monitoring facilities, replacement of selected water mains, and construction of a permanent chemical feed building at the water treatment plant and associated water system improvements.

In November 2017, the city entered into an agreement with AECOM, a multi-national engineering firm, to manage the service line replacement program and support project plan development for the balance of the WIIN-funded projects. AECOM was to be paid from the funding provided by the federal and state governments for the projects they were to oversee. The \$5,054,671 contract was set to expire on December 31, 2018 with the possibility of extending project management until the completion of service line replacement and other capital improvement projects.

The City's contract with Arcadis, an engineering firm who will analyze the City's municipal water distribution system and water treatment protocols at the City water plant, was extended in FY 2017/18. Arcadis performed an assessment that revealed over \$300 million worth of required operating, maintenance, monitoring, water quality, and other water distribution improvements that needed to be performed over a ten-year timespan. These enhancements were identified as needed to continue to meet EPA and MDEQ water treatment and water distribution guidelines and rules. This funding of approximately \$1.5 million came from a "set-aside" from the \$100 million of federal WIIN funding.

In April 2018, the state discontinued free water bottle distribution to City residents. While City residents and local government officials vocalized displeasure with the decision, the cessation was not reconsidered. Limited private donations commenced shortly thereafter, relieving the City of having to make such provisions.

Grants from the Skillman Foundation and Ford Foundation to fund the activities of the City's Department of Health (including the Chief Public Health Advisor) and Chief Recovery Officer continued through FY 2017/18. Their activities are focused on ensuring residents have advocates within local government focused on public health and community recovery from the effects of the water crisis.

Continuing Challenges

With the dissolution of the RTAB in April 2018, state receivership effectively ended; however, 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.

On December 1, 2017, the city entered into a long-term agreement with GLWA for provision of treated water. The terms of the deal included a provision that allowed the City to receive a credit for its share of the debt payments for the bonds issued to support the Karegnondi Water Authority (KWA) infrastructure. Before the deal was signed, the City had invested \$100 million in bond purchases to support delivery of raw water to the City's water treatment plant via the KWA delivery system. The credit provided a mechanism for the City to be able to pay for treated water while at the same time meet its obligations for the KWA bonds. While the GLWA agreement provided an economic means for the city to receive treated water, it also meant that the City would not be utilize WIIN funding for badly needed upgrades to the Water Treatment Plant. The result will be that the City will rely on GLWA for treated water for the foreseeable future, without complete control over its wholesale water rates.

In addition to the inability to completely control the cost of delivering water, the study from Arcadis revealed over \$370 million worth of badly needed upgrades to the water delivery system. This, along with the challenges of being able to consistently collect on utility bills to residents and businesses that utilize the City's water and sewer, has created a serious drag on the water fund. An even bigger problem with the water fund is the City's *non-*

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revenue water problem. This basically means that the City has water flowing through the system for which the City cannot account. It is the difference between the water that the wholesaler (GLWA) meters coming to the City and the water that the City is able to meter and bill to residents and businesses on the retail side. Non-revenue water is caused by a combination of fire hydrant use to fight fires, theft of water (by circumventing meters) and leaks throughout the delivery system. The City has taken on several approaches to increase collections and reduce non-revenue water, including the increase of water shut-offs. Moving forward into FY19, the City has plans to supplement capacity in the Department of Public Works to meet targets for water shut-offs per week. The biggest initiative the City will take on in FY 2018/19, however, is a water meter replacement project. As of the end of FY 2017/18, the City had preliminary sign-off on the ability to use WIIN funding for a water meter replacement project. Such a project would ensure that meters are working properly and are not being circumvented by residents and businesses.

The City's legacy costs remain a major issue. In FY 2017/18, the city spent \$21 million to MERS for its annual obligation. This was a result of the effort 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. In FY 2016/17, the City reallocated retirees out of three divisions that were asset-poor. This re-allocation led to the avoidance of a three-times contribution minimum in one of the divisions. At the end of FY 2017/18, the City budgeted a \$2.15 million lump sum payment to avoid another three-times contribution minimum in one of the retiree divisions. This, along with the normal payment required by MERS in FY 2018/19, resulted in a \$24 million obligation to the City for FY 2018/19. The City's pension obligation in FY 2018/19 is \$4 million and will be \$26 million in FY 2019/20; \$32 million in FY 2020/21; and \$36 million in FY 2021/22.

Property tax taxable values continue to rebound. Values went from \$714 million in taxable value in 2017 to roughly \$734 million in taxable value in 2018. Administration, through the City's newly developed Economic Development Department, will continue to seek community development opportunities as well as to work with the Genesee County Land Bank to bring vacant properties back onto the City tax rolls. The LEAR Corporation, an example of an economic development success story, had plans of opening during the summer of 2018 and ramp up to employing 600 people.

In February 2018, the City received a \$2.97 million grant from the Kellogg Foundation to establish an Economic Development Department within City government. This was a major step, as the City had been without an Economic Development Department since being placed in receivership. The \$2.97 million grant was given with the intent that the department would create substantial economic activity after a five-year period to sustain itself.

Overview of the Financial Statements

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

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

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

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

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.

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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.

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

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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 3-8 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 3-63 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 4-13 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 5-20 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 \$429.1 million. Total liabilities are \$688.1 million, which includes \$2.1 million of deferred inflows. The largest portion of these liabilities are \$346 million of net pension liability and \$279 million of Other Post-Employment benefits liabilities. The City retroactively implemented GASB 75 dating back to the beginning of FY 2016/17 through the end of FY 2017/18. These GASB statements required the City to recognize the long-term obligation for OPEB as a liability and to measure the annual costs of the OPEB.

Total net position (total assets less total liabilities) is a negative \$259.0 million, this includes \$209.3 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, \$17.1 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was a negative \$485.3 million, which decreased from the FY 2016/17 deficit of \$523.8 million. The figure of \$523.8 million was changed from \$359.9 million because of the implementation of GASB 75. 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 \$413.0 million deficit in unrestricted net position. The \$413.0 million deficit is primarily driven by the pension and OPEB liability.

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Table 2 – City of Flint's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 105,989,685	\$ 97,282,336	\$ 98,834,952	\$ 99,910,392	\$ 204,824,637	\$ 197,192,728
Capital assets	104,370,775	113,895,652	107,039,923	97,492,951	211,410,698	211,388,603
Total assets	<u>210,360,460</u>	<u>211,177,988</u>	<u>205,874,875</u>	<u>197,403,343</u>	<u>416,235,335</u>	<u>408,581,331</u>
Deferred outflows	<u>10,652,179</u>	<u>15,434,551</u>	<u>2,203,286</u>	<u>3,474,550</u>	<u>12,855,465</u>	<u>18,909,101</u>
Current liabilities	21,327,228	16,522,340	8,095,072	7,886,004	29,422,300	24,408,344
Long-term liabilities	<u>497,824,684</u>	<u>528,927,126</u>	<u>158,688,782</u>	<u>187,625,794</u>	<u>656,513,466</u>	<u>716,552,920</u>
Total liabilities	<u>519,151,912</u>	<u>545,449,466</u>	<u>166,783,854</u>	<u>195,511,798</u>	<u>685,935,766</u>	<u>740,961,264</u>
Deferred inflows	<u>1,702,210</u>	<u>-</u>	<u>452,485</u>	<u>-</u>	<u>2,154,695</u>	<u>-</u>
Net position:						
Net investment in capital assets	102,839,672	112,083,639	106,432,575	75,820,800	209,272,247	187,904,439
Restricted	10,289,601	17,288,837	6,786,490	5,113,523	17,076,091	22,402,360
Unrestricted (deficit)	<u>(412,970,756)</u>	<u>(448,209,403)</u>	<u>(72,377,243)</u>	<u>(75,568,228)</u>	<u>(485,347,999)</u>	<u>(523,777,631)</u>
Total net position	<u>\$ (299,841,483)</u>	<u>\$ (318,836,927)</u>	<u>\$ 40,841,822</u>	<u>\$ 5,366,095</u>	<u>\$ (258,999,661)</u>	<u>\$ (313,470,832)</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 increased by \$19.0 million. Total assets and deferred outflows decreased by \$5.6 million, however total liabilities and deferred outflows decreased by \$24.6 million from FY 2016/17. The increase in total net position can be mostly attributed to the increase in revenues and a decrease in expenses. Revenues in FY 2017/18 were \$6.0 million higher than in FY 2016/17. The increase is mainly due to an increase in grant revenue, particularly for lead service line replacement. The FY 2017/18 expenses were \$25.8 million less than in FY 2016/17. The decrease in expenses is attributable to the recognition of the reduction in total OPEB liability related to GASB 75.

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Business-type Activities – Business-type activities have \$40.8 million of total net position. Business-type activities do not usually encumber at year-end and normally do not appropriate net position as part of the budget process. Total net position for business type activities increased by \$35.5 million. This was mostly due to the change in the methodology for the calculation of the total OPEB liability for FY 2017/18, due to GASB 75. Expenses decreased by \$2.2 million in FY 2017/18 from FY 2016/17, while revenue increased by \$29.7 million. The revenue changes can be attributed to the grant funding received in the water fund for Lead Line Replacement as well as the debt forgiveness of the Drinking Water Revolving Fund loan.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 15,150,678	\$ 13,215,678	\$ 58,696,958	\$ 59,562,460	\$ 73,847,636	\$ 72,778,138
Operating grants and contributions	23,094,453	18,821,609	-	-	23,094,453	18,821,609
Capital grants and contributions	1,734,315	2,092,816	31,735,104	22,107,628	33,469,419	24,200,444
General revenues:						
Property taxes	19,452,524	19,861,396	-	-	19,452,524	19,861,396
Income taxes	15,277,949	15,487,439	-	-	15,277,949	15,487,439
State shared revenue	15,199,286	14,899,242	-	-	15,199,286	14,899,242
Unrestricted investments earnings	1,160,090	773,736	645,390	362,738	1,805,480	1,136,474
Gain on extinguishment of debt	-	-	20,770,336	-	20,770,336	-
Miscellaneous	1,094,886	967,327	173,574	298,954	1,268,460	1,266,281
Total revenues	<u>92,164,181</u>	<u>86,119,243</u>	<u>112,021,362</u>	<u>82,331,780</u>	<u>204,185,543</u>	<u>168,451,023</u>
Expenses:						
General government	6,426,956	14,329,561	-	-	6,426,956	14,329,561
Judicial	964,009	530,845	-	-	964,009	530,845
Public safety	34,029,935	48,981,359	-	-	34,029,935	48,981,359
Building inspection	667,157	1,561,223	-	-	667,157	1,561,223
Public works	16,035,028	18,538,906	-	-	16,035,028	18,538,906
Legislative	565,535	1,005,230	-	-	565,535	1,005,230
Community development	5,283,465	5,750,353	-	-	5,283,465	5,750,353
Facilities, parks, and recreation	2,080,501	1,825,123	-	-	2,080,501	1,825,123
Transportation	7,412,933	6,626,953	-	-	7,412,933	6,626,953
Interest on long-term debt	1,239,453	1,306,639	-	-	1,239,453	1,306,639
Sewer	-	-	25,353,029	30,017,709	25,353,029	30,017,709
Water	-	-	49,656,371	47,146,884	49,656,371	47,146,884
Total expenses	<u>74,704,972</u>	<u>100,456,192</u>	<u>75,009,400</u>	<u>77,164,593</u>	<u>149,714,372</u>	<u>177,620,785</u>
Excess (deficiency) before transfers	17,459,209	(14,336,949)	37,011,962	5,167,187	54,471,171	(9,169,762)
Transfers	1,536,235	2,779,668	(1,536,235)	(2,779,668)	-	-
Increase (decrease) in net position	18,995,444	(11,557,281)	35,475,727	2,387,519	54,471,171	(9,169,762)
Net position, beginning of year (restated)	<u>(318,836,927)</u>	<u>(198,137,671)</u>	<u>5,366,095</u>	<u>57,761,209</u>	<u>(313,470,832)</u>	<u>(140,376,462)</u>
Net position, end of year	<u>\$ (299,841,483)</u>	<u>\$ (209,694,952)</u>	<u>\$ 40,841,822</u>	<u>\$ 60,148,728</u>	<u>\$ (258,999,661)</u>	<u>\$ (149,546,224)</u>

City of Flint, Michigan
Management's Discussion and Analysis
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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 \$56.0 million as of June 30, 2018. This is an increase of \$8.3 million compared to fund balance of \$47.7 million at the end of FY 2016/17. One significant factor is the continuing emphasis on containing expenses wherever possible.

The non-major governmental funds have a fund balance of \$23.3 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 \$20.4 million. The fund balances in the Special Revenue funds increased by \$5.0 million from \$30.7 million at the end of FY2016/17 to \$35.7 million at year end FY 2017/18. 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 \$21.4 million, despite an operating loss of \$21.4 million during the year. Net operating income was a negative \$17.6 million in previous year. This negative increase was due to increased legacy costs charged to the Water Fund, despite savings achieved for the purchase of treated water during the water crisis (note that the city entered a long-term contract for the purchase of treated water, which provided a per-unit savings versus the spot-buy purchase of treated water before). Operating Revenue decreased by \$1.3 million in FY 2017/18 as compared to FY 2016/17. The State of Michigan forgave the City of the balance on these loans of approximately \$20.7 million in FY2017/18, which caused the increase of fund balance despite the large loss in operating income.

Net position in the Sewer Fund is \$16.4 million, along with a positive operating income of \$5.6 million. Expenses in FY 2016/17 were \$31.3 million and \$24.9 million in FY 2017/18. This reduction of \$6.4 million was mostly driven by reduction in personnel costs, due to unfilled vacancies throughout the Sewer operating system.

Beginning net positions of both the Water Fund and Sewer Fund decreased by \$54.8 million (\$27.1 million in sewer and \$27.7 million in water, respectively) due to the reallocation of OPEB costs due to restatements resulting from the implementation of GASB 75.

City of Flint, Michigan
Management's Discussion and Analysis
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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, 2018 amounts to \$211.4 million (net of accumulated depreciation), which was virtually unchanged from the end of FY2016/17. This net investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City's capital assets can be found in Note 7.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 14,287,016	\$ 14,409,836	\$ 762,394	\$ 762,394	\$ 15,049,410	\$ 15,172,230
Construction in progress	1,237,888	401,283	-	-	1,237,888	401,283
Land improvements	2,327,528	2,706,467	2,797,078	2,957,416	5,124,606	5,663,883
Infrastructure	79,205,667	89,048,458	52,575,032	39,457,405	131,780,699	128,505,863
Buildings, additions, and improvements	4,183,799	4,469,924	13,645,647	14,778,747	17,829,446	19,248,671
Machinery and equipment	1,688,518	1,603,772	36,322,464	38,374,255	38,010,982	39,978,027
Vehicles	1,440,359	1,255,912	937,308	1,162,734	2,377,667	2,418,646
Total	\$ 104,370,775	\$ 113,895,652	\$ 107,039,923	\$ 97,492,951	\$ 211,410,698	\$ 211,388,603

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 2017/18 the State forgave the City's Drinking Water Revolving Loan Fund as another support mechanism to cope with the ongoing water crisis (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 continues to make the debt service payments.

City of Flint, Michigan
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Long-term Debt

At year end, the City had \$31.9 million in bonds and notes and compensated absences outstanding for governmental activities and \$1.0 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	
	2018	2017	2018	2017	2018	2017
General obligation debt	\$ 7,680,000	\$ 8,025,000	\$ -	\$ -	\$ 7,680,000	\$ 8,025,000
Local government loan	6,765,000	6,990,000	-	-	6,765,000	6,990,000
Emergency loan	5,780,000	6,200,000	-	-	5,780,000	6,200,000
Revenue bonds and notes	-	-	-	20,770,336	-	20,770,336
Other notes	8,280,545	9,920,276	-	-	8,280,545	9,920,276
Capital leases	264,558	433,737	607,348	901,815	871,906	1,335,552
Accrued annual and sick pay	3,164,375	3,092,942	447,974	489,479	3,612,349	3,582,421
Total	\$ 31,934,478	\$ 34,661,955	\$ 1,055,322	\$ 22,161,630	\$ 32,989,800	\$ 56,823,585

Limitations on Debt

The State limits the amount of general obligation debt the City can issue to up to 10 percent of the assessed value of all taxable property within the City's corporate limits. The amount of debt available to the City (unused portion of the debt limitation) is \$36.5 million (see Note 12). The City can issue bonds through the Michigan Municipal Bonding Authority's state-shared revenue program. This program may require a pledge of the City's future state-shared revenues.

Bond Ratings

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

The City of Flint, Michigan Funds

The City's Governmental funds include the General Fund, Grants and Nonmajor Governmental Funds. The General Fund pays for most of the City's governmental services. The General Fund recorded \$50.3 million in expenses to provide City services in fiscal year FY 2017/18. The most significant expenses were for Public Safety (police & fire). Public Safety must account for at least 55.5% of the General Fund Budget per Ordinance.

Public Safety services are partially supported by two special millages, a Public Safety Millage and a Neighborhood Policing Millage. These millages are recorded in separate special revenue funds. The Neighborhood Policing Fund had expenditures of \$1.2 million and the Public Safety Fund had expenditures of \$5.0 million. The Public Safety Fund includes both police and fire.

City of Flint, Michigan
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A combined \$11.4 million was spent in FY 2017/18 on major and local road repairs. The Local Street Fund received an operating transfer from the Major Street Fund in FY 2017/18 of \$1.5 million. In the City's Garbage Collection Fund, the City spent \$4.0 million to collect and dispose of the City's solid waste, recyclables, and leaves in FY 2017/18. The City spent \$2.6 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 15 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 is still relatively high; 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 \$77.9 million. The major adjustments were in the grant funds of \$74.1 million. The City doesn't budget for the grant funds, resulting in the need to amend the budget as grants were accepted. 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 \$895 thousand, against a \$990 thousand increase in expenditures, for a net decrease of \$95 thousand. The total amount of expenditure appropriation adjustments amounted to \$78.3 million an increase across all operating funds. The grant funds increased by \$1.2 million (revenues, net of expenditures).

City of Flint, Michigan
Management's Discussion and Analysis
June 30, 2018

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 continued aging and reduced workforce, resulting in an increase in the ratio of retirees to active employees, affecting pension and health care costs
- Aging sewer, water, street, and sidewalk infrastructure
- Providing safe and affordable drinking water, independent of state support as the water crisis continues
- Combating high levels of crime
- Relatively higher water and sewer rates
- A shrinking population

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

- Ongoing commitment to new policies, practices, and organizational changes focused on financial stability.
- Taking steps to improve and maintain long-term financial solvency, including seeking innovative ways to reduce costs and improve efficiencies within City operations
- Strong partnership with entities such as the Greater Regional Flint Chamber of Commerce and the State of Michigan to promote economic development
- Strong support – financial and otherwise – from the Mott Foundations, the Kellogg Foundation and Ford Foundation to support a variety of activities and programs in Flint
- Diversification of Flint's economic base, especially in higher education and health care

Long Term Financial Planning

- The City will continue to seek additional income tax revenue, primarily through the work of the newly established Economic Development Department.
- The City will continue to carefully manage resources that are available for operations and improvements.
- The City will continue to monitor all operating programs in order to determine if the program provides a quality level of service at a fair cost.
- The City will continue to implement the new rules established by the newly adopted City Charter, including establishing a Revenue Estimating Committee charged with providing revenue estimates that are reasonable and fair.
- The City will continue to follow adopted Ordinances including the adoption of a biennial budget with a five year projection. Through this long term planning, the City will continue to evaluate and monitor its budgets. Adjustments will be made to address changes in economic conditions and other events as they present themselves.
- The Capital Improvement Plan was developed, reviewed by the Public, and approved by the Planning Commission and the City Council and is updated on a yearly basis.

