

CITY OF FLINT, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2012



**Dayne Walling
Mayor**

Prepared by
Department of Finance and Administration
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

City of Flint, Michigan

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**Dayne Walling
Mayor**

CITY OF FLINT, MICHIGAN Department of Finance

**Edward J. Kurtz
Emergency Financial
Manager**

**Gerald Ambrose
Finance Director**

December 21, 2012

To the Emergency Financial Manager, Mayor,
Members of City Council, and Citizens of the City of Flint:

State law requires that all general-purpose 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, 2012.

This report consists of management's representations concerning the finances of the City of Flint (City). 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.

Plante & Moran, PLLC, a firm of licensed certified public accountants, has audited the City of Flint's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2012, 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 require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Flint’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

The City of Flint has operated under the strong mayor – council form of government since November 4, 1975, when the present charter was adopted. 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 (he may be reelected for additional terms). The Mayor appoints a City Administrator to be the chief administrative officer of the City, overseeing the day-to-day operations of the government. The Mayor also appoints the principal officials responsible for budget, personnel, planning, legal counsel, and administrative services, appointing up to ten principal staff officials who serve at the pleasure of the Mayor. In addition, the Mayor may appoint up to ten executive department heads over such departments as may be necessary to administer the responsibilities of the City for public safety, public works, utilities, parks and recreation, transportation, finance, community development, and environmental protection. The City Council must approve these appointments. The City Council and the Mayor are elected on a non-partisan basis.

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

The annual budget serves as the foundation for the City of Flint’s financial planning and control. All departments and agencies of the City of Flint are required to submit requests for appropriations to the Mayor’s appointed Budget Director in March each year. The Budget Director uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the City Council on the first Monday in April. The Council is required to hold public hearings on the proposed budget and to adopt a final

budget, by charter, on the first Monday in June. The City's fiscal year ends on June 30. The current appropriated budget is prepared by fund, function (e.g., public safety), department (e.g. police) and line item. The Administration may not make transfers of appropriations within department line items, or transfers of appropriations between departments or funds, without the approval of the City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report.

On December 1, 2011, the Governor of the State of Michigan appointed an Emergency Manager for the City of Flint, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. 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. Both the Emergency Manager and the subsequently appointed Emergency Financial Manager were authorized by virtue of their 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."

Consequently, preparation and adoption of the FY12 budget and first six months operations were under the traditional control of the Mayor and Council. However, Control was transferred first to the Emergency Manager in December, 2011 and then to the Emergency Financial Manager in August, 2012.

Factors Affecting Economic and Financial Condition

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

Local Economy. As an urban center whose vibrancy flowed with the dominance of the U.S. automotive industry, the economy of Flint declined sharply as the automotive presence declined. In 1978, over 80,000 Flint-area residents were employed by GM; however by 1990 the number had declined to 23,000, and was reported to be as low as 8,000 in 2006. As a result of this and other factors affecting most older urban centers, the City has seen a significant population loss (18% from 2000 to 2010); a significant increase in housing vacancies (from 8.2% in 1990 to 21.1% in 2010); a decrease in owner occupied housing (73% in 1960 to 45% in 2010); an increase in unemployment (16% in 1990 to 23% in 2010), and median income that is 32% less than surrounding Genesee County as a whole.

While the City of Flint's economy was strongly tied to the automobile industry, it has diversified over the last ten years. Most notable is the expansion of higher education, where it is estimated that some 30,000 students attend Kettering University, the University of Michigan-Flint, Mott Community College, and Baker College. Aggressive efforts continue by many entities within the Flint/Genesee area to encourage new development, including the redevelopment of the 452 acre vacant "Buick City" property.

Property values within the City continue to decrease in total, declining from \$1.804 billion in 2002 to \$1.192 in 2011 and further declining to \$969.13 million in 2012. While the rate of decline is slowing, further declines are anticipated for the next several years. While property values for Flint's ten largest employers are well below the 2009 value of \$279.7 million, the 2012 values of \$169.64 million are increased slightly from \$147.75 million in 2011. The total number of employees for the ten largest taxpayers in the City decreased from 37,497 in 2011 to 31,307 in 2012. Following the trend of decreased employment and median income, income tax revenues have decreased significantly as well.

Cash management policies and practices. Cash flow for the City has been a concern for several years. 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 in Section 4 of the Notes of the June 30, 2012 Audited Financial Statements.