City of Flint, Michigan
Management's Discussion and Analysis
June 30, 2018

- The City of Flint has a Master Plan. The plan paints a new vision for the City and is focused on making Flint an attractive place to live, work, learn, and play.
- The City will work to conclude the service line replacement work, with a target completion date of end-of-year 2019.
- The City will seek to re-establish the SAFER grant to support the 33 firefighters. The SAFER grant had a questionable future as of year-end FY2018 since FEMA was seeking to re-establish the grant to be more supportive of volunteer firefighting departments. The City is currently in negotiations with FEMA to ensure future access to funding.
- To further demonstrate diversifying the economic base, Huntington Bank, a financial services institution, hired almost 100 people in its downtown Flint location during FY18.
- The Flint River Restoration project continues. Work on Hamilton Dam concluded on November 2017 and several projects are scheduled for completion in FY 2018/19.
- A total of \$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.
- 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 \$30 million, and the City had a high level of confidence of award as of the end of FY18.
- 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.
- Spentech, a manufacturer of industrial equipment, hired roughly 30 people in FY18.

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 4,004,581	\$ -	\$ 4,004,581	\$ 60,231,922
Pooled cash and investments	73,885,407	56,381,622	130,267,029	-
Investments	1,001,366	6,797	1,008,163	119,227,434
Receivables, net of allowance				
Property taxes receivable	1,742,458	-	1,742,458	-
Customers	-	23,792,448	23,792,448	64,206,555
Other receivables	4,908,823	387	4,909,210	863
Accrued interest	1,994	-	1,994	573,025
Due from other units of government	9,845,889	7,751,781	17,597,670	-
Internal balances	(3,060,745)	3,060,745	-	-
Due from component units, net of allowance	5,759,221	-	5,759,221	-
Notes and leases receivable, net of allowance	6,993,263	-	6,993,263	367,131
Inventories	133,534	1,054,682	1,188,216	5,418,007
Prepaid items	389,428	3,750,000	4,139,428	4,204,512
Restricted assets				
Cash and cash equivalents	384,466	3,036,490	3,420,956	20,143,486
Investments	-	-	-	16,561,030
Other assets	-	-	-	965,871
Investment in joint venture	-	-	-	6,367,250
Capital assets not being depreciated	15,524,904	762,394	16,287,298	16,200,987
Capital assets, net of accumulated depreciation	88,845,871	106,277,529	195,123,400	103,170,527
Total assets	<u>210,360,460</u>	<u>205,874,875</u>	<u>416,235,335</u>	<u>417,638,600</u>
Deferred outflows of resources				
Deferred amount relating to net pension liability	10,652,179	2,203,286	12,855,465	13,619,567
Deferred amount on refunding	-	-	-	753,719
Total deferred outflows of resources	<u>10,652,179</u>	<u>2,203,286</u>	<u>12,855,465</u>	<u>14,373,286</u>
Total assets and deferred outflows of resources	<u>221,012,639</u>	<u>208,078,161</u>	<u>429,090,800</u>	<u>432,011,886</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Statement of Net Position
June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 11,356,116	\$ 5,871,757	\$ 17,227,873	\$ 17,426,125
Checks written against future deposits	2,462,737	-	2,462,737	-
Accrued and other liabilities	1,396,919	856,459	2,253,378	33,724,955
Due to primary government	-	-	-	7,680,000
Due to other units of government	608,533	-	608,533	-
Deposits payable	822,666	974,369	1,797,035	-
Claims payable	421,403	-	421,403	22,159,283
Payable from restricted assets	-	-	-	525,955
Unearned revenue	1,940,013	-	1,940,013	13,262
Debt due within one year	2,318,841	392,487	2,711,328	6,307,025
Noncurrent liabilities				
Claims payable	844,072	-	844,072	23,359,613
Debt due in more than one year	29,615,637	662,835	30,278,472	73,946,805
Net pension liability	262,721,733	83,318,407	346,040,140	147,720,541
Total other postemployment benefit liability	<u>204,643,242</u>	<u>74,707,540</u>	<u>279,350,782</u>	<u>28,254,589</u>
Total liabilities	<u>519,151,912</u>	<u>166,783,854</u>	<u>685,935,766</u>	<u>361,118,153</u>
Deferred inflows of resources				
Deferred amount on total OPEB liability	-	-	-	4,327,231
Deferred amount on net pension liability	<u>1,702,210</u>	<u>452,485</u>	<u>2,154,695</u>	<u>9,992,394</u>
Total liabilities and deferred inflows of resources	<u>520,854,122</u>	<u>167,236,339</u>	<u>688,090,461</u>	<u>375,437,778</u>
Net position				
Net investment in capital assets	102,839,672	106,432,575	209,272,247	35,875,707
Restricted for:				
Community development	-	-	-	787,838
Revolving loan program	-	-	-	1,082,266
Capital projects	7,035,208	-	7,035,208	-
Building inspection	3,254,393	-	3,254,393	-
Debt service	-	3,750,000	3,750,000	-
Capital replacement	-	3,036,490	3,036,490	-
Donor restricted and other	-	-	-	6,658,212
Unrestricted (deficit)	<u>(412,970,756)</u>	<u>(72,377,243)</u>	<u>(485,347,999)</u>	<u>12,170,085</u>
Total net position	<u>\$ (299,841,483)</u>	<u>\$ 40,841,822</u>	<u>\$ (258,999,661)</u>	<u>\$ 56,574,108</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	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			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 6,426,956	\$ 9,742,833	\$ 508,713	\$ -	\$ 3,824,590	\$ -	\$ 3,824,590	\$ -
Judicial	964,009	128,854	-	-	(835,155)	-	(835,155)	-
Public safety								
Police	26,733,708	1,768,172	5,258,327	-	(19,707,209)	-	(19,707,209)	-
Fire	7,232,884	651,140	-	-	(6,581,744)	-	(6,581,744)	-
Building inspection	667,157	1,687,234	-	-	1,020,077	-	1,020,077	-
Emergency dispatch	63,343	-	-	-	(63,343)	-	(63,343)	-
Public works	16,035,028	7,410	-	721,581	(15,306,037)	-	(15,306,037)	-
Legislative	565,535	-	-	-	(565,535)	-	(565,535)	-
Community development	5,283,465	692	(283,625)	645,799	(4,920,599)	-	(4,920,599)	-
Facilities, parks, and recreation	2,080,501	1,124,316	3,502,252	366,935	2,913,002	-	2,913,002	-
Transportation	7,412,933	40,027	14,108,786	-	6,735,880	-	6,735,880	-
Interest on long-term debt	1,239,453	-	-	-	(1,239,453)	-	(1,239,453)	-
Total governmental activities	<u>74,704,972</u>	<u>15,150,678</u>	<u>23,094,453</u>	<u>1,734,315</u>	<u>(34,725,526)</u>	<u>-</u>	<u>(34,725,526)</u>	<u>-</u>
Business-type activities								
Sewer	25,353,029	30,542,329	-	757,008	-	5,946,308	5,946,308	-
Water	49,656,371	28,154,629	-	30,978,096	-	9,476,354	9,476,354	-
Total business-type activities	<u>75,009,400</u>	<u>58,696,958</u>	<u>-</u>	<u>31,735,104</u>	<u>-</u>	<u>15,422,662</u>	<u>15,422,662</u>	<u>-</u>
Total primary government	<u>\$ 149,714,372</u>	<u>\$ 73,847,636</u>	<u>\$ 23,094,453</u>	<u>\$ 33,469,419</u>	<u>(34,725,526)</u>	<u>15,422,662</u>	<u>(19,302,864)</u>	<u>-</u>
Component Units								
Downtown Development Authority	\$ 1,910,255	\$ 1,232,333	\$ -	\$ -	-	-	-	(677,922)
Economic Development Corporation	148,714	151,974	47,725	-	-	-	-	50,985
Flint Area Enterprise Community	18,800	-	-	-	-	-	-	(18,800)
Hurley Medical Center	465,455,754	470,956,134	-	-	-	-	-	5,500,380
Total component units	<u>\$ 467,533,523</u>	<u>\$ 472,340,441</u>	<u>\$ 47,725</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,854,643</u>
General revenues								
Property taxes					19,452,524	-	19,452,524	568,963
Income taxes					15,277,949	-	15,277,949	-
State shared revenue					15,199,286	-	15,199,286	-
Unrestricted investment earnings					1,160,090	645,390	1,805,480	29,198
Gain on extinguishment of debt					-	20,770,336	20,770,336	220,713
Miscellaneous					1,094,886	173,574	1,268,460	41,673
Transfers					1,536,235	(1,536,235)	-	-
Total general revenues and transfers					<u>53,720,970</u>	<u>20,053,065</u>	<u>73,774,035</u>	<u>860,547</u>
Change in net position					<u>18,995,444</u>	<u>35,475,727</u>	<u>54,471,171</u>	<u>5,715,190</u>
Net position – beginning of year					<u>(209,694,952)</u>	<u>60,148,728</u>	<u>(149,546,224)</u>	<u>85,700,377</u>
Prior period adjustment					<u>(109,141,975)</u>	<u>(54,782,633)</u>	<u>(163,924,608)</u>	<u>(34,841,459)</u>
Net position – beginning of year, as restated					<u>(318,836,927)</u>	<u>5,366,095</u>	<u>(313,470,832)</u>	<u>50,858,918</u>
Net position – end of year					<u>\$ (299,841,483)</u>	<u>\$ 40,841,822</u>	<u>\$ (258,999,661)</u>	<u>\$ 56,574,108</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Governmental Funds
Balance Sheet
June 30, 2018

	General	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
		Grant Fund	Major Streets		
Assets					
Cash and cash equivalents	\$ -	\$ 1,552,508	\$ -	\$ 612,449	\$ 2,164,957
Pooled cash and investments	13,901,863	2,950,051	9,846,112	18,392,151	45,090,177
Investments	-	1,001,366	-	-	1,001,366
Receivables					
Property taxes receivable	1,084,899	-	-	657,559	1,742,458
Other receivables	4,016,487	795,826	-	-	4,812,313
Accrued interest and other	-	-	-	1,994	1,994
Due from other units of government	5,048,668	2,647,941	1,665,533	482,172	9,844,314
Due from component unit, net of allowance	-	-	-	5,759,221	5,759,221
Notes and leases receivable	-	6,886,891	-	106,372	6,993,263
Restricted assets					
Cash and cash equivalents	-	384,466	-	-	384,466
Total assets	<u>\$ 24,051,917</u>	<u>\$ 16,219,049</u>	<u>\$ 11,511,645</u>	<u>\$ 26,011,918</u>	<u>\$ 77,794,529</u>
Liabilities					
Accounts payable	\$ 1,460,232	\$ 2,889,340	\$ 602,935	\$ 353,911	\$ 5,306,418
Checks written against future deposits	44,414	2,418,323	-	-	2,462,737
Deposits and advances	-	-	-	822,666	822,666
Accrued and other liabilities	466,419	153,988	52,152	183,222	855,781
Due to other units of government	608,529	-	-	4	608,533
Unearned revenue	-	1,940,013	-	-	1,940,013
Total liabilities	<u>2,579,594</u>	<u>7,401,664</u>	<u>655,087</u>	<u>1,359,803</u>	<u>11,996,148</u>
Deferred inflows of resources					
Property taxes	1,098,319	-	-	1,257,054	2,355,373
Notes and leases receivable	-	6,886,891	-	108,367	6,995,258
Grants	-	396,478	-	-	396,478
Total deferred inflows of resources	<u>1,098,319</u>	<u>7,283,369</u>	<u>-</u>	<u>1,365,421</u>	<u>9,747,109</u>
Total liabilities and deferred inflows of resources	<u>3,677,913</u>	<u>14,685,033</u>	<u>655,087</u>	<u>2,725,224</u>	<u>21,743,257</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Governmental Funds
Balance Sheet
June 30, 2018

	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
	General	Grant Fund	Major Streets		
Fund balances					
Restricted for:					
Roads	\$ -	\$ -	\$ 10,856,558	\$ 4,206,287	\$ 15,062,845
Police	-	383,183	-	1,791,507	2,174,690
Community Development	-	1,150,833	-	-	1,150,833
Economic development	-	-	-	614,106	614,106
Debt service	-	-	-	10,840	10,840
Capital projects	-	-	-	7,035,208	7,035,208
Recreation and culture	-	-	-	312,786	312,786
Building inspection	-	-	-	3,254,227	3,254,227
Public safety	-	-	-	3,364,829	3,364,829
Public works	-	-	-	1,630,490	1,630,490
Street lighting	-	-	-	1,066,414	1,066,414
Unassigned	<u>20,374,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,374,004</u>
Total fund balances	<u>20,374,004</u>	<u>1,534,016</u>	<u>10,856,558</u>	<u>23,286,694</u>	<u>56,051,272</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,051,917</u>	<u>\$ 16,219,049</u>	<u>\$ 11,511,645</u>	<u>\$ 26,011,918</u>	<u>\$ 77,794,529</u>

City of Flint, Michigan
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2018

Total fund balances for governmental funds	\$ 56,051,272
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.	87,199,818
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	15,524,904
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	9,747,109
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(309,947)
Compensated absences	(3,164,375)
Net pension liability	(262,721,733)
Total other post employment benefit liability	(204,643,242)
Deferred outflows (inflows) of resources	
Deferred outflow of resources resulting from net pension liability	(1,702,210)
Deferred inflow of resources resulting from net pension liability	10,652,179
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(28,505,545)
Internal service funds are included as part of governmental activities.	<u>22,030,287</u>
Net position of governmental activities	<u>\$ (299,841,483)</u>

City of Flint, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	General	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
		Grant Fund	Major Streets		
Revenues					
Taxes	\$ 4,656,852	\$ -	\$ -	\$ 11,786,463	\$ 16,443,315
Income taxes	15,471,994	-	-	-	15,471,994
Licenses and permits	67,177	-	-	1,538,183	1,605,360
Federal grants	-	7,905,710	-	-	7,905,710
State revenue	18,837,009	17,000	10,647,839	3,720,198	33,222,046
Other state grants	-	-	195,054	-	195,054
Charges for services	9,951,865	1,071,556	40,027	2,807,914	13,871,362
Fines and forfeitures	238,322	-	-	34,947	273,269
Investment income	372,818	352,008	65,831	139,691	930,348
Local contributions	-	1,058,926	20,306	721,581	1,800,813
Cable franchise fees	979,569	-	-	-	979,569
Miscellaneous	361,034	655,563	74,922	648,360	1,739,879
Total revenues	<u>50,936,640</u>	<u>11,060,763</u>	<u>11,043,979</u>	<u>21,397,337</u>	<u>94,438,719</u>
Expenditures					
Current					
General government	12,688,374	-	-	-	12,688,374
Judicial - 68th District Court	858,955	-	-	-	858,955
Public safety:					
Police department	23,269,589	3,953,761	-	1,350,336	28,573,686
Combined public safety department	-	-	-	4,995,623	4,995,623
Fire	9,506,188	-	-	-	9,506,188
Building inspection	-	-	-	1,701,446	1,701,446
Public works	-	25,624	7,090,153	3,990,177	11,105,954
Legislative	900,620	-	-	-	900,620
Community development	1,257,630	4,325,042	-	2,763	5,585,435
Facilities maintenance	1,799,705	-	-	-	1,799,705

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, 2018

	<u>Special Revenue</u>			Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Grant Fund</u>	<u>Major Streets</u>		
Parks and recreation	\$ -	\$ -	\$ -	\$ 360,304	\$ 360,304
Transportation	-	-	-	6,813,018	6,813,018
Debt service					
Principal retirement	-	1,528,000	111,731	990,000	2,629,731
Interest and fiscal charges	-	386,070	6,889	885,590	1,278,549
Total expenditures	<u>50,281,061</u>	<u>10,218,497</u>	<u>7,208,773</u>	<u>21,089,257</u>	<u>88,797,588</u>
Excess of revenues over expenditures	<u>655,579</u>	<u>842,266</u>	<u>3,835,206</u>	<u>308,080</u>	<u>5,641,131</u>
Other financing sources (uses)					
Transfers in	2,660,274	15,641	-	3,359,556	6,035,471
Transfers out	<u>(15,641)</u>	<u>-</u>	<u>(1,483,965)</u>	<u>(1,875,591)</u>	<u>(3,375,197)</u>
Total other financing sources (uses)	<u>2,644,633</u>	<u>15,641</u>	<u>(1,483,965)</u>	<u>1,483,965</u>	<u>2,660,274</u>
Net change in fund balance	3,300,212	857,907	2,351,241	1,792,045	8,301,405
Fund balance – beginning 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>
Fund balance – end of year	<u>\$ 20,374,004</u>	<u>\$ 1,534,016</u>	<u>\$ 10,856,558</u>	<u>\$ 23,286,694</u>	<u>\$ 56,051,272</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, 2018

Net change in fund balances - Total governmental funds	\$	8,301,405
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		(10,961,910)
Capital outlay		1,250,101
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Grants		(630,316)
Property taxes		77,121
Notes and leases receivable		(1,916,546)
Expenses are recorded when incurred in the statement of activities		
Accrued interest		39,096
Compensated absences		(71,433)
Total other post employment benefit liability		29,034,695
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		(233,031)
Net change in the deferred outflow (inflows) of resources related to the net pension liability		(6,484,582)
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		2,629,731
Internal service funds are also included as governmental activities		<u>(2,038,887)</u>
Change in net position of governmental activities	\$	<u>18,995,444</u>

City of Flint, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,839,624
Investments	-	6,797	6,797	-
Pooled cash and investments	39,873,259	16,508,363	56,381,622	28,795,230
Receivables				
Other	155	232	387	-
Customers	13,643,996	10,148,452	23,792,448	96,510
Due from other units of government	392,139	7,359,642	7,751,781	1,575
Inventories	778,646	276,036	1,054,682	133,534
Prepaid items	-	3,750,000	3,750,000	389,428
Total current assets	<u>54,688,195</u>	<u>38,049,522</u>	<u>92,737,717</u>	<u>31,255,901</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	3,036,490	3,036,490	-
Capital assets not being depreciated	38,077	724,317	762,394	-
Capital assets, net of accumulated depreciated	<u>48,035,833</u>	<u>58,241,696</u>	<u>106,277,529</u>	<u>1,646,053</u>
Total noncurrent assets	<u>48,073,910</u>	<u>62,002,503</u>	<u>110,076,413</u>	<u>1,646,053</u>
Total assets	<u>102,762,105</u>	<u>100,052,025</u>	<u>202,814,130</u>	<u>32,901,954</u>
Deferred Outflows of Resources				
Deferred amount of pension expense related to net pension liability	<u>1,003,200</u>	<u>1,200,086</u>	<u>2,203,286</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>103,765,305</u>	<u>101,252,111</u>	<u>205,017,416</u>	<u>32,901,954</u>

City of Flint, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 2,376,783	\$ 3,494,974	\$ 5,871,757	\$ 6,049,698
Accrued and other liabilities	178,082	678,377	856,459	231,191
Claims payable - current	-	-	-	421,403
Deposits payable	-	974,369	974,369	-
Current portion of noncurrent liabilities	144,139	248,348	392,487	176,551
Total current liabilities	<u>2,699,004</u>	<u>5,396,068</u>	<u>8,095,072</u>	<u>6,878,843</u>
Noncurrent liabilities				
Claims payable	\$ -	\$ -	\$ -	\$ 844,072
Total other postemployment benefit liability	39,146,167	35,561,373	74,707,540	-
Net pension liability	44,869,703	38,448,704	83,318,407	-
Long-term debt net of current portion	364,068	298,767	662,835	88,007
Total noncurrent liabilities	<u>84,379,938</u>	<u>74,308,844</u>	<u>158,688,782</u>	<u>932,079</u>
Total liabilities	<u>87,078,942</u>	<u>79,704,912</u>	<u>166,783,854</u>	<u>7,810,922</u>
Deferred Inflows of Resources				
Deferred amount of pension expense related to net pension liability	<u>301,657</u>	<u>150,828</u>	<u>452,485</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>87,380,599</u>	<u>79,855,740</u>	<u>167,236,339</u>	<u>7,810,922</u>
Net position				
Net investment in capital assets	47,794,530	58,638,045	106,432,575	1,381,495
Restricted for:				
Debt service	-	3,750,000	3,750,000	-
Capital replacement	-	3,036,490	3,036,490	-
Unrestricted (deficit)	<u>(31,409,824)</u>	<u>(44,028,164)</u>	<u>(75,437,988)</u>	<u>23,709,537</u>
Total net position	<u>\$ 16,384,706</u>	<u>\$ 21,396,371</u>	<u>37,781,077</u>	<u>\$ 25,091,032</u>
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			<u>3,060,745</u>	
Net position of business-type activities			<u>\$ 40,841,822</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, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
User charges	\$ 30,542,329	\$ 28,154,629	\$ 58,696,958	\$ 60,249,439
Other revenue	36,448	137,126	173,574	1,114,625
Total operating revenue	<u>30,578,777</u>	<u>28,291,755</u>	<u>58,870,532</u>	<u>61,364,064</u>
Operating expenses				
Salaries and benefits	10,788,214	8,231,830	19,020,044	3,052,539
Supplies	1,336,485	1,170,363	2,506,848	1,089,423
Contractual services	2,898,169	18,644,406	21,542,575	6,921,377
Claims	-	-	-	327,303
Utilities	1,705,822	386,615	2,092,437	34,299
Equipment operation	233,160	508,596	741,756	-
Repairs and maintenance	759,295	348,576	1,107,871	899,264
Insurance	-	-	-	705,312
Other expenses	3,274,312	2,578,490	5,852,802	1,180,894
Costs of materials and services rendered	-	14,798,508	14,798,508	48,078,846
Depreciation	3,950,231	2,981,914	6,932,145	587,711
Total operating expenses	<u>24,945,688</u>	<u>49,649,298</u>	<u>74,594,986</u>	<u>62,876,968</u>
Operating income (loss)	<u>5,633,089</u>	<u>(21,357,543)</u>	<u>(15,724,454)</u>	<u>(1,512,904)</u>
Nonoperating revenue (expenses)				
State grant	-	-	-	35,965
Investment income	425,249	220,141	645,390	195,203
Debt forgiveness	-	20,770,336	20,770,336	-
Interest expense	(17,323)	(7,073)	(24,396)	(23,130)
Total nonoperating revenues (expenses)	<u>407,926</u>	<u>20,983,404</u>	<u>21,391,330</u>	<u>208,038</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, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Income (loss) before transfers	\$ 6,041,015	\$ (374,139)	\$ 5,666,876	\$ (1,304,866)
Capital contributions	757,008	30,978,096	31,735,104	-
Transfers in	265,814	70,227	336,041	-
Transfers out	<u>(960,848)</u>	<u>(911,428)</u>	<u>(1,872,276)</u>	<u>(1,124,039)</u>
Change in net position	<u>6,102,989</u>	<u>29,762,756</u>	<u>35,865,745</u>	<u>(2,428,905)</u>
Net position – beginning of year	37,405,908	19,292,057	56,697,965	27,519,937
Prior period adjustment	<u>(27,124,191)</u>	<u>(27,658,442)</u>	<u>(54,782,633)</u>	<u>-</u>
Net position – beginning of year, restated	<u>10,281,717</u>	<u>(8,366,385)</u>	<u>1,915,332</u>	<u>27,519,937</u>
Net position – end of year	<u>\$ 16,384,706</u>	<u>\$ 21,396,371</u>	<u>\$ 37,781,077</u>	<u>\$ 25,091,032</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>(390,018)</u>	
Change in net position of business-type activities			<u>\$ 35,475,727</u>	

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Cash flows from operating activities				
Receipts from customers	\$ 27,322,332	\$ 26,290,632	\$ 53,612,964	\$ 61,771,633
Payments to suppliers	(8,908,665)	(39,423,787)	(48,332,452)	(58,714,032)
Payments to employees	(14,215,376)	(11,397,146)	(25,612,522)	(3,052,539)
Claims paid	-	-	-	(248,316)
Net cash provided (used) by operating activities	<u>4,198,291</u>	<u>(24,530,301)</u>	<u>(20,332,010)</u>	<u>(243,254)</u>
Cash flows from noncapital financing activities				
Transfer from other funds	265,814	70,227	336,041	-
Transfers to other funds	(960,848)	(911,428)	(1,872,276)	(1,124,039)
Local grant	-	-	-	35,965
Net cash provided (used) by noncapital financing activities	<u>(695,034)</u>	<u>(841,201)</u>	<u>(1,536,235)</u>	<u>(1,088,074)</u>
Cash flows from capital and related financing activities				
Capital contributions	757,008	30,978,096	31,735,104	-
Purchases/construction of capital assets	(3,009,191)	(13,469,926)	(16,479,117)	(774,643)
Principal and interest paid on long-term debt	(308,543)	140,508	(168,035)	(192,309)
Net cash used by capital and related financing activities	<u>(2,560,726)</u>	<u>17,648,678</u>	<u>15,087,952</u>	<u>(966,952)</u>
Cash flows from investing activities				
Interest received	<u>486,787</u>	<u>220,141</u>	<u>706,928</u>	<u>195,203</u>
Net change in cash and cash equivalents	1,429,318	(7,509,480)	(6,080,162)	(2,103,077)
Cash and cash equivalents – beginning of year	<u>38,443,941</u>	<u>27,054,333</u>	<u>65,498,274</u>	<u>32,737,931</u>
Cash and cash equivalents – end of year	<u>\$ 39,873,259</u>	<u>\$ 19,544,853</u>	<u>\$ 59,418,112</u>	<u>\$ 30,634,854</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 5,633,089	\$ (21,357,543)	\$ (15,724,454)	\$ (1,512,904)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	3,950,231	2,981,914	6,932,145	587,711
Changes in assets and liabilities				
Receivables (net)	(2,973,066)	2,162,435	(810,631)	6,539
Due from other units of government	(283,379)	(3,126,036)	(3,409,415)	401,030
Inventories	(66,968)	(11,186)	(78,154)	(22,666)
Prepaid items	-	(1,347,545)	(1,347,545)	(16,188)
Deferred outflows	847,509	423,755	1,271,264	-
Accounts payable	1,069,056	752,353	1,821,409	245,984
Accrued and other liabilities	(13,748)	(331,769)	(345,517)	(11,747)
Due to component unit	301,657	-	301,657	-
Unearned revenue	-	(1,102,938)	(1,102,938)	-
Customer deposits payable	-	65,416	65,416	78,987
Other post employment benefit obligation	(4,315,968)	(3,609,720)	(7,925,688)	-
Net pension liability	41,297	20,649	61,946	-
Compensated absences	8,581	(50,086)	(41,505)	-
Net cash provided (used) by operating activities	<u>\$ 4,198,291</u>	<u>\$ (24,530,301)</u>	<u>\$ (20,332,010)</u>	<u>\$ (243,254)</u>
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,839,624
Pooled cash and investments	39,873,259	16,508,363	56,381,622	28,795,230
Restricted cash and cash equivalents	-	3,036,490	3,036,490	-
Cash and cash equivalents – end of year	<u>\$ 39,873,259</u>	<u>\$ 19,544,853</u>	<u>\$ 59,418,112</u>	<u>\$ 30,634,854</u>

City of Flint, Michigan
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	<u>Pension and Benefit Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 2,291,214	\$ 1,280,738
Pooled cash and investments	-	1,954,180
Investments:		
U.S government obligations	7,278,225	-
Agency securities	7,849,993	-
Corporate stocks	34,113,316	-
Corporate bonds	13,429,298	-
Receivables		
Taxes	-	3,848,959
Accrued interest and other	<u>185,678</u>	<u>245,677</u>
 Total assets	 <u>65,147,724</u>	 <u>7,329,554</u>
Liabilities		
Accounts payable	-	5,686,215
Checks written against future deposits	3,500	-
Due to other units of government	-	1,643,339
Accrued expenses	<u>1,321,405</u>	<u>-</u>
 Total liabilities	 <u>1,324,905</u>	 <u>\$ 7,329,554</u>
Net position		
Net position restricted for pensions	<u>\$ 63,822,819</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, 2018

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions	
Employer	\$ 3,884,465
Retiree	<u>2,052,750</u>
Total contributions	<u>5,937,215</u>
Investment earnings (expenses)	
Interest and dividends	1,443,931
Change in fair value	3,276,958
Investment related expenses	<u>(446,022)</u>
Total investment earnings	<u>4,274,867</u>
Total additions	<u>10,212,082</u>
Deductions	
Benefits	<u>6,567,031</u>
Change in net position	3,645,051
Net position – beginning of year	<u>60,177,768</u>
Net position – end of year	<u><u>\$ 63,822,819</u></u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Net Position
Component Units
June 30, 2018

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
Assets					
Cash and cash equivalents	\$ 302,336	\$ 487,931	\$ 1,067,017	\$ 58,374,638	\$ 60,231,922
Investments	-	-	-	119,227,434	119,227,434
Receivables					
Customers	21,952	-	-	64,184,603	64,206,555
Accrued interest receivable	-	-	-	573,025	573,025
Other	-	-	863	-	863
Notes and leases receivable, net	-	318,478	48,653	-	367,131
Inventories	-	-	-	5,418,007	5,418,007
Prepaid items	63,473	14,056	-	4,126,983	4,204,512
Restricted assets					
Cash and cash equivalents	37,231	525,955	-	19,580,300	20,143,486
Investments	-	-	-	16,561,030	16,561,030
Other assets	-	-	-	965,871	965,871
Investment in joint ventures	-	-	-	6,367,250	6,367,250
Capital assets not being depreciated	4,878,067	93,860	-	11,229,060	16,200,987
Capital assets, net of accumulated depreciation	<u>8,556,240</u>	<u>271,825</u>	<u>-</u>	<u>94,342,462</u>	<u>103,170,527</u>
Total assets	<u>13,859,299</u>	<u>1,712,105</u>	<u>1,116,533</u>	<u>400,950,663</u>	<u>417,638,600</u>
Deferred outflows of resources					
Deferred amount of pension expense related to net pension liability	-	-	-	13,619,567	13,619,567
Deferred amount on refunding	-	-	-	753,719	753,719
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,373,286</u>	<u>14,373,286</u>
Total assets and deferred outflows of resources	<u>13,859,299</u>	<u>1,712,105</u>	<u>1,116,533</u>	<u>415,323,949</u>	<u>432,011,886</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Net Position
Component Units
June 30, 2018

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
Liabilities					
Accounts payable	\$ 7,680	\$ 8,370	\$ -	\$ 17,410,075	\$ 17,426,125
Accrued and other liabilities	139,977	8,201	-	33,551,237	33,699,415
Estimated third-party payor settlements	-	-	-	22,159,283	22,159,283
Due to primary government	7,680,000	-	-	-	7,680,000
Deposits and advances	25,540	-	-	-	25,540
Payable from restricted assets	-	525,955	-	-	525,955
Unearned revenue	-	13,262	-	-	13,262
Noncurrent liabilities					
Net pension liability	-	-	-	147,720,541	147,720,541
Net postretirement benefit liabilities	-	-	-	28,254,589	28,254,589
Due within one year	77,396	-	-	6,229,629	6,307,025
Due in more than one year	519,172	-	-	73,427,633	73,946,805
Claims payable	-	-	-	23,359,613	23,359,613
Total liabilities	<u>8,449,765</u>	<u>555,788</u>	<u>-</u>	<u>352,112,600</u>	<u>361,118,153</u>
Deferred inflows of resources					
Deferred amount of pension expense related to net pension liability	-	-	-	9,992,394	9,992,394
Deferred amount of OPEB expense	-	-	-	4,327,231	4,327,231
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,319,625</u>	<u>14,319,625</u>
Total liabilities and deferred inflows of resources	<u>8,449,765</u>	<u>555,788</u>	<u>-</u>	<u>366,432,225</u>	<u>375,437,778</u>
Net position					
Net investment in capital assets	5,194,970	365,685	-	30,315,052	35,875,707
Restricted					
Community development	-	753,571	34,267	-	787,838
Revolving loan program	-	-	1,082,266	-	1,082,266
Donor restricted and other	-	-	-	6,658,212	6,658,212
Unrestricted	<u>214,564</u>	<u>37,061</u>	<u>-</u>	<u>11,918,460</u>	<u>12,170,085</u>
	<u>\$ 5,409,534</u>	<u>\$ 1,156,317</u>	<u>\$ 1,116,533</u>	<u>\$ 48,891,724</u>	<u>\$ 56,574,108</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue	
Downtown Development Authority	\$ 1,910,255	\$ 1,232,333	\$ -	\$ (677,922)	
Economic Development Corporation	148,714	151,974	47,725	50,985	
Flint Area Enterprise Community	18,800	-	-	(18,800)	
Hurley Medical Center	465,455,754	470,956,134	-	5,500,380	
Total component unit activities	<u>\$ 467,533,523</u>	<u>\$ 472,340,441</u>	<u>\$ 47,725</u>	<u>\$ 4,854,643</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	\$ (677,922)	\$ 50,985	\$ (18,800)	\$ 5,500,380	\$ 4,854,643
General revenues:					
Property taxes	568,963	-	-	-	568,963
Unrestricted investment earnings	111	6,693	21,428	966	29,198
Miscellaneous	25,000	-	1,131	15,542	41,673
Gain (loss) on extinguishment of debt	239,751	-	(19,038)	-	220,713
Total general revenues	<u>833,825</u>	<u>6,693</u>	<u>3,521</u>	<u>16,508</u>	<u>860,547</u>
Change in net position	<u>155,903</u>	<u>57,678</u>	<u>(15,279)</u>	<u>5,516,888</u>	<u>5,715,190</u>
Net position beginning of year	5,253,631	1,098,639	1,131,812	78,216,295	85,700,377
Prior period adjustment	-	-	-	(34,841,459)	(34,841,459)
Net position, beginning of year, as restated	<u>5,253,631</u>	<u>1,098,639</u>	<u>1,131,812</u>	<u>43,374,836</u>	<u>50,858,918</u>
Net position, end of year	<u>\$ 5,409,534</u>	<u>\$ 1,156,317</u>	<u>\$ 1,116,533</u>	<u>\$ 48,891,724</u>	<u>\$ 56,574,108</u>

See Accompanying Notes to the Financial Statements

City of Flint, Michigan
Notes to the Financial Statements
June 30, 2018

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

During January, 2018, the City moved from being under the control of the transition state of oversight by a Receivership Transition Advisory Board (RTAB), as defined by Public Act 436 to Home Rule.

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 contribution 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 2019. 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, 2018

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, 2018 was \$6,325,250. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. The equity (loss) income to the Medical Center from this joint venture was \$(8,000) for the year ending June 30, 2018. A total of \$0 was distributed to the Medical Center during the year ended June 30, 2018. GHCI paid the Medical Center \$564,000 for leased employees for the year ended June 30, 2018. The following is a summary of financial position and results of operations of GHCI as of and for the year ended June 30, 2018 (in thousands):

Total assets	\$	18,848
Total liabilities		5,886
		<hr/>
Net assets	\$	12,962
		<hr/> <hr/>
Operating revenue	\$	7,786
Operating expenses		7,621
		<hr/>
Operating income		165
Nonoperating revenue		148
		<hr/>
Excess of revenue over expenses	\$	313
		<hr/> <hr/>

City of Flint, Michigan
Notes to the Financial Statements
June 30, 2018

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, 2018

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, 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, fringe benefits, central maintenance garage, and self insurance 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, 2018

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 2017 taxable valuation of the City totaled \$713 million. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	7.5	\$ 4,656,852
Public improvement	2.5	1,601,368
Parks and recreation	0.5	320,180
Public safety	6.0	3,835,724
Neighborhood police	2.0	1,281,065
Total	<u>18.5</u>	<u>\$ 11,695,189</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, 2018, 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, 2018

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 Great Lakes Water Authority agreement.

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, 2018

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, 2018

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 – The City offers pension 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 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. The net pension liability will be liquidated from the funds that the individual employee's salaries are paid from, the general fund and certain special revenue funds.

Other Postemployment Benefits (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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. A fund balance commitment may be established, modified, or rescinded by a resolution, subject to approval of the City Council.

Assigned – amounts intended to be used for specific purposes. The City Council may assign fund balance for a specific purpose. 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.

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

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

Use of Estimates

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

City of Flint, Michigan
Notes to the Financial Statements
June 30, 2018

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, 2018 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 \$8,000,000 for 2018. 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 no adjustments in net patient revenue during 2018.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information.

Statement No. 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).

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.

Upcoming Accounting and Reporting Changes

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

City of Flint, Michigan
Notes to the Financial Statements
June 30, 2018

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. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information

related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

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:

City of Flint, Michigan
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On June 5, 2017, 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.

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.

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, 2017	\$ 3,372,452
Current year building permit revenue	1,583,221
Related expenditures	<u>(1,701,446)</u>
Restricted fund balance at June 30, 2018	<u>\$ 3,254,227</u>

Note 3 - Pooled Cash and Investments

The pooled cash and investments account at June 30, 2018 is comprised of the following:

Cash deposits and restricted cash	\$ 34,926,278
Investments	95,340,751
Total	<u>\$ 130,267,029</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.

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

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

The City's investment policy further requires that investments held in 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, 2018. 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, 2018.

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 \$128,720,508 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.

City of Flint, Michigan
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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.

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	\$ 8,606,279	Counterparty trust dept.
Commercial paper	26,805,020	Counterparty trust dept.
Total	<u>\$ 35,411,299</u>	
Fiduciary fund – corporate stocks	<u>\$ 595,785</u>	Counterparty trust dept.
Component unit:		
U.S government or agency bonds	\$ 128,924,407	Counterparty trust dept.
Corporate stocks	32,088,503	Counterparty trust dept.
Corporate bonds	14,859,431	Counterparty trust dept.
Repurchase agreements	40,114,791	Counterparty
Municipal bonds	4,469,257	Counterparty trust dept.
Total	<u>\$ 220,456,389</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.

City of Flint, Michigan
Notes to the Financial Statements
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As of June 30, 2018, the following securities were subject to interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
Primary government:		
U.S. government or agency bonds	\$ 8,606,279	4.12
Commercial paper	26,805,020	1.95
Money market funds	32,939,778	< 1 year
Certificates of deposit	3,955,090	2.2
Total	<u>\$ 72,306,167</u>	
Fiduciary fund:		
Money market funds	\$ 230	< 1 year
Component unit:		
U.S. government or agency bonds	\$ 128,924,407	3.70
GNMA pool	10,019,261	15.31
U.S. government mortgage backed securities	7,503,756	19.11
Corporate bonds	14,859,431	5.65
Money market funds	22,825,863	< 1 year
Repurchase agreement	40,114,791	< 1 year
Municipal bonds	4,469,257	< 1 year
Total	<u>\$ 228,716,766</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.

As of June 30, 2018, 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	\$ 7,793,280	AA+	S&P
U.S. government bonds	812,999	AAA	S&P
Money market funds	30,705,906	AAA	S&P
Money market funds	714,553	AAA/AA	S&P
Commercial paper	13,880,924	A1+	S&P
Commercial paper	7,945,624	A2	S&P
Commercial paper	4,978,472	A1	S&P
Total	<u>\$ 66,831,758</u>		
Fiduciary fund:			
Money market funds	\$ 230	AAA/AA	S&P
Component unit:			
U.S. agency bonds	\$ 9,954,211	AA+	Fitch
U.S. agency bonds	118,970,197	Not rated	Not rated
U.S. government mortgage backed securities	7,503,756	Not rated	Not rated
Corporate bonds	6,424,007	AA+/A-	S&P
Corporate bonds	638,905	AAA	S&P
Corporate bonds	3,972,907	BBB+/B-	S&P
Corporate bonds	215,315	CCC+	S&P
Corporate bonds	3,608,296	Not rated	Not rated
Money market funds	22,825,863	Not rated	Not rated
Repurchase agreements	40,114,791	Not rated	Not rated
Total	<u>\$ 214,228,248</u>		

City of Flint, Michigan
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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 \$66,513 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 \$567,018 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 \$117,988 that was uninsured and uncollateralized.