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

The Workers' Compensation function resides in the Risk Management department, which allows for a coordinated effort to minimize accident-related losses. The Risk Management department has a Security/Fraud Manager to complement the already-existing efforts undertaken to control fraudulent exposures. Additional information on the City of Flint's risk management activities can be found in Section 16 of the Notes of the June 30, 2012 Audited Financial Statements.

Pension and other post-employment benefits. The City of Flint sponsors a single-employer defined benefit plan for its public safety and non-public safety employees. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes quarterly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of June 30, 2009 (the latest actuarial report) was 67.9% funded. As of June 30, 2010 there were 1741 retirees receiving pension benefits from the City of Flint.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of the current fiscal year, there were 1,560 retired employees receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2012, the City paid \$19.7 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$367 million at June 30, 2012. Additional information on the City of Flint's Retirement Plan can be found in Section 4 B of the Notes of the June 30, 2011 Audited Financial Statements.

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, 2011. The City has now received this award ten 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, 2012, 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. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Flint's finances.

Respectfully submitted,



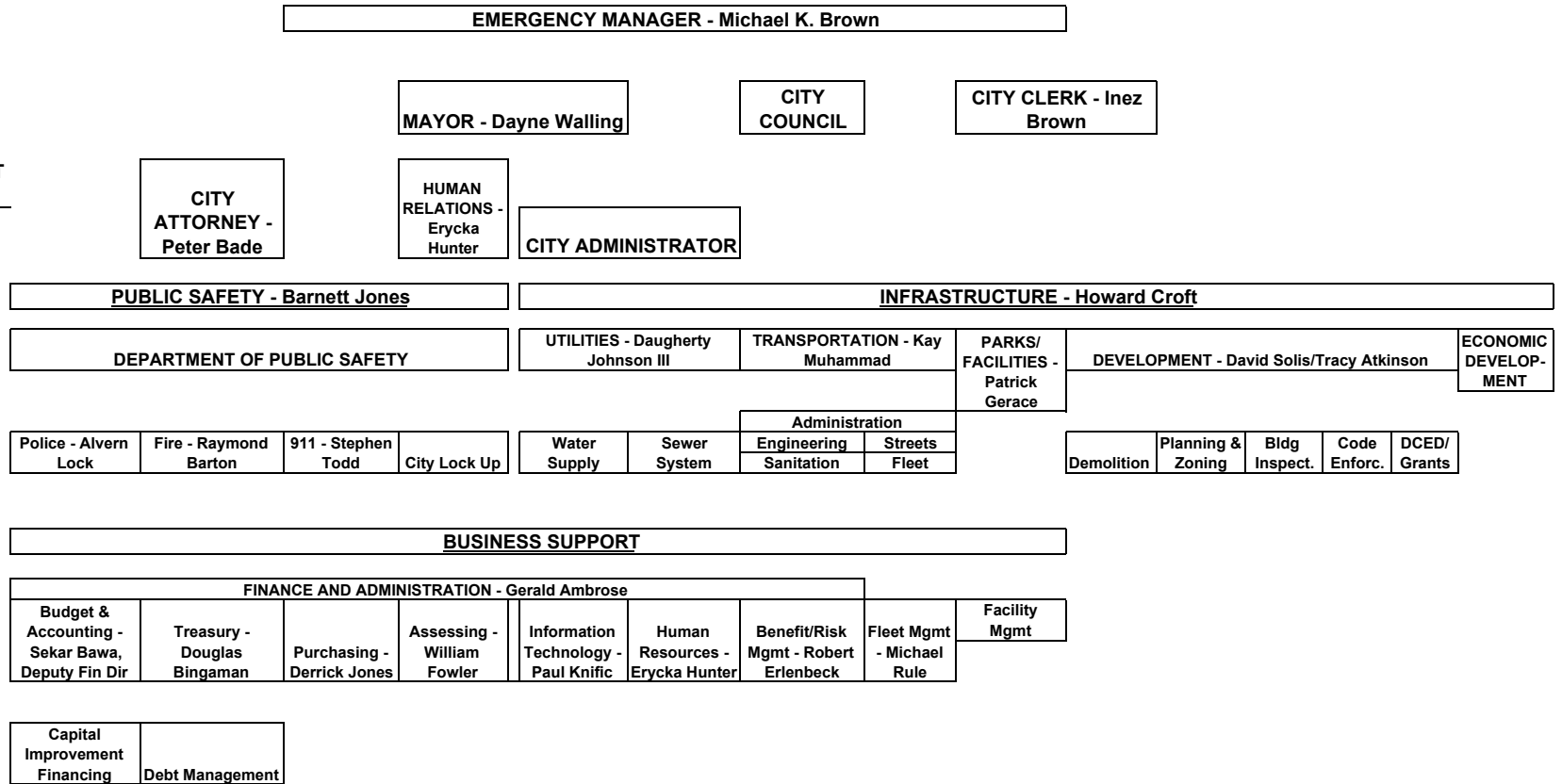
Jerry Ambrose,
Finance Director



Antonio Brown,
Deputy Finance Director

CITY OF FLINT - ORGANIZATIONAL CHART

68th
DISTRICT
COURT



CITY OF FLINT, MICHIGAN
As of June 30, 2012
Elected and City Officials

Emergency Manager

Michael K. Brown.....Appointed by Governor Snyder on November 28, 2011

Elected Officials

Dayne Walling..... Elected Mayor November 2011

City Council *(Elected November 3, 2009, for four-year terms)*

Delrico J. Loyd First Ward
Jacqueline Poplar Second Ward
Bryant W. Nolden Third Ward
Joshua M. Freeman..... Fourth Ward
Bernard Lawler Fifth Ward
Sheldon A. Neeley..... Sixth Ward
Dale K. Weighill..... Seventh Ward
Michael J. Sarginson..... Eighth Ward
Scott Kincaid Ninth Ward

Appointed and Other City Officials

Gerald Ambrose..... Director of Finance
Tracy Atkinson Director, Dept. of Community & Economic Development
Peter Bade..... Chief Legal Officer
Raymond Barton Assistant Fire Chief
Douglas Bingaman..... City Treasurer
Arnold Brown..... Sanitation Superintendent
Inez M. Brown..... City Clerk
Daugherty Johnson III..... Utilities Admin/Water Service Center
Gerard Burnash..... Chief Operating Officer, Downtown Development Authority
Robert Case Water Pollution Control Supervisor
Robert Erlenbeck Risk & Benefits Administrator
William Fowler City Assessor
Patrick Gerace..... Director of Parks & Forestry
Erycka Hunter..... Director of Human Resources & Labor Relations
..... & Human Relations Commission
Barnett Jones..... Director of Public Safety
Jason Lorenz..... Communications Director
Derrick Jones Purchasing Manager
Paul Knific..... Information Technology Services Administrator
Alvern Lock..... Chief of Police