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	\$ 14,780	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, 2018:

- U.S. governmental and agency securities of \$8,606,279 and money markets of \$714,553 are valued using quoted market prices (Level 1 inputs).

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- The local government investment pool (Michigan CLASS) of \$30,705,906 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, 2018:

- Equity market mutual funds of \$14,780 are valued using quoted market prices (Level 1 inputs).

Hurley Medical Center has the following recurring fair value measurements as of June 30, 2018:

- Domestic equity securities of \$26,082,910, international private equity funds of \$6,005,593, and money market mutual funds of \$22,825,863 are valued using quoted market prices (Level 1 inputs).
- The U.S. treasury securities of \$133,393,665, government mortgage-backed securities of \$17,523,017, and corporate bonds of \$14,859,431 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).

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 \$5,470,238	\$ -	\$ -	\$ -
Accounts receivable, net of allowance of \$19,046	-	23,792,448	64,206,555
Property taxes	1,742,458	-	-
Other receivables, net of allowance of \$308,969	4,908,823	387	863
Accrued interest and other	1,994	-	573,025
Due from other units of governments	9,845,889	7,751,781	-
Due from component units, net of allowance of \$1,780,318	5,759,221	-	-
Notes			
Due within one year	553,000	-	-
Due after one year	6,440,263	-	367,131
Total receivables, net	<u>\$ 29,251,648</u>	<u>\$ 31,544,616</u>	<u>\$ 65,147,574</u>

City of Flint, Michigan
Notes to the Financial Statements
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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	\$ -	\$ 122,820	\$ 14,287,016
Construction in progress	401,283	836,605	-	1,237,888
Total capital assets not being depreciated	14,811,119	836,605	122,820	15,524,904
Capital assets being depreciated				
Land improvements	15,110,082	-	535,138	14,574,944
Infrastructure	381,408,354	137,810	-	381,546,164
Buildings, additions and improvements	21,709,065	37,171	27,767	21,718,469
Machinery and equipment	11,557,907	428,482	361,118	11,625,271
Vehicles	11,879,761	707,496	233,541	12,353,716
Total capital assets being depreciated	441,665,169	1,310,959	1,157,564	441,818,564
Less accumulated depreciation for				
Land improvements	12,403,615	378,939	535,138	12,247,416
Infrastructure	292,359,896	9,980,601	-	302,340,497
Buildings, additions and improvements	17,237,268	325,169	27,767	17,534,670
Machinery and equipment	9,956,008	341,863	361,118	9,936,753
Vehicles	10,623,849	523,049	233,541	10,913,357
Total accumulated depreciation	342,580,636	11,549,621	1,157,564	352,972,693
Net capital assets being depreciated	99,084,533	(10,238,662)	-	88,845,871
Governmental activities capital assets, net	\$ 113,895,652	\$ (9,402,057)	\$ 122,820	\$ 104,370,775

	Beginning Balance	Transfers	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	123,673,802	868,635	15,395,777	-	139,938,214
Buildings, additions and improvements	65,434,672	-	202,531	-	65,637,203
Machinery and equipment	103,234,934	79,771	492,292	75,034	103,731,963
Vehicles	7,099,726	-	326,979	-	7,426,705
Total capital assets being depreciated	304,875,731	948,406	16,417,579	75,034	322,166,682
Less accumulated depreciation for					
Land improvements	2,475,181	-	160,338	-	2,635,519
Infrastructure	84,216,397	868,635	2,278,150	-	87,363,182
Buildings, additions and improvements	50,655,925	-	1,335,631	-	51,991,556
Machinery and equipment	64,860,679	18,233	2,605,621	75,034	67,409,499
Vehicles	5,936,992	-	552,405	-	6,489,397
Total accumulated depreciation	208,145,174	886,868	6,932,145	75,034	215,889,153
Net capital assets being depreciated	96,730,557	61,538	9,485,434	-	106,277,529
Business-type capital assets, net	\$ 97,492,951	\$ 61,538	\$ 9,485,434	\$ -	\$ 107,039,923

City of Flint, Michigan
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Component Units	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 9,902,299	\$ -	\$ -	\$ 9,902,299
Construction in progress	10,439,426	14,352,333	18,493,071	6,298,688
Total capital assets not being depreciated	20,341,725	14,352,333	18,493,071	16,200,987
Capital assets being depreciated				
Land improvements	13,991,065	634,545	142,007	14,483,603
Office furnishings	1,704,072	54,660	-	1,758,732
Buildings, additions and improvements	183,614,088	8,876,377	1,575,554	190,914,911
Machinery and equipment	118,710,749	9,129,692	2,217,692	125,622,749
Leasehold improvements	6,931,830	42,393	-	6,974,223
Vehicles	256,698	47,199	14,086	289,811
Total capital assets being depreciated	325,208,502	18,784,866	3,949,339	340,044,029
Less accumulated depreciation for				
Land improvements	4,837,392	515,157	142,005	5,210,544
Office furnishings	715,562	107,356	-	822,918
Buildings, additions and improvements	123,531,265	4,636,796	1,573,218	126,594,843
Machinery and equipment	89,893,071	9,820,233	2,070,699	97,642,605
Leasehold improvements	6,378,351	36,759	-	6,415,110
Vehicles	176,988	24,581	14,087	187,482
Total accumulated depreciation	225,532,629	15,140,882	3,800,009	236,873,502
Net capital assets being depreciated	99,675,873	3,643,984	149,330	103,170,527
Component unit capital assets, net	\$ 120,017,598	\$ 17,996,317	\$ 18,642,401	\$ 119,371,514

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

Governmental activities

General government	\$ 109,972
Police	202,361
Judicial	49
Fire	46,889
Transportation	33,492
Emergency dispatch	63,343
Parks and recreation	489,164
Public works	9,949,994
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>587,711</u>

Total governmental activities 11,549,621

Business-type activities

Sewer	3,950,231
Water	<u>2,981,914</u>

Total business-type activities 6,932,145

Total primary government \$ 18,481,766

Component unit activities

Downtown Development Authority	\$ 415,335
Hurley Medical Center	14,688,074
Economic Development Corporation	<u>37,473</u>

\$ 15,140,882

City of Flint, Michigan
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Note 8 - Construction Commitments

The City had active construction projects as of June 30, 2018. The projects and City commitments with contractors were as follows:

	Spent to Date	Remaining Commitment
Bridge Work	\$ 15,180	\$ 429,637
Road Rehabilitation	1,665,490	22,321,611
	<u>\$ 1,680,670</u>	<u>\$ 22,751,248</u>

Note 9 - Interfund Receivables, Payable, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Entity	Amount
Due to/from primary government and component units		
Nonmajor governmental funds	Component unit - DDA	\$ 7,680,000

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, 2018, there was an allowance related to the due from DDA of \$1,755,000, which reduces the total due from DDA to \$5,759,221.

The above contractual obligations to the City of Flint (the "City") for the James Rutherford Parking Deck are the result of the City's issuance of bonds on the Authority's behalf. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2018, principal and interest to be paid on the bonds is a total of \$11,547,223.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General fund	Grant fund	\$ 15,641
Major street fund	Nonmajor governmental funds	1,483,965
Sewer fund	General fund	960,848
Water fund	General fund	911,428
Internal service funds	Sewer fund	265,814
Internal service funds	Water fund	70,227
Nonmajor governmental funds	Nonmajor governmental funds	1,875,591
Internal service funds	General fund	787,998
		<u>\$ 6,371,512</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 and Sewer Funds to the General Fund represent reimbursement for the billing and collection of water and sewer bills and other water and sewer services performed by the customer service department.

City of Flint, Michigan
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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>\$ 1,940,013</u>
Component Units	
Other revenue	<u>\$ 13,262</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:

<u>Year ending June 30,</u>	
2019	\$ 1,565,064
2020	1,518,712
2021	1,418,340
2022	1,213,180
2023	1,156,427
Thereafter	<u>977,897</u>
Total	<u>\$ 7,849,620</u>

Total rent expense under these leases was approximately \$1,163,000 for the year ended June 30, 2018.

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 – 500 Block	1.34 – 4.13%	\$295,000 – 296,000	\$ 2,660,000	\$ -	\$ 295,000	\$ 2,365,000	\$ 295,000
Section 108 loan – Guaranteed Funds	0.56 – 4.28%	75,000 – 2,416,000	4,690,000	-	1,135,000	3,555,000	90,000
Section 108 loan – W. Carpenter Rd	LIBOR + 1.5%	54,745 – 100,000	1,192,000	-	98,000	1,094,000	98,000
General obligation Capital Improvements							
Capital Improvements Bonds	4.00 – 6.00%	310,000 – 710,000	8,025,000	-	345,000	7,680,000	360,000
Local government loan program	3.50 – 6.00%	200,000 – 585,000	6,990,000	-	225,000	6,765,000	235,000
SIB 3rd avenue reconstruction loan	0.50%	110,072 – 118,032	1,378,276	-	111,731	1,266,545	112,290
Emergency Loan – General Obligation							
Limited Tax 2014-15 Series I	2.09%	390,000 – 540,000	6,200,000	-	420,000	5,780,000	430,000
Total bond payable			31,135,276	-	2,629,731	28,505,545	1,620,290
Accrued sick and vacation payable			3,092,942	139,513	68,080	3,164,375	522,000
Capital leases							
Enterprise vehicles			220,810	-	106,149	114,661	113,521
Street sweepers			212,927	-	63,030	149,897	63,030
Total governmental activities			\$ 34,661,955	\$ 139,513	\$ 2,866,990	\$ 31,934,478	\$ 2,318,841

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			20,770,336	-	20,770,336	-	-
Capital leases							
Vactor trucks			473,184	-	88,413	384,771	90,769
Enterprise vehicles			428,631	-	206,054	222,577	223,718
Accrued sick and vacation payable			489,479	-	41,505	447,974	78,000
Total business-type activities			\$ 22,161,630	\$ -	\$ 21,106,308	\$ 1,055,322	\$ 392,487

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	\$ 32,215,000	\$ -	\$ 500,000	\$ 31,715,000	\$ 500,000
Series 2011	4.19%	707,513 – 802,103	1,215,913	-	802,103	413,810	413,809
Series 2013A	5.00 – 5.25%	15,000 – 930,000	21,940,000	-	-	21,940,000	15,000
Series 2013B	3.50 – 5.00%	1,235,000 – 1,305,000	29,990,000	-	4,980,000	25,010,000	5,150,000
Parking System Improvement Revenue Bonds	2.50%	\$64,896	648,964	-	64,896	584,068	64,896
Total bonds payable			86,009,877	-	6,346,999	79,662,878	6,143,705
Capital leases			99,289	-	41,085	58,204	41,085
Mortgage payable			980,672	-	103,965	876,707	109,735
Key State Bank loan – Kearsley Street Lights			35,208	-	22,708	12,500	12,500
Unamortized bond premium			517,887	-	85,276	432,611	-
Unamortized bond discount			(840,687)	51,617	-	(789,070)	-
Total component unit activities			<u>\$ 86,802,246</u>	<u>\$ 51,617</u>	<u>\$ 6,600,033</u>	<u>\$ 80,253,830</u>	<u>\$ 6,307,025</u>

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

Year Ending June 30,	Governmental Activities		Component Unit	
	Principal	Interest	Principal	Interest
2019	\$ 1,620,290	\$ 1,094,382	\$ 6,143,705	\$ 4,371,885
2020	1,660,851	1,046,643	6,457,397	4,065,490
2021	1,695,416	995,213	7,089,896	3,722,393
2022	1,746,983	940,413	2,514,896	3,596,184
2023	1,869,553	881,550	2,644,898	3,463,536
2024 – 2028	11,724,412	3,408,403	15,272,086	15,038,030
2029 – 2033	6,683,036	1,282,669	13,680,000	10,808,344
2034 – 2038	1,505,004	152,850	17,185,000	5,610,282
2039 - 2040	-	-	8,675,000	315,450
	<u>\$ 28,505,545</u>	<u>\$ 9,802,123</u>	<u>\$ 79,662,878</u>	<u>\$ 50,991,594</u>

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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:

<u>Year ending June 30,</u>	
2019	\$ 519,093
2020	<u>389,554</u>
Total minimum lease payments	908,647
Less amount representing interest	<u>(36,741)</u>
Present value of minimum lease payments	<u>\$ 871,906</u>
Assets	
Machinery and equipment	\$ 2,780,083
Less accumulated depreciation	<u>(2,224,067)</u>
Total	<u>\$ 556,016</u>

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

During 2015, 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:

<u>Year Ending June 30,</u>	<u>Hurley Medical Center</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 150,820	\$ 44,615
2020	132,946	38,524
2021	122,258	32,093
2022	129,048	25,302
2023	136,217	18,133
2024 - 2028	<u>263,622</u>	<u>13,724</u>
	<u>\$ 934,911</u>	<u>\$ 172,391</u>

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

<u>Year Ending June 30,</u>	<u>Flint Downtown Development Authority Principal</u>
2019	\$ 12,500

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The City has an agreement with Karegnondi Water Authority (KWA). 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 \$5,840,109 for the year ending June 30, 2018, which is included in 'Costs of materials and services rendered' on the Statement of Net Position for the water fund. The City reached a 30 year agreement with the Great Lakes Water Authority to purchase water. This agreement included a credit to the City for their obligation per the KWA agreement, which offsets the payment noted above. The debt is recorded on the books of the Genesee County Drain Commission.

Future Revenues Pledged for Debt Payments:

Revenue Bond – During the fiscal year, MDEQ along with the EPA agreed to forgive the City's outstanding DWRLF loans in the amount of \$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, 2018, principal and interest to be paid on the bonds total \$11,547,223. During the current year, the net loss from the parking operations was \$222,039. 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.

Section 7-302 of the City Charter, adopted November 4, 1975 and amended on January 1, 2018, limits "net" debt to 10 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		\$ 713,131,025
Legal debt limit (10 percent of assessed valuation)		71,313,103
Total bonded debt at June 30, 2018	\$ 92,538,810	
Less debt not subject to limitation under City charter and State statute:		
Revenue bonds and notes	79,078,810	
Debt subject to limitation		13,460,000
Unused debt limitation		\$ 57,853,103

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 include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center.

City of Flint, Michigan
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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	\$ 384,466	\$ -	\$ -
Equipment replacement and improvement	-	-	526,517
Retirement	-	-	491
Self-insurance	-	-	19,197,383
Revenue bond indenture held by trustee	-	-	16,416,939
Unspent bond proceeds	-	-	563,186
Revenue bond equipment replacement account – pooled cash	-	3,036,490	-
	<u>\$ 384,466</u>	<u>\$ 3,036,490</u>	<u>\$ 36,704,516</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, 2018 and 2017 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2017	\$ 1,180,343	\$ 279,940	\$ (273,795)	\$ 1,186,488
2018	1,186,488	318,303	(239,316)	1,265,475

As of June 30, 2018, general liability insurance has \$421,403 of current claims payable, and the remaining \$844,072 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 and retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and HAP of Michigan. Once the individual contract or aggregate stop-loss amount is reached. Reinsurance provides the remaining benefits. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$175,000 self-insured retention (SIR). The City did not have any claims in excess of the stop-loss deductible during the year. The self-insured coverages provided through BCBSM were protected by specific stop-loss coverage, which provided an unlimited excess with a \$175,000 deductible. The City also provides fully insured HMO health insurance coverage to a limited number of employees.

The changes in the claims liability for the fiscal years ended June 30, 2018 and 2017 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2017	\$ 1,349,650	\$ 10,128,375	\$(10,300,520)	\$ 1,177,505
2018	1,177,505	10,857,864	(10,698,106)	1,337,263

The claims payable as of June 30, 2018 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, 2018 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, 2018 was not material.

The changes in the claims liability for the fiscal years ended June 30, 2018 are as follows:

June 30,	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
2017	\$ 1,131,297	\$ 165,005	\$ (154,879)	\$ 1,141,423
2018	1,141,423	327,502	(391,228)	1,077,697

The claims payable as of June 30, 2018 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, 2018 and 2017 are as follows:

	2018	2017
Estimated liability – beginning of year	\$ 24,445,924	\$ 26,025,399
(Decrease) increase in claims liability	293,984	293,984
Defense costs and other fund expenses	(555,473)	(695,684)
Excess insurance premium payments	-	(681,525)
Claims paid	-	(496,250)
Estimated liability – end of year	<u>\$ 24,184,435</u>	<u>\$ 24,445,924</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 \$19,346,545 at June 30, 2018 and 2017, 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, 2018 and 2017 the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,725,178 and \$1,439,441, respectively. The changes in the aggregate workers' compensation claims for the fiscal years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Estimated liability – beginning of year	\$ 1,439,441	\$ 1,175,972
Increase in claims liability	1,612,688	1,273,341
Excess insurance premium payments	(99,725)	(99,725)
Claims paid	(1,227,226)	(910,147)
Estimated liability – end of year	<u>\$ 1,725,178</u>	<u>\$ 1,439,441</u>

Total long-term accrued liabilities as of June 30, 2018 and 2017 are \$23,359,613 and \$24,285,365, 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, 2017 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,787
Inactive employees entitled to but not yet receiving benefits	122
Active employees	445

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, 2017, 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, 2017 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	55.5%	8.65%
Global fixed income	18.5%	3.76%
Real assets	13.5%	9.72%
Diversifying strategies	12.5%	7.50%

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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	<u>2018</u>
Total Pension Liability	
Service cost	\$ 2,271,177
Interest on the total pension liability	41,968,824
Experience differences	823,878
Other changes	(3)
Benefit payments and refunds	<u>(50,739,893)</u>
Net change in total pension liability	(5,676,017)
Total pension liability – beginning	<u>548,844,656</u>
Total pension liability – ending (a)	<u>\$ 543,168,639</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 18,869,912
Employee contributions	1,558,004
Pension plan net investment income	24,736,166
Benefit payments and refunds	(50,739,893)
Pension plan administrative expense	<u>(395,183)</u>
Net change in plan fiduciary net position	(5,970,994)
Plan fiduciary net position – beginning	<u>203,099,493</u>
Plan fiduciary net position – ending (b)	<u>\$ 197,128,499</u>
Net pension liability (a-b)	<u>\$ 346,040,140</u>
Plan fiduciary net position as a percentage of total pension liability	36.29%
Covered employee payroll	\$ 22,010,179
Net pension liability as a percentage of covered employee payroll	1,572%

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	\$ 592,657,687	\$ 543,168,639	\$ 500,655,003
Fiduciary net position	<u>197,128,499</u>	<u>197,128,499</u>	<u>197,128,499</u>
Net pension liability	<u>\$ 395,529,188</u>	<u>\$ 346,040,140</u>	<u>\$ 303,526,504</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2018, the employer recognized pension expense of \$22,756,482. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 411,939		\$ 411,939
Excess investment returns	-	(2,154,695)	(2,154,695)
Contributions subsequent to the measurement date*	<u>12,443,526</u>	-	-
Total	<u>\$ 12,855,465</u>	<u>\$ (2,154,695)</u>	<u>\$ (1,742,756)</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 2019.

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

Year Ended,	
2019	\$ 2,417,256
2020	1,086,491
2021	(3,303,206)
2020	(1,943,297)
	\$ (1,742,756)

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, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,959
Inactive employees entitled to but not yet receiving benefits	271
Active employees	<u>2,041</u>
	<u><u>4,271</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, 2018, the Medical Center reported a payable of \$1,400,000 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2018.

Net Pension Liability – The total pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 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>2018</u>
Total Pension Liability	
Service cost	\$ 7,618,014
Interest on the total pension liability	44,953,604
Experience differences	1,140,193
Benefit payments and refunds	<u>(41,168,796)</u>
Net change in total pension liability	12,543,015
Total pension liability – beginning	<u>578,695,439</u>
Total pension liability – ending (a)	<u><u>\$ 591,238,454</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 22,043,768
Employee contributions	6,693,178
Pension plan net investment income	52,833,446
Benefit payments and refunds	(41,168,796)
Pension plan administrative expense	<u>(836,979)</u>
Net change in plan fiduciary net position	39,564,617
Plan fiduciary net position – beginning	<u>403,953,296</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 443,517,913</u></u>
Net pension liability (a-b)	<u><u>\$ 147,720,541</u></u>
Plan fiduciary net position as a percentage of total pension liability	75.02%
Covered employee payroll	\$ 117,262,869
Net pension liability as a percentage of covered employee payroll	126%

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Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions – For the year ended June 30, 2018, the Medical Center recognized pension expense of \$23,939,789. At June 30, 2018, 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	\$ 912,154	\$ (2,164,067)	\$ (1,251,913)
Differences in assumptions	7,291,032	-	7,291,032
Excess investment returns	-	(7,828,327)	(7,828,327)
Contributions subsequent to the measurement date*	5,416,381	-	-
Total	<u>\$ 13,619,567</u>	<u>\$ (9,992,394)</u>	<u>\$ (1,789,208)</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 \$5,416,381, which will impact the net pension liability in fiscal year 2019, rather than pension expense.

Year Ended,	
2019	\$ 9,013,188
2020	368,825
2021	(7,189,672)
2022	(3,981,549)
	<u>\$ (1,789,208)</u>

Actuarial Assumptions – The total pension liability in the December 31, 2017 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, 2017, 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%	9.00%
Global fixed income	18.0%	4.00%
Real assets	14.0%	10.00%
Diversifying strategies	13.0%	8.00%

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	\$ 207,533,999	\$ 147,720,541	\$ 96,540,311

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, 2018 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, 2018 was \$18,816 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, 2018 was \$18,816.

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

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percent of the 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 \$1,300,000 for the year ended June 30, 2018. 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 \$77,000 for 2018.

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 \$482,000 for 2018.

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, 2018, there were 978 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2018 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 \$83,500.

Other Postemployment Benefits

Plan Description – 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. City Council has the authority to establish and amend the contribution requirements of the City and the plan members.

Benefits Provided – The City provides retiree healthcare benefits to eligible employees and their spouses through the Retiree Health Care Fund. Benefits are provided to public safety and general employees.

Employees Covered by Benefit Terms – At June 30, 2018, the plan membership consisted of the following:

Active employees	302
Retirees	<u>1,463</u>
	<u>1,765</u>

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

Total OPEB Liability – The total OPEB liability was measured as of June 30, 2018.

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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Healthcare cost trend rates	Trend starting at 8.5 percent and gradually decreasing to an ultimate trend rate of 4.5 percent
Salary increases	3.75%, including inflation

Mortality rates were based on the RPH-2016 Total Dataset Mortality Table fully generation using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Database Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement).

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study done during 2007.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Schedule of changes in total OPEB liability and related ratios	2018
Total OPEB Liability	
Service cost	\$ 2,312,576
Interest on the total OPEB liability	11,083,100
Experience differences	(23,163,328)
Change in actuarial assumptions	(12,462,521)
Benefit payments and refunds	(14,730,209)
Net change in total OPEB liability	(36,960,382)
Total OPEB liability – beginning	316,311,164
Total OPEB liability – ending (a)	<u>\$ 279,350,782</u>
Plan fiduciary net position as a percentage of total OPEB liability	- %
Covered payroll	\$ 17,034,088
Total OPEB liability as a percentage of covered employee payroll	1,640%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 323,042,064	\$ 279,350,782	\$ 244,606,268

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City would be if were calculated using healthcare cost trend rates that are 1% lower (7.5%) or 1% higher (9.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 242,769,606	\$ 279,350,782	\$ 325,106,973

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018 the employer recognized OPEB expense of \$(22,230,173). The employer reported no deferred outflows and inflows of resources related to OPEB.

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 571 at June 30, 2018.

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.

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, 2018 participant data:

Inactive employees or beneficiaries currently receiving benefits	502
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>2,592</u>
	<u><u>3,163</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 2, 2018, based on participant data as of June 30, 2018. 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 has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability and, therefore, the total OPEB liability was determined by an actuarial valuation performed as of that date. The June 30, 2018 fiscal year end reported net OPEB liability was determined using a

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measure of the total OPEB liability and the OPEB net position as of the June 30, 2018 measurement date.

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

Schedule of changes in net OPEB liability and related ratios	2018
Total OPEB Liability	
Service cost	\$ 735,528
Interest on the total OPEB liability	6,251,484
Experience differences	(3,012,210)
Change in actuarial assumptions	(1,836,169)
Changes in benefits	(643,385)
Benefit payments and refunds	(4,514,282)
Net change in total OPEB liability	(3,019,034)
Total OPEB liability – beginning	94,503,927
Total OPEB liability – ending (a)	\$ 91,484,893
Plan Fiduciary Net Position	
Employer contributions	\$ 3,884,465
OPEB plan net investment income	4,197,653
Benefit payments and refunds	(4,514,282)
Net change in plan fiduciary net position	3,567,836
Plan fiduciary net position – beginning	59,662,468
Plan fiduciary net position – ending (b)	\$ 63,230,304
Net OPEB liability (a-b)	\$ 28,254,589
Plan fiduciary net position as a percentage of total OPEB liability	69.12%

For the year ended June 30, 2018, the Medical Center recognized OPEB expense of \$1,624,826.

At June 30, 2018, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ (2,593,155)	\$ (2,593,155)
Differences in assumptions	(1,580,723)	(1,580,723)
Excess investment returns	(153,353)	(153,353)
Total	\$ (4,327,231)	\$ (4,327,231)

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

Year Ended,	
2019	\$ (712,839)
2020	(712,839)
2021	(712,839)
2022	(712,841)
2023	(674,501)
Thereafter	(801,372)
	\$ (4,327,231)

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. Updated procedures were used to roll forward the total OPEB liability to the OPEB plan's fiscal year end of June 30, 2018. 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%

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- Investment rate of return 6.75% net of OPEB plan investment expense, including inflation
- Mortality rates using the RP-2014 Mortality Tables

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.

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

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:

Asset Class	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%

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:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 37,548,168	\$ 28,254,589	\$ 20,289,734

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

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would be if it were calculated using the trend rate that is 1 percentage lower or 1 percentage higher:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 22,162,606	\$ 28,254,589	\$ 35,375,413

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.

Rate of Return – For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 7.6 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. During the year, the Court issued a preliminary ruling in favor of the City. However, the plaintiffs are appealing the ruling. As of the date of this report, neither City Management nor their attorney could reasonably determine 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, 2018 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, 2018 amounted to \$145,284.

As of June 30, 2018, the Medical Center had accounts receivable from HHS of \$280,752 and accounts payable to HHS of \$656,751.

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Note 19 - Prior Period Adjustments

As indicated in Note 1, Governmental Accounting Standards Board Statement 75 has been adopted. This statement requires the net OPEB liability and OPEB expense to be recorded. The standard requires this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 in the governmental activities by \$109,141,975, restating it from \$(209,694,952) to \$(318,836,927) and in the business-type activities by \$54,782,633, restating it from \$60,148,728 to \$5,366,095. This standard also restated net position of the Sewer Fund by \$27,124,191, restating it from \$37,405,908 to \$10,281,717 and the Water Fund by \$27,658,442, restating it from \$19,292,057 to \$(8,366,385).

During the current year, Hurley Medical Center, a component unit of the City, also adopted Governmental Accounting Standards Board Statement No. 75. As a result, the financial statements now include a liability for the unfunded portion of the Medical Center's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnotes for further details. As a result of implementing this statement, the beginning net position of the component unit's governmental activities has been reduced by \$34,841,459 from \$85,700,377 to \$50,858,918 and Hurley Medical Center's beginning net position has been reduced by \$34,841,459 from \$78,216,295 to \$43,374,836.

Note 20 - Subsequent Event

In December 2018, the City was approved for a Drinking Water Revolving Loan in the amount of \$77,740,825 that is 100% forgivable. The funding is to be used for the following projects: Kearsley Street water main replacement, secondary water source, Dort Street and Cedar Street reservoir and pump station improvements, chemical feed building, northwest transmission main,

water main replacement, water meter replacement, water quality monitoring, and service line replacement contingency.

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, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,591,469	\$ 4,591,469	\$ 4,656,852	\$ 65,383
Income taxes	15,810,780	15,851,915	15,471,994	(379,921)
Licenses and permits	100,000	100,000	67,177	(32,823)
State revenue sharing	14,709,670	14,838,597	15,199,286	360,689
Other state grants	3,263,186	4,074,979	3,637,723	(437,256)
Local contributions	-	49,701	-	(49,701)
Charges for services	9,883,503	9,996,357	9,951,865	(44,492)
Fines and forfeitures	331,397	234,563	238,322	3,759
Investment income	440,923	282,000	372,818	90,818
Cable franchise fees	1,100,000	1,100,000	979,569	(120,431)
Miscellaneous	272,369	278,856	361,034	82,178
Transfers in	2,660,274	2,660,274	2,660,274	-
	<u>53,163,571</u>	<u>54,058,711</u>	<u>53,596,914</u>	<u>(461,797)</u>
Total revenues				
Expenditures				
Current				
General government				
Mayor's office	383,710	303,817	263,792	(40,025)
Finance	5,919,717	5,712,528	5,396,424	(316,104)
City clerk	1,225,665	1,225,665	1,389,985	164,320
Law office	858,167	814,787	750,197	(64,590)
Human resources	783,663	690,270	597,671	(92,599)
General government	3,711,090	4,078,840	4,000,721	(78,119)
City administrator	283,253	313,856	289,584	(24,272)
	<u>13,165,265</u>	<u>13,139,763</u>	<u>12,688,374</u>	<u>(451,389)</u>
Total general government				

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, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Judicial - 68th District Court	\$ 858,955	\$ 858,955	\$ 858,955	\$ -
Public safety				
Police department	25,175,690	24,469,239	23,269,589	(1,199,650)
Fire	9,157,357	9,845,202	9,506,188	(339,014)
Total public safety	34,333,047	34,314,441	32,775,777	(1,538,664)
Legislative - City council	749,573	944,546	900,620	(43,926)
Community development	1,056,520	1,518,270	1,257,630	(260,640)
Facilities maintenance	1,465,435	1,843,047	1,799,705	(43,342)
Transfers out	15,641	15,641	15,641	-
Total expenditures	51,644,436	52,634,663	50,296,702	(2,337,961)
Excess (deficiency) of revenues over expenditures	1,519,135	1,424,048	3,300,212	1,876,164
Fund balance – beginning of year	17,073,792	17,073,792	17,073,792	-
Fund balance – end of year	\$ 18,592,927	\$ 18,497,840	\$ 20,374,004	\$ 1,876,164

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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 114,049	\$ 42,834,814	\$ 7,905,710	\$ (34,929,104)
Other state grants	-	10,153,821	17,000	(10,136,821)
Local contributions	-	2,575,558	1,058,926	(1,516,632)
Charges for services	85,400	1,088,977	1,071,556	(17,421)
Interest income	233,500	350,559	352,008	1,449
Miscellaneous	393,000	696,533	655,563	(40,970)
Transfers in	15,641	15,641	15,641	-
	<u>841,590</u>	<u>57,715,903</u>	<u>11,076,404</u>	<u>(46,639,499)</u>
Expenditures				
Current				
Public safety	-	19,333,801	3,953,761	(15,380,040)
Public works	-	20,039,660	25,624	(20,014,036)
Community development	-	15,196,731	4,325,042	(10,871,689)
Debt service				
Principal retirement	553,000	1,528,000	1,528,000	-
Interest and fiscal charges	287,990	386,070	386,070	-
	<u>840,990</u>	<u>56,484,262</u>	<u>10,218,497</u>	<u>(46,265,765)</u>
Excess (deficiency) of revenues over expenditures	600	1,231,641	857,907	(373,734)
Fund balance – beginning of year	<u>676,109</u>	<u>676,109</u>	<u>676,109</u>	<u>-</u>
Fund balance – end of year	<u>\$ 676,709</u>	<u>\$ 1,907,750</u>	<u>\$ 1,534,016</u>	<u>\$ (373,734)</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue sharing	\$ 9,142,053	\$ 9,838,627	\$ 10,647,839	\$ 809,212
Other state grants	402,732	402,732	195,054	(207,678)
Local contributions	-	-	20,306	20,306
Charges for services	83,506	83,506	40,027	(43,479)
Investment income	-	-	65,831	65,831
Other revenue	254,130	1,151,430	74,922	(1,076,508)
Total revenues	<u>9,882,421</u>	<u>11,476,295</u>	<u>11,043,979</u>	<u>(432,316)</u>
Expenditures				
Current				
Transportation	8,002,101	9,856,125	7,090,153	(2,765,972)
Debt service				
Principal retirement	111,731	111,731	111,731	-
Interest and fiscal charges	6,891	6,891	6,889	(2)
Transfers out	<u>1,483,965</u>	<u>1,483,965</u>	<u>1,483,965</u>	<u>-</u>
Total expenditures	<u>9,604,688</u>	<u>11,458,712</u>	<u>8,692,738</u>	<u>(2,765,974)</u>
Excess (deficiency) of revenues over expenditures	277,733	17,583	2,351,241	2,333,658
Fund balance – beginning of year	<u>8,505,317</u>	<u>8,505,317</u>	<u>8,505,317</u>	<u>-</u>
Fund balance – end of year	<u>\$ 8,783,050</u>	<u>\$ 8,522,900</u>	<u>\$ 10,856,558</u>	<u>\$ 2,333,658</u>

City of Flint, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2018

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2014	\$ 16,409,676	\$ 16,409,676	\$ -	\$ 23,285,420	70.47%
6/30/2015	16,676,472	16,545,459	131,013	18,635,475	88.78%
6/30/2016	17,194,662	16,598,425	596,237	18,783,674	88.37%
6/30/2017	17,325,673	16,964,535	361,138	21,427,792	79.17%
6/30/2018	18,869,913	22,756,482	(3,886,569)	22,010,179	103.39%

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.

GASB Statement 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.

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, 2018

Fiscal year ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 2,271,177	\$ 2,233,013	\$ 2,240,734	\$ 2,288,673
Interest on the total pension liability	41,968,824	42,351,721	41,160,626	41,626,038
Experience differences	823,878	1,729,337	(3,016,376)	-
Change in actuarial assumptions	-	-	24,031,996	-
Other changes	(3)	(882)	1,705,992	1,293,199
Benefit payments and refunds	<u>(50,739,893)</u>	<u>(51,497,082)</u>	<u>(50,963,762)</u>	<u>(51,039,410)</u>
Net change in total pension liability	(5,676,017)	(5,183,893)	15,159,210	(5,831,500)
Total pension liability – beginning	<u>548,844,656</u>	<u>554,028,549</u>	<u>538,869,339</u>	<u>544,700,839</u>
Total pension liability – ending (a)	<u>\$ 543,168,639</u>	<u>\$ 548,844,656</u>	<u>\$ 554,028,549</u>	<u>\$ 538,869,339</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 18,869,912	\$ 22,022,738	\$ 8,119,213	\$ 20,420,923
Employee contributions	1,558,004	1,665,719	2,128,481	2,999,208
Pension plan net investment income (loss)	24,736,166	22,386,661	(3,316,770)	16,151,453
Benefit payments and refunds	(50,739,893)	(51,497,082)	(50,963,762)	(51,039,410)
Pension plan administrative expense	<u>(395,183)</u>	<u>(443,862)</u>	<u>(512,817)</u>	<u>(584,862)</u>
Net change in plan fiduciary net position	(5,970,994)	(5,865,826)	(44,545,655)	(12,052,688)
Plan fiduciary net position – beginning	<u>203,099,493</u>	<u>208,965,319</u>	<u>253,510,974</u>	<u>265,563,662</u>
Plan fiduciary net position – ending (b)	<u>197,128,499</u>	<u>203,099,493</u>	<u>208,965,319</u>	<u>253,510,974</u>
Net pension liability (a-b)	<u>\$ 346,040,140</u>	<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	36.29%	37.00%	37.72%	47.04%
Covered payroll	\$ 22,010,179	\$ 21,427,792	\$ 18,783,674	\$ 18,635,475
Net pension liability as a percentage of covered employee payroll	1,572%	1,614%	1,837%	1,531%

Note:

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

City of Flint, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan – Hurley Medical Center
Schedule of Employer Contributions
June 30, 2018

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
6/30/2018	10,043,768	22,043,768	(12,000,000)	117,262,869	18.80%

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, 2018 were determined based on the actuarial valuation as of December 31, 2015. The most recent valuation is as of December 31, 2017.
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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	22 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, 2018

Fiscal year ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 7,618,014	\$ 7,542,280	\$ 7,442,132	\$ 7,262,751
Interest on the total pension liability	44,953,604	44,306,689	42,384,435	41,412,276
Experience differences	-	(1,066)	(303,795)	-
Change in actuarial assumptions	1,140,193	(3,480,197)	29,164,128	-
Other changes	-	-	(1,010)	-
Benefit payments and refunds	<u>(41,168,796)</u>	<u>(39,469,485)</u>	<u>(37,836,677)</u>	<u>(36,129,561)</u>
Net change in total pension liability	12,543,015	8,898,221	40,849,213	12,545,466
Total pension liability – beginning	<u>578,695,439</u>	<u>569,797,218</u>	<u>528,948,005</u>	<u>516,402,539</u>
Total pension liability – ending (a)	<u>\$ 591,238,454</u>	<u>\$ 578,695,439</u>	<u>\$ 569,797,218</u>	<u>\$ 528,948,005</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 22,043,768	\$ 21,315,066	\$ 14,609,493	\$ 5,979,573
Employee contributions	6,693,178	6,487,981	6,197,682	5,883,466
Pension plan net investment income (loss)	52,833,446	42,015,304	(5,694,176)	24,690,814
Benefit payments and refunds	(836,979)	(829,764)	(37,836,677)	(36,129,561)
Pension plan administrative expense	<u>(41,168,796)</u>	<u>(39,469,485)</u>	<u>(854,403)</u>	<u>(901,753)</u>
Net change in plan fiduciary net position	39,564,617	29,519,102	(23,578,081)	(477,461)
Plan fiduciary net position – beginning	<u>403,953,296</u>	<u>374,434,194</u>	<u>398,012,275</u>	<u>398,489,736</u>
Plan fiduciary net position – ending (b)	<u>443,517,913</u>	<u>403,953,296</u>	<u>374,434,194</u>	<u>398,012,275</u>
Net pension liability (a-b)	<u>\$ 147,720,541</u>	<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	75.02%	69.80%	65.71%	75.25%
Covered payroll	\$ 117,262,869	\$ 113,422,810	\$ 109,316,532	\$ 103,276,871
Net pension liability as a percentage of covered employee payroll	125.97%	154.06%	178.71%	126.78%

Note:

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

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
June 30, 2018

<u>Fiscal Year End</u>	<u>Annually 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>
6/30/2018	\$ 14,730,209	\$ 14,730,209	\$ -	\$ 17,034,088	86.47%

Actuarial valuation information relative to the determination of contributions:

Valuation date July 1, 2017 with results actuarially projected on a "no gain / no loss" basis to get to the June 30, 2018 measurement date. Liabilities as of July 1, 2017 are based on an actuarial valuation date of July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level % of salary
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	Trend starting at 8.5 percent and gradually decreasing to an ultimate trend rate of 4.5 percent
Salary increases	3.75%, including inflation
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Database Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement).