Paula McGlown 68th District Court Administrator
Kay Muhammad Transportation Director
Michael Rule Fleet & Yards Superintendent
David Solis..... Economic Development Director
Stephen Todd..... Emergency 911 Administrator
Brent Wright Water Plant Supervisor

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrill

President

Jeffrey R. Emer

Executive Director

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Flint's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. The audit was conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Hurley Medical Center, the Downtown Development Authority, the Economic Development Corporation, and the Flint Area Enterprise Community were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified on pages 93-96, 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, which 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 supplemental 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.

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

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 accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

December 21, 2012

Management's Discussion and Analysis

Following is a brief overview and analysis of the financial statements for the City of Flint for the 2012 fiscal year, which began on July 1, 2011 and ended on June 30, 2012. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

The City of Flint 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 waste collection. These activities comprise the majority of the City's governmental and business-type activities.

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

Financial Highlights

In fiscal year 2012, the City collected \$163.1 million in taxes, fees, and grants for governmental and business-type activities, and spent \$179.2 to provide the services. During the course of the year, the City acquired capital assets totaling \$3.7 million in governmental activities and \$1.2 million in construction-in-progress in business-type activities. At the end of the year, the assets of the City governmental and business-type activities totaled \$345.6 million and liabilities totaled \$241.3 million, for net assets totaling \$104.3 million. However, net unrestricted assets totaled \$(157.7 million). The majority of the negative unrestricted net assets reflect the \$157.0 million liability for unfunded retiree health care liabilities.

On December 1, 2011, five months into fiscal year 2012, the governor 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 postemployment benefits. The City has remained under the control of a state appointed manager since that time, authorized 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 fiscal year 2012 financial statements show a continuing increase in the City's negative unrestricted fund balance, as expenses in the City's General Fund exceeded revenues by \$11.9 million. The expenditures in excess of revenues are in large part the result of unplanned transfers to cover operating deficits in other funds, inaccurate budget projections in the adopted budget, and the write-down of the Genesee Tower asset. The City's General Fund, which had negative unrestricted fund balance as of June 30, 2011 of \$7.3 million, now has negative unrestricted net assets of \$19.2 million (\$19.2 million includes an impairment of asset held for sale of Genesee Towers of \$1.5 million).