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employers' Total OPEB Liability and Related Ratios
June 30, 2018

	2018
Fiscal year ended June 30,	
Total OPEB Liability	
Service cost	\$ 2,312,576
Interest on the total OPEB liability	11,083,100
Experience differences	(23,163,328)
Change in actuarial assumptions	(12,462,521)
Benefit payments and refunds	(14,730,209)
Net change in total OPEB liability	(36,960,382)
Total OPEB liability – beginning	316,311,164
Total OPEB liability – ending (a)	\$ 279,350,782
Plan fiduciary net position as a percentage of total OPEB liability	- %
Covered payroll	\$ 17,034,088
Total OPEB liability as a percentage of covered payroll	1,639.95%

Note:

GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 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, 2018

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
6/30/2018	3,884,465	3,884,465	-	N/A	N/A

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, 2018

Fiscal year ended June 30,	2018	2017	2016
Total OPEB Liability			
Service cost	\$ 735,528	\$ 715,842	\$ 787,997
Interest on the total OPEB liability	6,251,484	6,088,805	5,916,624
Experience differences	(3,012,210)	-	-
Change in actuarial assumptions	(1,836,169)	-	-
Other changes	(643,385)	-	-
Benefit payments and refunds	<u>(4,514,282)</u>	<u>(4,294,637)</u>	<u>(3,940,800)</u>
Net change in total OPEB liability	(3,019,034)	2,510,010	2,763,821
Total OPEB liability – beginning	<u>94,503,927</u>	<u>91,993,917</u>	<u>89,230,096</u>
Total OPEB liability – ending (a)	<u>\$ 91,484,893</u>	<u>\$ 94,503,927</u>	<u>\$ 91,993,917</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 3,884,465	\$ 5,523,202	\$ 5,613,665
OPEB plan net investment income (loss)	4,197,653	5,308,681	(53,346)
Benefit payments and refunds	<u>(4,514,282)</u>	<u>(4,294,637)</u>	<u>(3,940,800)</u>
Net change in plan fiduciary net position	3,567,836	6,537,246	1,619,519
Plan fiduciary net position – beginning	<u>59,662,468</u>	<u>53,125,222</u>	<u>51,505,703</u>
Plan fiduciary net position – ending (b)	<u>\$ 63,230,304</u>	<u>\$ 59,662,468</u>	<u>\$ 53,125,222</u>
Net OPEB liability (a-b)	<u>\$ 28,254,589</u>	<u>\$ 34,841,459</u>	<u>\$ 38,868,695</u>
Plan fiduciary net position as a percentage of total OPEB liability	69.12%	63.13%	57.75%

Note:

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented

City of Flint, Michigan
Required Supplementary Information
Other Postemployment Benefits - Hurley Medical Center
Schedule of OPEB Investment Returns
June 30, 2018

<u>Fiscal Year End</u>	<u>Annual Money- Weighted Rate of Return*</u>
6/30/2016	0.6%
6/30/2017	10.6%
6/30/2018	7.6%

* Net of investment expenses

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.

City of Flint, Michigan
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	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	\$ -	\$ -	\$ -	\$ 612,399	\$ -	\$ -	\$ 50
Receivables							
Property taxes	-	115,409	-	-	28,619	-	166
Accrued interest and other	-	-	-	1,994	-	-	-
Notes and leases receivable	-	-	-	106,372	-	-	-
Due from other units of government	482,172	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-	-
Pooled cash and investments	<u>3,868,644</u>	<u>1,402,882</u>	<u>1,293,304</u>	<u>1,845</u>	<u>344,138</u>	<u>2,231</u>	<u>3,279,068</u>
Total assets	<u>\$ 4,350,816</u>	<u>\$ 1,518,291</u>	<u>\$ 1,293,304</u>	<u>\$ 722,610</u>	<u>\$ 372,757</u>	<u>\$ 2,231</u>	<u>\$ 3,279,284</u>
Liabilities							
Accounts payable	\$ 86,839	\$ 1,056	\$ 1,206	\$ 133	\$ 18,349	\$ -	\$ 1,012
Deposits and advances	-	-	822,666	-	-	-	-
Accrued and other liabilities	57,690	20,085	1,689	-	750	-	23,879
Due to other units of government	-	-	-	4	-	-	-
Total liabilities	<u>144,529</u>	<u>21,141</u>	<u>825,561</u>	<u>137</u>	<u>19,099</u>	<u>-</u>	<u>24,891</u>
Deferred inflows of resources							
Notes and leases receivable	-	-	-	108,367	-	-	-
Taxes	-	173,386	-	-	43,103	-	166
Total deferred inflows	<u>-</u>	<u>173,386</u>	<u>-</u>	<u>108,367</u>	<u>43,103</u>	<u>-</u>	<u>166</u>
Total liabilities and deferred inflows of resources	<u>144,529</u>	<u>194,527</u>	<u>825,561</u>	<u>108,504</u>	<u>62,202</u>	<u>-</u>	<u>25,057</u>
Fund balances							
Restricted	<u>4,206,287</u>	<u>1,323,764</u>	<u>467,743</u>	<u>614,106</u>	<u>310,555</u>	<u>2,231</u>	<u>3,254,227</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,350,816</u>	<u>\$ 1,518,291</u>	<u>\$ 1,293,304</u>	<u>\$ 722,610</u>	<u>\$ 372,757</u>	<u>\$ 2,231</u>	<u>\$ 3,279,284</u>

City of Flint, Michigan
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			Debt Service		Total Nonmajor Governmental Funds
	Garbage Collection	Street Light	Public Safety	Public Improvement	Parking Deck	
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,449
Receivables						
Property taxes	133,674	150,319	60,782	168,590	-	657,559
Accrued interest and other	-	-	-	-	-	1,994
Notes and leases receivable	-	-	-	-	-	106,372
Due from other units of government	-	-	-	-	-	482,172
Due from component unit	-	-	-	5,759,221	-	5,759,221
Pooled cash and investments	<u>1,921,192</u>	<u>1,288,079</u>	<u>3,614,585</u>	<u>1,365,343</u>	<u>10,840</u>	<u>18,392,151</u>
Total assets	<u>\$ 2,054,866</u>	<u>\$ 1,438,398</u>	<u>\$ 3,675,367</u>	<u>\$ 7,293,154</u>	<u>\$ 10,840</u>	<u>\$ 26,011,918</u>
Liabilities						
Accounts payable	\$ 4,811	\$ 223,620	\$ -	\$ 16,885	\$ -	\$ 353,911
Deposits and advances	-	-	-	-	-	822,666
Accrued and other liabilities	1,355	622	77,152	-	-	183,222
Due to other units of government	-	-	-	-	-	4
Total liabilities	<u>6,166</u>	<u>224,242</u>	<u>77,152</u>	<u>16,885</u>	<u>-</u>	<u>1,359,803</u>
Deferred inflows of resources						
Notes and leases receivable	-	-	-	-	-	108,367
Taxes	<u>418,210</u>	<u>147,742</u>	<u>233,386</u>	<u>241,061</u>	<u>-</u>	<u>1,257,054</u>
Total deferred inflows	<u>418,210</u>	<u>147,742</u>	<u>233,386</u>	<u>241,061</u>	<u>-</u>	<u>1,365,421</u>
Total liabilities and deferred inflows of resources	<u>424,376</u>	<u>371,984</u>	<u>310,538</u>	<u>257,946</u>	<u>-</u>	<u>2,725,224</u>
Fund balances						
Restricted	<u>1,630,490</u>	<u>1,066,414</u>	<u>3,364,829</u>	<u>7,035,208</u>	<u>10,840</u>	<u>23,286,694</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,054,866</u>	<u>\$ 1,438,398</u>	<u>\$ 3,675,367</u>	<u>\$ 7,293,154</u>	<u>\$ 10,840</u>	<u>\$ 26,011,918</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, 2018

	Special Revenue Funds						
	Local Street	Neighborhood Policing	State Act 251- Forfeitures	EDA Revolving Loan	Parks and Recreation	Senior Citizen Centers	Building Department
Revenues							
Taxes	\$ -	\$ 1,281,065	\$ -	\$ -	\$ 320,180	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	1,536,743
State revenue sharing	2,819,267	-	-	-	-	-	-
Other state grants	-	281,541	-	-	-	-	-
Local contributions	721,581	-	-	-	-	-	-
Charges for services	-	5,334	8,347	-	-	-	22,408
Fines and forfeitures	-	-	34,897	-	-	-	50
Investment income	24,683	9,384	8,651	16,434	2,302	-	23,350
Other revenue	472,373	1,667	-	116,719	56,931	-	670
Total revenues	<u>4,037,904</u>	<u>1,578,991</u>	<u>51,895</u>	<u>133,153</u>	<u>379,413</u>	<u>-</u>	<u>1,583,221</u>
Expenditures							
Current							
Public safety	-	1,188,313	162,023	-	-	-	1,701,446
Public works							
Transportation	4,199,029	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-	-
Community development	-	-	-	2,763	-	-	-
Parks and recreation	-	-	-	-	289,818	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>4,199,029</u>	<u>1,188,313</u>	<u>162,023</u>	<u>2,763</u>	<u>289,818</u>	<u>-</u>	<u>1,701,446</u>
Excess (deficiency) of revenues over expenditures	<u>(161,125)</u>	<u>390,678</u>	<u>(110,128)</u>	<u>130,390</u>	<u>89,595</u>	<u>-</u>	<u>(118,225)</u>
Other financing sources (uses)							
Transfers in	1,483,965	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,483,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,322,840	390,678	(110,128)	130,390	89,595	-	(118,225)
Fund balance – beginning of year	2,883,447	933,086	577,871	483,716	220,960	2,231	3,372,452
Fund balance – end of year	<u>\$ 4,206,287</u>	<u>\$ 1,323,764</u>	<u>\$ 467,743</u>	<u>\$ 614,106</u>	<u>\$ 310,555</u>	<u>\$ 2,231</u>	<u>\$ 3,254,227</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, 2018

	Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Garbage Collection	Street Lights	Public Safety	Public Improvement	Parking Deck	
Revenues						
Taxes	\$ 4,748,126	\$ -	\$ 3,835,724	\$ 1,601,368	\$ -	\$ 11,786,463
Licenses and permits	1,440	-	-	-	-	1,538,183
State revenue sharing	-	-	-	-	-	2,819,267
Other state grants	-	-	619,390	-	-	900,931
Local contributions	-	-	-	-	-	721,581
Charges for services	5,970	2,750,500	15,355	-	-	2,807,914
Fines and forfeitures	-	-	-	-	-	34,947
Investment income	12,885	8,615	24,179	9,135	73	139,691
Other revenue	-	-	-	-	-	648,360
Total revenues	<u>4,768,421</u>	<u>2,759,115</u>	<u>4,494,648</u>	<u>1,610,503</u>	<u>73</u>	<u>21,397,337</u>
Expenditures						
Current						
Public safety	-	-	4,995,623	-	-	8,047,405
Public works						
Transportation	-	2,613,989	-	-	-	6,813,018
Garbage and rubbish	3,990,177	-	-	-	-	3,990,177
Community development	-	-	-	-	-	2,763
Parks and recreation	-	-	-	70,486	-	360,304
Debt service						
Principal retirement	-	-	-	-	990,000	990,000
Interest and fiscal charges	-	-	-	-	885,590	885,590
Total expenditures	<u>3,990,177</u>	<u>2,613,989</u>	<u>4,995,623</u>	<u>70,486</u>	<u>1,875,590</u>	<u>21,089,257</u>
Excess (deficiency) of revenues over expenditures	<u>778,244</u>	<u>145,126</u>	<u>(500,975)</u>	<u>1,540,017</u>	<u>(1,875,517)</u>	<u>308,080</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	1,875,591	3,359,556
Transfers out	-	-	-	(1,875,591)	-	(1,875,591)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,875,591)</u>	<u>1,875,591</u>	<u>1,483,965</u>
Net change in fund balance	778,244	145,126	(500,975)	(335,574)	74	1,792,045
Fund balance – beginning of year	852,246	921,288	3,865,804	7,370,782	10,766	21,494,649
Fund balance – end of year	<u>\$ 1,630,490</u>	<u>\$ 1,066,414</u>	<u>\$ 3,364,829</u>	<u>\$ 7,035,208</u>	<u>\$ 10,840</u>	<u>\$ 23,286,694</u>

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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue sharing	\$ 2,658,853	\$ 2,879,525	\$ 2,819,267	\$ (60,258)
Local contributions	3,230,280	3,589,200	721,581	(2,867,619)
Charges for services	36,000	36,000	-	(36,000)
Interest income	-	-	24,683	24,683
Other revenue	304,750	304,750	472,373	167,623
Transfers in	1,483,965	1,483,965	1,483,965	-
	<u>7,713,848</u>	<u>8,293,440</u>	<u>5,521,869</u>	<u>(2,771,571)</u>
Expenditures				
Current				
Transportation	<u>7,467,712</u>	<u>8,057,304</u>	<u>4,199,029</u>	<u>(3,858,275)</u>
Excess (deficiency) of revenues over expenditures	246,136	236,136	1,322,840	1,086,704
Fund balance – beginning of year	<u>2,883,447</u>	<u>2,883,447</u>	<u>2,883,447</u>	<u>-</u>
Fund balance – end of year	<u>\$ 3,129,583</u>	<u>\$ 3,119,583</u>	<u>\$ 4,206,287</u>	<u>\$ 1,086,704</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,224,392	\$ 1,224,392	\$ 1,281,065	\$ 56,673
Other state grants	108,802	108,802	281,541	172,739
Charges for services	-	-	5,334	5,334
Interest income	-	-	9,384	9,384
Other revenue	-	-	1,667	1,667
	<u>1,333,194</u>	<u>1,333,194</u>	<u>1,578,991</u>	<u>245,797</u>
Expenditures				
Public safety				
Police department	<u>1,231,035</u>	<u>1,241,424</u>	<u>1,188,313</u>	<u>(53,111)</u>
Excess (deficiency) of revenues over expenditures	102,159	91,770	390,678	298,908
Fund balance – beginning of year	<u>933,086</u>	<u>933,086</u>	<u>933,086</u>	<u>-</u>
Fund balance – end of year	<u>\$ 1,035,245</u>	<u>\$ 1,024,856</u>	<u>\$ 1,323,764</u>	<u>\$ 298,908</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues				
Charges for services	\$ 9,000	\$ 9,000	\$ 8,347	\$ (653)
Fines and forfeitures	169,000	169,000	34,897	(134,103)
Investment income	-	-	8,651	8,651
Other revenue	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenues	<u>183,000</u>	<u>183,000</u>	<u>51,895</u>	<u>(131,105)</u>
Expenditures				
Public safety	<u>213,566</u>	<u>213,566</u>	<u>162,023</u>	<u>(51,543)</u>
Excess (deficiency) of revenues over expenditures	(30,566)	(30,566)	(110,128)	(79,562)
Fund balance – beginning of year	<u>577,871</u>	<u>577,871</u>	<u>577,871</u>	<u>-</u>
Fund balance – end of year	<u>\$ 547,305</u>	<u>\$ 547,305</u>	<u>\$ 467,743</u>	<u>\$ (79,562)</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 15,300	\$ 15,300	\$ 16,434	\$ 1,134
Principal payments received	<u>34,000</u>	<u>34,000</u>	<u>116,719</u>	<u>82,719</u>
Total revenues	<u>49,300</u>	<u>49,300</u>	<u>133,153</u>	<u>83,853</u>
Expenditures				
Economic development	<u>5,200</u>	<u>5,200</u>	<u>2,763</u>	<u>(2,437)</u>
Excess (deficiency) of revenues over expenditures	44,100	44,100	130,390	86,290
Fund balance – beginning of year	<u>483,716</u>	<u>483,716</u>	<u>483,716</u>	<u>-</u>
Fund balance – end of year	<u>\$ 527,816</u>	<u>\$ 527,816</u>	<u>\$ 614,106</u>	<u>\$ 86,290</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 306,098	\$ 306,098	\$ 320,180	\$ 14,082
Investment income	-	-	2,302	2,302
Other revenue	1,500	56,661	56,931	270
Total revenues	<u>307,598</u>	<u>362,759</u>	<u>379,413</u>	<u>16,654</u>
Expenditures				
Recreation and culture	<u>329,534</u>	<u>329,534</u>	<u>289,818</u>	<u>(39,716)</u>
Excess (deficiency) of revenues over expenditures	(21,936)	33,225	89,595	56,370
Fund balance – beginning of year	<u>220,960</u>	<u>220,960</u>	<u>220,960</u>	<u>-</u>
Fund balance – end of year	<u>\$ 199,024</u>	<u>\$ 254,185</u>	<u>\$ 310,555</u>	<u>\$ 56,370</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 1,890,000	\$ 1,533,025	\$ 1,536,743	\$ 3,718
Charges for services	30,000	24,445	22,408	(2,037)
Fines and forfeitures	-	-	50	50
Investment income	25,000	12,000	23,350	11,350
Other revenue	-	670	670	-
	<u>1,945,000</u>	<u>1,570,140</u>	<u>1,583,221</u>	<u>13,081</u>
Total revenues				
Expenditures				
Public safety	<u>2,019,391</u>	<u>1,759,384</u>	<u>1,701,446</u>	<u>(57,938)</u>
Excess (deficiency) of revenues over expenditures	(74,391)	(189,244)	(118,225)	71,019
Fund balance – beginning of year	<u>3,372,452</u>	<u>3,372,452</u>	<u>3,372,452</u>	<u>-</u>
Fund balance – end of year	<u>\$ 3,298,061</u>	<u>\$ 3,183,208</u>	<u>\$ 3,254,227</u>	<u>\$ 71,019</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 3,923,927	\$ 3,923,927	\$ 4,748,126	\$ 824,199
Licenses and permits	1,500	1,500	1,440	(60)
Charges for services	-	-	5,970	5,970
Investment income	-	-	12,885	12,885
	<u>3,925,427</u>	<u>3,925,427</u>	<u>4,768,421</u>	<u>842,994</u>
Expenditures				
Public works	<u>3,925,427</u>	<u>4,351,827</u>	<u>3,990,177</u>	<u>(361,650)</u>
Excess (deficiency) of revenues over expenditures	-	(426,400)	778,244	1,204,644
Fund balance – beginning of year	<u>852,246</u>	<u>852,246</u>	<u>852,246</u>	<u>-</u>
Fund balance – end of year	<u>\$ 852,246</u>	<u>\$ 425,846</u>	<u>\$ 1,630,490</u>	<u>\$ 1,204,644</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,068,823	\$ 2,068,823	\$ 2,750,500	\$ 681,677
Interest income	-	-	8,615	8,615
Total revenues	<u>2,068,823</u>	<u>2,068,823</u>	<u>2,759,115</u>	<u>690,292</u>
Expenditures				
Transportation	<u>2,457,000</u>	<u>2,457,000</u>	<u>2,613,989</u>	<u>156,989</u>
Excess (deficiency) of revenues over expenditures	(388,177)	(388,177)	145,126	533,303
Fund balance – beginning of year	<u>921,288</u>	<u>921,288</u>	<u>921,288</u>	<u>-</u>
Fund balance – end of year	<u>\$ 533,111</u>	<u>\$ 533,111</u>	<u>\$ 1,066,414</u>	<u>\$ 533,303</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 3,673,176	\$ 3,673,176	\$ 3,835,724	\$ 162,548
Other state grants	326,406	326,406	619,390	292,984
Charges for services	-	-	15,355	15,355
Investment income	-	-	24,179	24,179
	<u>3,999,582</u>	<u>3,999,582</u>	<u>4,494,648</u>	<u>495,066</u>
Total revenues				
Expenditures				
Public safety	<u>5,132,901</u>	<u>5,149,963</u>	<u>4,995,623</u>	<u>(154,340)</u>
Excess (deficiency) of revenues over expenditures	(1,133,319)	(1,150,381)	(500,975)	649,406
Fund balance – beginning of year	<u>3,865,804</u>	<u>3,865,804</u>	<u>3,865,804</u>	<u>-</u>
Fund balance – end of year	<u>\$ 2,732,485</u>	<u>\$ 2,715,423</u>	<u>\$ 3,364,829</u>	<u>\$ 649,406</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, 2018

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 1,512,267	\$ 100	\$ 327,257	\$ 1,839,624
Pooled cash and investments	6,169,066	9,610,740	10,083,004	2,932,420	28,795,230
Accounts receivable	123	95,955	432	-	96,510
Due from other units of government	-	-	-	1,575	1,575
Inventories	-	-	133,534	-	133,534
Prepaid items	-	389,428	-	-	389,428
Total current assets	<u>6,169,189</u>	<u>11,608,390</u>	<u>10,217,070</u>	<u>3,261,252</u>	<u>31,255,901</u>
Noncurrent assets					
Capital assets, net	114,716	-	1,531,337	-	1,646,053
Total assets	<u>6,283,905</u>	<u>11,608,390</u>	<u>11,748,407</u>	<u>3,261,252</u>	<u>32,901,954</u>
Liabilities					
Current liabilities					
Accounts payable	105,728	4,946,711	552,233	445,026	6,049,698
Accrued and other liabilities	11,605	205,999	13,587	-	231,191
Claims payable - current	-	-	-	421,403	421,403
Current portion of noncurrent liabilities	-	-	176,551	-	176,551
Total current liabilities	<u>117,333</u>	<u>5,152,710</u>	<u>742,371</u>	<u>866,429</u>	<u>6,878,843</u>
Noncurrent liabilities					
Claims payable	-	-	-	844,072	844,072
Long-term debt net of current portion	-	-	88,007	-	88,007
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>88,007</u>	<u>844,072</u>	<u>932,079</u>
Total liabilities	<u>117,333</u>	<u>5,152,710</u>	<u>830,378</u>	<u>1,710,501</u>	<u>7,810,922</u>
Net position					
Net investment in capital assets	114,716	-	1,266,779	-	1,381,495
Unrestricted	6,051,856	6,455,680	9,651,250	1,550,751	23,709,537
Total net position	<u>\$ 6,166,572</u>	<u>\$ 6,455,680</u>	<u>\$ 10,918,029</u>	<u>\$ 1,550,751</u>	<u>\$ 25,091,032</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, 2018

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Operating revenue					
User charges	\$ 2,920,563	\$ 50,170,276	\$ 4,168,822	\$ 2,989,778	\$ 60,249,439
Other revenue	1,425	521,118	2,199	589,883	1,114,625
Total operating revenue	<u>2,921,988</u>	<u>50,691,394</u>	<u>4,171,021</u>	<u>3,579,661</u>	<u>61,364,064</u>
Operating expenses					
Salaries and benefits	1,113,648	303,192	1,442,448	193,251	3,052,539
Supplies	2,017	-	1,087,406	-	1,089,423
Contractual services	1,919,532	554,269	79,704	4,367,872	6,921,377
Claims	-	-	-	327,303	327,303
Utilities	-	-	34,299	-	34,299
Repairs and maintenance	87,540	-	811,724	-	899,264
Insurance	-	-	-	705,312	705,312
Other expenses	100,802	825	173,298	905,969	1,180,894
Costs of materials or services rendered	-	48,078,846	-	-	48,078,846
Depreciation	52,904	-	534,807	-	587,711
Total operating expenses	<u>3,276,443</u>	<u>48,937,132</u>	<u>4,163,686</u>	<u>6,499,707</u>	<u>62,876,968</u>
Operating income (loss)	<u>(354,455)</u>	<u>1,754,262</u>	<u>7,335</u>	<u>(2,920,046)</u>	<u>(1,512,904)</u>
Nonoperating revenue (expenses)					
State grant	2,500	-	-	33,465	35,965
Investment income	41,267	64,290	67,449	22,197	195,203
Interest expense	-	-	(23,130)	-	(23,130)
Total nonoperating revenues (expenses)	<u>43,767</u>	<u>64,290</u>	<u>44,319</u>	<u>55,662</u>	<u>208,038</u>
Income (loss) before transfers out	<u>(310,688)</u>	<u>1,818,552</u>	<u>51,654</u>	<u>(2,864,384)</u>	<u>(1,304,866)</u>
Transfers out	-	(787,998)	(336,041)	-	(1,124,039)
Change in net position	<u>(310,688)</u>	<u>1,030,554</u>	<u>(284,387)</u>	<u>(2,864,384)</u>	<u>(2,428,905)</u>
Net position – beginning 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>
Net position – end of year	<u>\$ 6,166,572</u>	<u>\$ 6,455,680</u>	<u>\$ 10,918,029</u>	<u>\$ 1,550,751</u>	<u>\$ 25,091,032</u>

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2018

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Cash flows from operating activities					
Receipts from customers	\$ 2,926,053	\$ 50,694,300	\$ 4,170,589	\$ 3,980,691	\$ 61,771,633
Payments to suppliers	(2,118,025)	(47,972,387)	(1,936,251)	(6,687,369)	(58,714,032)
Payments to employees	(1,113,648)	(303,192)	(1,442,448)	(193,251)	(3,052,539)
Claims paid	-	-	-	(248,316)	(248,316)
Net cash provided (used) by operating activities	<u>(305,620)</u>	<u>2,418,721</u>	<u>791,890</u>	<u>(3,148,245)</u>	<u>(243,254)</u>
Cash flows from noncapital financing activities					
Transfers to other funds	-	(787,998)	(336,041)	-	(1,124,039)
State grant	2,500	-	-	33,465	35,965
Net cash provided (used) by noncapital financing activities	<u>2,500</u>	<u>(787,998)</u>	<u>(336,041)</u>	<u>33,465</u>	<u>(1,088,074)</u>
Cash flows from capital and related financing activities					
Purchases/construction of capital assets	-	-	(774,643)	-	(774,643)
Principal and interest paid on long-term debt	-	-	(192,309)	-	(192,309)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(966,952)</u>	<u>-</u>	<u>(966,952)</u>
Cash flows from investing activities					
Interest received	41,267	64,290	67,449	22,197	195,203
Net change in cash and cash equivalents	(261,853)	1,695,013	(443,654)	(3,092,583)	(2,103,077)
Cash and cash equivalents – beginning of year	6,430,919	9,427,994	10,526,758	6,352,260	32,737,931
Cash and cash equivalents – end of year	<u>\$ 6,169,066</u>	<u>\$ 11,123,007</u>	<u>\$ 10,083,104</u>	<u>\$ 3,259,677</u>	<u>\$ 30,634,854</u>

City of Flint, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2018

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ (354,455)	\$ 1,754,262	\$ 7,335	\$ (2,920,046)	\$ (1,512,904)
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	52,904	-	534,807	-	587,711
Changes in assets and liabilities					
Receivables (net)	4,065	2,906	(432)	-	6,539
Due from other units of government	-	-	-	401,030	401,030
Inventories	-	-	(22,666)	-	(22,666)
Prepaid items	-	(16,188)	-	-	(16,188)
Accounts payable	(9,038)	688,302	274,936	(708,216)	245,984
Accrued and other liabilities	904	(10,561)	(2,090)	-	(11,747)
Claims payable	-	-	-	78,987	78,987
Net cash provided (used) by operating activities	<u>\$ (305,620)</u>	<u>\$ 2,418,721</u>	<u>\$ 791,890</u>	<u>\$ (3,148,245)</u>	<u>\$ (243,254)</u>
Reconciliation of cash and cash equivalents					
Cash and cash equivalents	\$ -	\$ 1,512,267	\$ 100	\$ 327,257	\$ 1,839,624
Pooled cash and investments	<u>6,169,066</u>	<u>9,610,740</u>	<u>10,083,004</u>	<u>2,932,420</u>	<u>28,795,230</u>
Cash and cash equivalents – end of year	<u>\$ 6,169,066</u>	<u>\$ 11,123,007</u>	<u>\$ 10,083,104</u>	<u>\$ 3,259,677</u>	<u>\$ 30,634,854</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.

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 Fiduciary Net Position
June 30, 2018

	<u>Pension and Benefit Trust Funds</u>		
	<u>Death Benefit Fund</u>	<u>Hurley Retiree Health Benefit Trust Fund</u>	<u>Total Pension and Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ -	\$ 2,291,214	\$ 2,291,214
Investments			
U.S. government obligations	-	7,278,225	7,278,225
Agency securities	-	7,849,993	7,849,993
Corporate stocks	596,015	33,517,301	34,113,316
Corporate bonds	-	13,429,298	13,429,298
Receivables			
Other	-	185,678	185,678
	<u>596,015</u>	<u>64,551,709</u>	<u>65,147,724</u>
Liabilities			
Checks written against future deposits	3,500	-	3,500
Accrued expenses	-	1,321,405	1,321,405
	<u>3,500</u>	<u>1,321,405</u>	<u>1,324,905</u>
Net Position Restricted For Pensions and other Employee Benefits	<u>\$ 592,515</u>	<u>\$ 63,230,304</u>	<u>\$ 63,822,819</u>

City of Flint, Michigan
Other Supplementary Information
Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2018

	Agency Funds		
	Miscellaneous Agency	County Revolving Loan	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 724,037	\$ 556,701	\$ 1,280,738
Pooled cash and investments	1,954,180	-	1,954,180
Receivables			
Taxes	3,848,959	-	3,848,959
Other	245,677	-	245,677
	<u>6,772,853</u>	<u>556,701</u>	<u>7,329,554</u>
Total assets	<u>\$ 6,772,853</u>	<u>\$ 556,701</u>	<u>\$ 7,329,554</u>
Liabilities			
Accounts payable	\$ 5,685,960	\$ 255	\$ 5,686,215
Due to other units of government	1,086,893	556,446	1,643,339
	<u>6,772,853</u>	<u>556,701</u>	<u>7,329,554</u>
Total liabilities	<u>\$ 6,772,853</u>	<u>\$ 556,701</u>	<u>\$ 7,329,554</u>

City of Flint, Michigan
Other Supplementary Information
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Death Benefit Fund	Hurley Retiree Health Benefit Trust Fund	Total Pension and Benefit Trust Funds
Additions			
Contributions			
Employer	\$ -	\$ 3,884,465	\$ 3,884,465
Retiree	-	2,052,750	2,052,750
Total contributions	-	5,937,215	5,937,215
Investment earnings (expenses)			
Interest and dividends	-	1,443,931	1,443,931
Investment related expenses	-	(446,022)	(446,022)
Change in fair value	77,215	3,199,743	3,276,958
Total investment earnings	77,215	4,197,652	4,274,867
Total additions	77,215	10,134,867	10,212,082
Deductions			
Benefits	-	6,567,031	6,567,031
Total deductions	-	6,567,031	6,567,031
Change in net position	77,215	3,567,836	3,645,051
Net position – beginning of year	515,300	59,662,468	60,177,768
Net position – end of year	\$ 592,515	\$ 63,230,304	\$ 63,822,819

City of Flint, Michigan
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities – Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Miscellaneous Agency				
Assets				
Cash and cash equivalents	\$ 722,622	\$ 1,415	\$ -	\$ 724,037
Receivables	4,583,321	63,932,207	64,420,892	4,094,636
Pooled cash and investments	902,620	49,126,667	48,075,107	1,954,180
Total assets	<u>\$ 6,208,563</u>	<u>\$ 113,060,289</u>	<u>\$ 112,495,999</u>	<u>\$ 6,772,853</u>
Liabilities				
Accounts payable	\$ 5,234,079	\$ 82,690,482	\$ 82,238,600	\$ 5,685,961
Due to other governmental units	974,484	566,287	453,879	1,086,892
Total liabilities	<u>\$ 6,208,563</u>	<u>\$ 83,256,769</u>	<u>\$ 82,692,479</u>	<u>\$ 6,772,853</u>
County Revolving Loan				
Assets				
Cash and cash equivalents	<u>\$ 556,503</u>	<u>\$ 2,588</u>	<u>\$ 2,390</u>	<u>\$ 556,701</u>
Liabilities				
Accounts payable	\$ 152	\$ 890	\$ 787	\$ 255
Due to other governmental units	556,351	985	890	556,446
Total liabilities	<u>\$ 556,503</u>	<u>\$ 1,875</u>	<u>\$ 1,677</u>	<u>\$ 556,701</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,279,125	\$ 4,003	\$ 2,390	\$ 1,280,738
Pooled cash and investments	902,620	49,126,667	48,075,107	1,954,180
Receivables	4,583,321	63,932,207	64,420,892	4,094,636
Total assets	<u>\$ 6,765,066</u>	<u>\$ 113,062,877</u>	<u>\$ 112,498,389</u>	<u>\$ 7,329,554</u>
Liabilities				
Accounts payable	\$ 5,234,231	\$ 82,691,372	\$ 82,239,387	\$ 5,686,216
Due to other governmental units	1,530,835	567,272	454,769	1,643,338
Total liabilities	<u>\$ 6,765,066</u>	<u>\$ 83,258,644</u>	<u>\$ 82,694,156</u>	<u>\$ 7,329,554</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, 2018

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 102,839,672
Restricted	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	10,289,601
Unrestricted (deficit)	(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)	(412,970,756)
Total net position	\$ 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)	\$ (299,841,483)
Business Type Activities:										
Net investment in capital assets	\$ 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	\$ 106,432,575
Restricted	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	6,786,490
Unrestricted (deficit)	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)	(72,377,243)
Total net position	\$ 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	\$ 40,841,822
Primary government in total:										
Net investment in capital assets	\$ 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	\$ 209,272,247
Restricted	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	17,076,091
Unrestricted (deficit)	(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)	(485,347,999)
Total net position	\$ 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)	\$ (258,999,661)

*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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
General government	\$ 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	\$ 6,992,491
Judicial	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	964,009
Public Safety	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	34,029,935
Building inspection	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	667,157
Public works	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	23,447,961
Community enrichment and developm	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	5,283,465
Parks and recreation	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	2,080,501
Interest on long-term debt	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	1,239,453
Total governmental activities	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	74,704,972
Program revenues:										
Charges for services										
General government	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	9,742,833
Judicial	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	128,854
Public Safety	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	2,419,312
Building inspection	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	1,687,234
Public works	9,124	267,712	186,105	63,496	65,025	35,085	25,798	106,319	47,301	47,437
Community enrichment and development	69,749	564,698	53,960	11,371	1,659	6,816	495	523	5,224	692
Parks and recreation	44,512	30,193	554,742	229,710	10,075	4,190	5,171	1,236	61,208	1,124,316
Total charges for services	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	15,150,678
Operating grants and contributions	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	23,094,453
Capital grants and contributions	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	1,734,315
Total program revenue	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	39,979,446
Net (expense) revenue	(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)	(34,725,526)
General revenues:										
Property taxes	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	19,452,524
Income taxes	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	15,277,949
State-shared revenues	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	15,199,286
Unrestricted investment earnings	1,109,633	624,699	507,915	632,134	445,325	860,821	742,926	1,113,097	773,736	1,160,090
Gain (loss) on sale of capital assets	69,084	(327,551)	-	-	1,046,990	16,800	1,567,571	-	-	-
Miscellaneous revenue	-	54,549	84,408	36,324	1,203,070	2,942,613	2,990,000	1,028,722	967,327	1,094,886
Total general revenues	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	52,184,735
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
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	1,536,235
Change in net position	\$ (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)	\$ 18,995,444

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating revenue										
Sale of water	\$ 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	\$ 28,154,629
Sewage disposal charges	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	30,542,329
Hurley Medical Center	351,792,875	360,903,987	354,078,435	-	-	-	-	-	-	-
Other charges for services	1,098,854	583,498	-	3,761	23,041	-	123,224	37,051	-	-
Total operating revenue	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	58,696,958
Operating expenses										
Cost of water produced/purchased	17,421,663	17,103,752	20,919,987	21,251,448	23,308,800	21,508,040	-	8,354,748	17,307,301	14,798,508
Water supply	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	31,868,876
Sewage disposal	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	21,385,475
Hurley Medical Center	335,354,672	343,633,278	339,408,386	-	-	-	-	-	-	-
Nonmajor Enterprise funds	1,203,591	1,156,400	-	-	-	-	-	-	-	-
Depreciation	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	6,932,145
Total operating expenses	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	74,985,004
Operating income (loss)	(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)	(16,288,046)
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	4,488,845	2,186,379	2,048,499	209,179	945	155,578	247,222	613,207	362,738	645,390
Interest expense	(4,717,484)	(4,528,788)	(4,594,996)	(694,504)	(787,584)	(572,376)	(565,869)	(170,301)	-	(24,396)
Income (loss) from joint ventures	2,327,524	742,126	1,469,880	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	(313,727)	(165,327)	-	-	(1,856,694)	3,593,677	225,465	-	(490)	-
Capital grants and contributions	476,760	(42,567)	797,749	-	99,240	-	-	-	-	31,735,104
Debt forgiveness	-	-	-	-	-	-	-	-	-	20,770,336
Miscellaneous revenue	-	-	-	51,215	44,765	(6,319)	(6,571)	(5,981)	298,954	173,574
Income (loss) - before transfers	(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	37,011,962
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	336,041
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)	(1,872,276)
Change in net position	(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	35,475,727
Change in net position - primary government	\$ (41,601,945)	\$ (61,020,276)	\$ (44,092,210)	\$ (16,119,768)	\$ 17,684,826	\$ 5,723,611	\$ 13,240,070	\$ (8,680,600)	\$ (9,169,762)	\$ 54,471,171

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

	<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>	<u>2018</u>
General fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	1,586,995	-	-	-	-	-	-	-
Unreserved, designated for City jail	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	(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	20,374,004
Total general fund (deficit)	(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	20,374,004
All other governmental funds										
Restricted	2,021,691	1,749,242	-	-	826,744	1,261,017	-	-	-	-
Nonspendable	-	-	1,180,246	-	-	-	-	-	-	-
Assigned	7,190,250	1,872,197	-	-	-	-	-	-	-	-
Restricted, reported in:										
Special revenue funds	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	28,631,220
Debt service funds	7,163	7,163	7,163	7,163	7,163	7,962	10,720	10,752	10,766	10,840
Capital projects funds	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	7,035,208
Unassigned	-	-	1,667	-	-	-	(108,770)	-	-	-
Total all other governmental funds	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	35,677,268
Total governmental fund balance	\$ 7,730,686	\$ (8,230,529)	\$ (184,324)	\$ (12,168,550)	\$ (4,725,622)	\$ 19,530,515	\$ 29,656,659	\$ 38,317,232	\$ 47,749,867	\$ 56,051,272

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Property taxes	\$ 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	16,443,315
Income taxes	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	15,471,994
Special assessments	211,682	41,479	-	-	-	-	13,493,216	-	-	-
Federal revenue	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	7,905,710
State-shared revenues (and grants)	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	33,417,100
Licenses and permits	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	1,605,360
Fines and forfeitures	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	273,269
Charges for services	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	13,871,362
Local grants	2,510,298	1,961,589	-	-	-	632,458	4,976,610	275,028	1,046,885	1,800,813
Cable Franchise	-	-	-	-	-	-	-	-	1,022,650	979,569
Miscellaneous	-	-	-	-	-	-	-	1,460,982	1,499,523	1,739,879
Interest and other	2,732,572	2,825,591	12,104,122	3,624,681	7,142,900	7,016,496	-	983,837	672,739	930,348
Total revenue	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	94,438,719
Expenditures										
Current:										
Legislative	1,196,266	1,176,953	1,226,475	1,214,229	344,227	338,638	557,841	841,240	870,950	900,620
Judicial	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	858,955
General government	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	12,688,374
Public safety	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	43,075,497
Building inspections	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	1,701,446
Public works	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	11,105,954
Parks & Recreation	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	360,304
Community development	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	5,585,435
Transportation	-	-	-	-	-	-	-	12,012,988	6,084,566	6,813,018
Facilities Maintenance	-	-	-	-	-	-	-	1,661,747	1,643,145	1,799,705
Principal	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	2,629,731
Interest and fiscal charges	881,328	675,147	623,873	837,291	1,038,376	1,203,212	1,168,901	1,292,981	1,233,055	1,278,549
Total expenditures	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	88,797,588
Excess of revenue over (under) expenditures	(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	5,641,131
Other Financing Sources (Uses)										
Debt issuance	1,875,000	-	8,000,000	-	-	-	7,000,000	-	-	-
Sale of fixed assets	7,782	54,195	1,750	24,300	100	16,800	500	-	-	-
Interest expense	(104,697)	-	-	-	-	-	-	-	-	-
Transfers in	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	6,035,471
Transfers out	(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)	(3,375,197)
Total other financing sources (uses)	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	2,660,274
Net change in fund balances	(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	8,301,405
Fund balances (deficit) - beginning of year	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	47,749,867
Fund balances (deficit) - end of year	\$ 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	\$ 56,051,272
Debt service expenditures as a percentage of capital outlay expenditures										
	24.78%	27.48%	44.60%	48.13%	38.22%	372.67%	62.25%	65.82%	102.77%	273.05%
Debt service expenditures as a percentage of non-capital outlay expenditures										
	3.26%	3.03%	2.62%	1.74%	2.16%	2.98%	3.10%	3.81%	3.97%	4.46%