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

This final result in the General Fund is slightly less than anticipated by the Emergency Manager in the fiscal year 2011 Deficit Elimination Plan approved by the State of Michigan. The budget implemented by the Emergency Manager for fiscal year 2013 recognized the structural gap between City revenues and expenses, and included necessary significant adjustments in revenues and expenses to eliminate additional deficits. The approved Deficit Elimination Plan proposes future borrowing to eliminate accumulated deficits once spending is brought into line with available revenues.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Flint's basic financial statements. The City of Flint'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 I 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.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

Table I - Major Features of the City of Flint'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 and the hospital	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 assets 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 assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net assets
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

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 of Flint 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 of Flint include general government, police, fire, transportation, public works, parks and recreation, and community enrichment and development. The business-type activities of the City of Flint include the water system and sewer system.

The government-wide financial statements include not only the City of Flint 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 of Flint 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 on pages 32-34 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 of Flint can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

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 of Flint maintains 18 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, Federal Grants Fund, and the Public Improvement Fund. Data from the other 15 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 of Flint adopts an annual 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 22-25 of this report.

Proprietary Funds - The City of Flint 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 of Flint 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 of Flint's funds. The City of Flint 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 of Flint. 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 26-29 of this report.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

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 of Flint'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 30 and 31 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 35-91 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 of Flint's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on page 93-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 102-123 of this report.

Government-wide Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position (see Table 2). Total assets of the City of Flint are \$345.6 million. Total net assets (total assets less total liabilities) are \$104.3 million of which the largest portion of \$248.7 million (238.4 percent) reflects its investment in capital assets (e.g., land, buildings, streets, sidewalks, machinery, and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The City of Flint uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Flint's 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 of Flint's total net assets, \$13.3 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was \$157.7 million. There is no remaining balance of unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. Net assets are divided between governmental activities and business-type activities. Governmental activities show a \$149.2 million deficit in unrestricted net assets. The \$149.2 million deficit results from the increase in the short-term and long-term liabilities, mainly \$128.1 million in postemployment healthcare liability.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

Table 2-City of Flint's Net Assets

(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 39.3	\$ 36.3	\$ 33.0	\$ 32.5	\$ 72.3	\$ 68.8
Capital assets	178.9	166.7	118.9	110.1	297.8	276.8
Total assets	\$ 218.2	\$ 203.0	\$ 151.9	\$ 142.6	\$ 370.1	\$ 345.6
Long-term liabilities outstanding	\$ 161.9	\$ 160.9	\$ 54.5	\$ 52.7	\$ 216.4	\$ 213.6
Other liabilities	19.7	19.1	13.6	8.6	33.3	27.7
Total Liabilities	\$ 181.6	\$ 180.0	\$ 68.1	\$ 61.3	\$ 249.7	\$ 241.3
Net assets:						
Invested in capital assets net of related debt	\$ 176.5	\$ 164.5	\$ 90.8	\$ 84.2	\$ 267.3	\$ 248.7
Restricted	8.9	7.7	5.8	5.6	14.7	13.3
Unrestricted	(148.8)	(149.2)	(12.8)	(8.5)	(161.6)	(157.7)
Total net assets	\$ 36.6	\$ 23.0	\$ 83.8	\$ 81.3	\$ 120.4	\$ 104.3

Business-type activities have \$81.3 million of total net assets. Business-type activities do not encumber at year end and normally do not appropriate net assets as part of the budget process.

Governmental Activities - Changes in Net Assets (Table 3) provide some insight into current year activities as compared to those of the prior year. Total net assets for governmental activities decreased by \$13.6 million. Revenues in 2012 were \$15.3 million lower than in 2011. This decrease in revenue is mainly due to a reduction in property values, affecting property tax revenues. The 2012 expenses were \$29.4 million lower than in 2011.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities - Total net assets decreased by \$2.5 million in business-type activities. The main reason for the decrease was due to the Water and Sewer Funds and the fact that the user rate being charged is not high enough to cover the City's costs to run the systems. To minimize the loss, the City increased user rates in the latter part of the fiscal year.