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:					Total Taxable Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual	Facilities Tax Abated Taxable Value
		Real Property:				Personal Property					
		Residential	Commercial	Industrial							
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	341,664,450	173,709,042	66,063,625	133,145,700	714,582,817	68.1838	1,623,760,348	44.01%	32,175,818	
2018	2019	337,466,043	177,932,764	73,668,354	144,818,600	733,885,761	68.1838	1,623,760,348	45.20%	38,387,229	

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
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
2018	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
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
2016	0.4847	1.2250	4.0000	6.0000	2.8096	3.7826	4.0000	22.0000	50.1838	68.1838
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	2018			2009		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Consumers Power Co	\$ 88,202,444	1	12.34%	\$ 43,924,000	2	2.66%
General Motors LLC *	23,044,427	2	3.22%	166,195,000	1	10.08%
Matthews Drive LLC	6,637,391	3	0.93%			
Comcast of Flint, Inc.	4,850,400	4	0.68%			
Barette Outdoor Living, Inc	4,693,113	5	0.66%			
4405 Continental Drive LLC	4,062,900	6	0.57%	7,520,900	5	0.46%
Evergreen Regency Townhome	3,232,031	7	0.45%			
Saginaw & Court Associates	2,857,929	8	0.40%			
Hallwood Plaza, Inc.	2,607,966	9	0.36%			
Loan Oak- Flint-LLC	2,089,100	10	0.29%			
Delphi				25,013,600	3	1.52%
Great Lakes Tech Center				12,014,900	4	0.73%
Citizens Bank				5,764,500	6	0.35%
Ramco Lapeer Assoc.				5,722,600	7	0.35%
South Flint Plaza				4,648,300	8	0.28%
Michigan Coca-Cola Bottling				4,549,500	9	0.28%
PPG Industries				4,335,300	10	0.26%
Total Assessed Value, Top Ten	\$ 142,277,701		19.91%	\$ 279,688,600		16.97%
Total Ad Valorem Assessed Value	\$ 714,582,817			\$ 1,648,408,800		

* Includes AC Rochester

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
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%
2017	2018	21,953,878	15,190,410	69.19%	4,624,255	19,814,665	90.26%

^[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>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>	<u>2018</u>
Governmental activities										
General obligation bonds	\$ 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	\$ 7,680,000
Local government loan	-	-	8,000,000	8,000,000	7,815,000	7,620,000	7,420,000	7,210,000	6,990,000	6,765,000
Emergency Loan	-	-	-	-	-	-	7,000,000	6,610,000	6,200,000	5,780,000
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	15,193,175	13,969,551	13,866,079	13,414,642	12,962,665	12,214,143	11,465,073	10,715,453	9,920,278	8,280,547
Capital leases	437,362.91	398,088	286,104	643,039	375,244	195,390	818,935	597,648	433,737	264,558
Total governmental activities	<u>28,460,538</u>	<u>25,712,639</u>	<u>31,887,183</u>	<u>31,547,681</u>	<u>30,382,909</u>	<u>28,984,533</u>	<u>35,369,008</u>	<u>33,488,101</u>	<u>31,569,015</u>	<u>28,770,105</u>
Business type activities										
General obligation bonds	125,370.00	-	-	-	-	-	-	-	-	-
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	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	119,958	41,054	-	-	-	-	-	-	-	-
Capital leases	514,243	-	-	-	-	-	1,763,688	1,188,473	901,815	607,348
Total business-type activities	<u>92,048,586</u>	<u>122,692,313</u>	<u>117,225,336</u>	<u>25,955,336</u>	<u>23,840,336</u>	<u>21,675,336</u>	<u>22,534,024</u>	<u>21,958,809</u>	<u>21,672,151</u>	<u>607,348</u>
Total debt of the government	<u>\$ 120,509,124</u>	<u>\$ 148,404,952</u>	<u>\$ 149,112,519</u>	<u>\$ 57,503,017</u>	<u>\$ 54,223,245</u>	<u>\$ 50,659,869</u>	<u>\$ 57,903,032</u>	<u>\$ 55,446,910</u>	<u>\$ 53,241,166</u>	<u>\$ 29,377,453</u>
Total residential personal income	\$ 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	320,705,960
Total debt as percentage of personal income	16.88%	29.35%	35.13%	14.92%	14.10%	16.41%	16.96%	14.39%	14.16%	9.16%
Total population	112,857	111,475	102,434	101,558	100,515	99,763	99,002	98,310	97,386	96,448
Total debt per capita	1,067.80	1,331.28	1,455.69	566.21	539.45	507.80	584.87	564.00	546.70	304.59

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	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a	Population	Debt per Capita
	General Obligation Bonds (LTGO)				Percentage of Taxable Value		
2004	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,308	82.93
2005	2,455,000	4,576,342	7,031,342	1,598,254,721	0.42%	119,949	58.62
2006	9,175,000	3,888,684	13,063,684	1,655,656,167	0.78%	118,596	110.15
2007	6,765,000	7,140,580	13,905,580	1,680,872,526	0.82%	117,271	118.58
2008	5,490,000	6,776,354	12,266,354	1,698,766,194	0.75%	115,821	105.91
2009	14,180,000	13,587,306	27,767,306	1,643,424,867	1.84%	114,449	242.62
2010	12,830,000	15,193,175	28,023,175	1,505,610,437	1.86%	112,857	248.31
2011	9,910,000	13,969,551	23,879,551	1,305,121,403	1.83%	111,475	214.21
2012	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40
2013	9,490,000	13,414,642	22,904,642	991,241,706	2.31%	101,558	225.53
2014	9,230,000	8,190,244	17,420,244	776,654,903	2.24%	101,515	174.62
2015	8,955,000	7,620,000	16,575,000	758,826,072	2.18%	99,763	166.14
2016	8,665,000	14,420,000	23,085,000	749,945,990	3.08%	99,002	233.18
2017	8,355,000	13,820,000	22,175,000	710,934,838	3.12%	98,310	225.56
2018	8,025,000	13,190,000	21,215,000	714,582,817	2.97%	97,386	217.84

Note: 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 2018		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 7,586,558	14.22%	\$ 53,850,523
Flint School District	25,300,000	100.00%	25,905,133
Genesee Intermediate School District	8,187,192	14.22%	8,509,082
Airport Authority	13,075,118	14.22%	14,988,104
Mott Community College	51,630,000	14.22%	57,260,000
Carman School District	28,830,834	13.20%	33,218,000
Kearsley School District		2.00%	-
Swartz Creek School District	9,522,688	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			28,770,105
Total Direct and Overlapping Debt			<u>\$ 233,115,947</u>

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Calculation of legal debt limit:										
Assessed valuation	\$ 1,505,610,437	\$ 1,305,121,403	\$ 1,146,789,005	\$ 991,241,706	\$ 776,654,903	\$ 758,826,072	\$ 749,945,990	\$ 710,934,838	\$ 714,582,817	\$ 713,131,025
7% of assessed valuation *	\$ 105,392,731	\$ 91,358,498	\$ 80,275,230	\$ 69,386,919	\$ 54,365,843	\$ 53,117,825	\$ 52,496,219	\$ 49,765,439	\$ 50,020,797	\$ 49,919,172
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 146,969,952	\$ 149,112,519	\$ 57,503,017	\$ 54,223,245	\$ 50,464,479	\$ 49,357,871	\$ 42,751,574	\$ 53,660,787	\$ 51,905,612	\$ 28,770,105
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 137,059,952	\$ 139,377,519	\$ 48,013,014	\$ 44,993,245	\$ 21,675,336	\$ 20,770,336	\$ 20,770,336	\$ 20,770,336	\$ 20,770,336	\$ -
Debt subject to limitation (net debt)	\$ 9,910,000	\$ 9,735,000	\$ 9,490,003	\$ 9,230,000	\$ 28,789,143	\$ 28,587,535	\$ 21,981,238	\$ 32,890,451	\$ 31,135,276	\$ 28,770,105
Legal debt margin (unused debt limitation)	\$ 95,482,731	\$ 81,623,498	\$ 70,785,227	\$ 60,156,919	\$ 25,576,700	\$ 24,530,290	\$ 30,514,981	\$ 16,874,988	\$ 18,885,521	\$ 21,149,067
Net debt subject to limit as % of debt limit	9.40%	10.66%	11.82%	13.30%	52.95%	53.82%	41.87%	66.09%	62.24%	57.63%

*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

Fiscal Year	Water Fund Revenue Bonds						
	Gross Revenues	Applicable		Net Revenues	Debt Service		Coverage*
		Expenses			Principal	Interest	
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	-	-	-	-
2018	20,770,336	-	20,770,336	-	-	-	-

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.

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

**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
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%
2017	96,448	320,705,960	3,325	9.5%

*Sources: US Bureau of Labor Statistics
Unemployment Statistics - not seasonally adjusted
U.S. Census Dept.
City of Flint Income Tax Division*

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

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 2018 (2017) Employees	Percentage of Total	FY 2009 (2008) Employees	Percentage of Total	2008 Rank
1	General Motors Corp/Motors Liquidation Co	8,203	27.94%	18,649	34.54%	1
2	Hurley Medical Center	3,001	10.22%	2,888	5.35%	4
3	McLaren Regional Medical Center	2,737	9.32%	2,824	5.23%	5
4	University of Michigan	2,631	8.96%	2,391	4.43%	6
5	Genesee County	1,799	6.13%	952	28.97%	9
6	Diplomat Pharmacy	1,426	4.86%		0.00%	
7	CS Mott Community College	1,333	4.54%		0.00%	
8	Kettering University	1,015	3.46%			
9	State of Michigan	936	3.19%	1,088	2.01%	8
10	City of Flint	785	2.67%	1,302	2.41%	7
	Flint School District			4,167	7.72%	2
	Delphi Automotive Systems			3,286	6.09%	3
	United States Postal Service			705	1.31%	10
		<u>23,866</u>	<u>81.30%</u>	<u>38,252</u>	<u>70.84%</u>	
	Total Employees Working in City	29,357		54,000		

Note: 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration										
City Administration	2.0	6.0	5.0	1.0	1.0	2.0	3.0	3.0	3.0	3.0
Mayor's Office	5.0	2.0	3.0	2.0	2.0	2.0	2.0	3.0	3.0	5.0
Mayor's Office on Human Services	-	-	-	-	-	-	-	-	-	-
Legal Department	10.0	12.0	11.5	9.0	8.0	8.0	8.0	8.0	8.0	8.0
City Clerk's Office (not including election workers)	6.0	6.0	6.0	6.0	5.0	5.0	5.0	6.0	6.0	6.0
City Council	12.0	12.0	11.0	2.0	1.0	2.0	2.0	3.0	3.0	3.0
Ombudsman's Office	2.0	2.5	2.0	-	-	-	-	-	-	-
Human Resources - Personnel & Labor Relations	7.0	12.0	11.0	7.0	5.0	7.0	5.0	7.0	7.0	7.0
Civil Service Commission	1.0	1.0	1.0	-	-	-	-	-	-	-
Human Relations Commission	2.0	2.0	1.5	1.0	-	-	-	-	-	-
Union Representatives	3.0	3.0	3.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0
68th District Court	63.0	55.0	49.0	35.0	30.0	30.0	28.0	-	-	-
Finance Administration										
Finance Department/Payroll/Retirement	14.0	14.0	12.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0
Treasury/Customer Service/Income Tax	42.0	36.0	33.0	26.0	21.0	18.0	20.0	19.0	20.0	22.0
Assessment	12.0	10.5	9.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Budget Management	1.0	1.0	-	-	-	-	-	-	-	-
Information Services/Data Processing	14.0	14.0	14.0	11.0	6.0	5.0	4.0	5.0	5.0	6.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	9.0	4.0	4.0	4.0	-	-	-	-	-	-
Public Service Attendants	16.0	14.0	10.0	15.0	-	-	-	-	-	-
Purchasing										
Administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Inventory Control/Stockkeepers	6.0	6.0	5.0	5.0	-	-	-	-	-	-
Community & Economic Development/Major Grants	9.0	11.0	15.0	14.0	11.0	10.0	12.0	14.0	16.0	19.0
Fire Department										
Emergency 9-1-1	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police Department										
Sworn Officers	219.0	165.0	132.0	133.0	122.0	121.0	97.0	106.0	111.0	111.0
Civilians	28.0	23.5	18.0	15.0	22.0	17.0	14.0	16.0	15.0	14.0
Jail - Security Guards/Admin	-	-	-	-	-	-	-	-	-	-
School Crossing Guards (not FTEs)	25.0	25.0	34.0	31.0	24.0	29.0	29.0	30.0	30.0	30.0
Parks & Recreation										
Administration	11.0	7.0	6.0	7.0	2.0	1.0	-	-	-	-
Forestry Division	3.0	3.0	3.0	-	-	-	-	-	-	-
Golf Division	7.0	16.0	12.0	-	-	-	-	-	-	-
Public Works & Utilities Administration										
Public Works & Utilities Administration	-	-	-	-	-	-	-	-	-	-
Building Inspections/Development/Demolition	15.0	21.0	26.0	27.0	9.0	12.0	13.0	13.0	14.0	13.0
Engineering	6.0	6.0	5.0	5.0	-	-	-	-	-	-
Facilities Maintenance/Grounds	13.0	11.0	9.0	8.0	4.0	1.0	2.0	2.0	3.0	3.0
Fleet Management	9.0	13.0	14.0	12.0	9.0	8.0	9.0	9.0	9.0	9.0
Street Maintenance	36.0	35.0	27.0	20.0	23.0	16.0	17.0	22.0	21.0	21.0
Traffic Engineering	15.0	15.0	17.0	9.0	10.0	11.0	10.0	11.0	10.0	10.0
Waste Collection/Sanitation	37.0	29.0	33.0	27.0	-	-	-	-	-	-
Transportation-Director/Administration	5.0	4.0	4.0	4.0	4.0	4.0	4.0	7.0	6.0	7.0
Utilities Administration	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water Service Center-Sewer Maintenance	31.0	34.0	32.0	25.0	25.0	26.0	27.0	33.0	34.0	34.0
Water Plant	27.0	33.0	29.0	23.0	20.0	23.0	22.0	24.0	25.0	25.0
Water Pollution Control	59.0	61.0	65.0	53.0	40.0	38.0	35.0	38.0	38.0	38.0
Water Service Center- Water Distribution	54.0	54.0	48.0	38.0	31.0	34.0	33.0	33.0	34.0	34.0
Total Staffing (excluding school crossing guards)	968.0	885.0	792.5	686.0	546.0	525.0	481.0	473.0	483.0	519.0

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Election Data (Calendar Year - November Elections):										
Registered voters	85,441	84,624	83,063	83,176	83,255	78,992	79,206	75,437	76,276	74,128
Voters (at the polls or absentee)	10,397	25,573	15,787	N/A	40,348	15,161	23,182	14,041	33,858	20,190
Percent voting	12.2%	30.2%	19.0%		48.5%	19.2%	29.3%	18.6%	44.4%	27.2%
68th District Court (Calendar Year):										
Number of new court cases	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 2009-2017, Calendar Yr. 2018)	4,208	2,870	1,650	1,003	3,744	2,933	1,553	1,464	1,664	1,250
Traffic violations/misdemeanors/civil infractions (fiscal)	15,022	13,105	5,351	6,752	6,318	7,408	6,300	7,285	*17,072	18,874
Investigations (fiscal year 2009-2017, Calendar Yr. 2018)	19,736	19,137	16,547	7,739	12,526	11,576	12,527	10,513	10,500	9,427
Fire (Calendar Year):										
Fire runs	3,031	3,191	3,111	3,553	3,191	2,679	2,695	3,211	2,609	2,457
Emergency medical runs	2,413	3,562	3,861	3,095	3,562	1,755	1,281	1,109	1,776	1,580
Inspections	239	308	329	350	308	224	380	400	508	564
Public Works:										
Miles of streets resurfaced	22.79	25.16	113.50	6.82	4.32	-	0.75	2.54	-	-
Potholes repaired	850	725	750	725	700	32,486	15,511	43,081	8,679	23,409
Refuse Collection:										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	109,515	116,852	110,577	93,682	100,537	114,949	101,889	102,137	103,716	107,117
Parks and Recreation (Calendar Year):										
Recreation Centers - Senior & Youth Participants	2,974	5,690	3,326	2,318	1,653	1,045	1,208	3,657	1,654	1,444
Water:										
Number of customers billed	40,191	38,977	37,437	35,833	32,702	32,085	29,596	31,468	30,404	29,984
Total consumption (ccf)	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	2,866,888
Average consumption per user (ccf)	270	257	271	269	290	253	97	90	100	96
Wastewater (Calendar Year):										
Average daily sewage treatment - gallons	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	20,200,000

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

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

*Enforcement initiatives increased FY17.

and sold water to City residents only. General Motors

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

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

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	6	7	9	10	5	6	6	5	5	6
Patrol units *	166	106	126	132	114	94	91	91	100	101
Fire:										
Stations	6	5	5	5	5	5	5	5	5	5
Fire response vehicles	18	15	15	14	15	14	14	14	14	14
Emergency response vehicles	3	5	5	5	4	3	3	3	3	3
Public Works:										
City Streets (miles):	508.39	508.39	508.39	508.39	508.18	508.18	508.18	508.18	508.18	508.18
Major streets	152.29	152.29	152.29	152.29	152.33	152.33	152.33	152.33	152.33	152.33
Local streets	356.10	356.10	356.10	356.10	355.85	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	986.50	986.50	986.50	986.50	986.50	986.50
Streetlights	11,374	11,356	11,292	11,292	11,292	11,292	11,292	11,292	11,292	11,731
Traffic Signals/Beacons	277	273	273	277	252	252	252	252	252	252
Refuse Collection:										
Collection trucks in service**	22	23	23	23	-	-	-	-	-	-
Parks and Recreation:										
Acreage	1,836	1,836	1,836	1,836	1,084	1,084	1,084	1,084	1,084	1,092
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	43
Soccer/football/rugby fields	12	12	12	12	14	14	14	14	14	12
Community centers ***	5	5	5	5	5	5	5	5	5	5
Golf courses ***	4	4	4	4	4	4	4	4	4	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	80,000,001	80,000,001	80,000,001	80,000,001	80,000,001

Source: Various City Departments

* Marked and unmarked police vehicles are included in this number

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

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

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

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 APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll	
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	634.6%	
12/31/2016	203,100	548,845	37.0%	345,745	63.0%	51,497	671.4%	
12/31/2017	197,129	543,169	36.3%	346,040	63.7%	50,740	682.0%	

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.

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.

No actuary report 12/2013

Actuarial assumptions were revised in 2015

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

Source: December 31, 2017 - Annual Actuarial valuation report – Municipal Employees Retirement System of Michigan (MERS) Gabriel Roeder Smith & Co.

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