Table 3-City of Flint's Changes in Net Assets

(in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for services	\$ 25.8	\$ 16.5	\$ 54.4	\$ 68.0	\$ 80.2	\$ 84.5
Operating grants and contributions	27.2	20.9	0.0	0.0	27.2	20.9
Capital grants and contributions	6.4	13.3	0.0	0.0	6.4	13.3
General revenues						
Income taxes	14.4	14.8	0.0	0.0	14.4	14.8
Property taxes	18.1	14.3	0.0	0.0	18.1	14.3
State shared revenues	16.4	13.1	0.0	0.0	16.4	13.1
Other	1.8	1.9	2.8	0.3	4.6	2.2
Total revenues	110.1	94.8	57.2	68.3	167.3	163.1
Expenses						
Legislative	1.9	1.2	0.0	0.0	1.9	1.2
Judicial	7.5	3.7	0.0	0.0	7.5	3.7
General government	16.7	10.8	0.0	0.0	16.7	10.8
Public safety	61.7	49.1	0.0	0.0	61.7	49.1
Public works	28.6	26.0	0.0	0.0	28.6	26.0
Parks & Recreation	6.9	4.5	0.0	0.0	6.9	4.5
Community development	16.5	14.7	0.0	0.0	16.5	14.7
Interest on long term debt	1.0	1.4	0.0	0.0	1.0	1.4
Water	0.0	0.0	42.3	42.5	42.3	42.5
Sewer	0.0	0.0	29.9	25.3	29.9	25.3
Total Expenses	140.8	111.4	72.2	67.8	213.0	179.2
Transfers	5.7	3.0	(5.7)	(3.0)	0.0	0.0
Changes in net assets	(25.0)	(13.6)	(20.7)	(2.5)	(45.7)	(16.1)
Net assets - Beginning	61.6	36.6	104.5	83.8	263.0	263.0
Net assets - End	\$ 36.6	\$ 23.0	\$ 83.8	\$ 81.3	\$ 217.3	\$ 246.9

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

Analysis of Fund Financial Statements

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

Governmental Funds - The focus of the City of Flint'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 of Flint'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 deficit of \$12.2 million as of June 30, 2012. This is an increase of \$12.0 million from the prior year, primarily attributed to deficit spending in the General Fund, as well as the \$1.5 million impairment of the Genesee Towers property. Added to the \$7.3 million deficit in the General Fund at the end of fiscal year 2011, this increase results in a total \$19.2 million deficit.

The \$11.9 million deficit for the General Fund in fiscal year 2012 is the result of inaccurate revenue and expense projections in the adopted budget, unplanned transfers to the Garbage Collection, Building Department, and Parks and Recreation Funds in the amount of \$3.4 million, and the impairment of the asset held for sale Genesee Towers property at \$1.5 million. Budgeting and managing the General Fund has been difficult due to significant reductions in property tax revenues, income tax revenues, and state-shared revenues. These are the three major sources of revenues to the General Fund. Added to this has been expenditure assumptions regarding utilities, fuel, and personnel reductions based on projected savings which did not materialize.

The remaining governmental funds have a fund balance of \$7.0 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 Major and Local Streets, \$3.29 million and Capital Improvements, \$1.6 million. Other special revenue funds are maintained primarily to demonstrate accountability. Federal and State laws place restrictions on how these funds can be spent.

A Deficit Elimination Plan was approved by the State on Michigan in May 2012 to eliminate the deficits for 2011 in the General Fund, the Water Supply Division, and the Downtown Development Authority. This plan was for the next five years starting with fiscal year 2013, and forecast that there would be an added deficit for fiscal year 2012. The actual accumulated deficit of \$19.2 million is slightly less than the \$18.2 million projected, when the impact of the Genesee Towers impairment is not taken into effect. Elimination of the accumulated deficit is based on the issuance of bonds as approved by the State in its approval of the Deficit Elimination Plan. The State of Michigan has not yet approved such a borrowing.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

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

Total net assets in the Water Fund are \$19.6 million, an increase of \$1.2 million from the previous year. Unrestricted net assets are still negative at (\$8.8 million), but improved from fiscal year 2011 (\$12.4 million). Net operating income is also improved from a negative \$5.4 million to a positive \$2.4 million. The positive change is attributable mostly to increases in rates. The Water Fund has a bond reserve account of \$2.6 million and an equipment reserve account of \$3.0 million.

Net assets of the Sewer Fund are \$61.7 million, a decrease of \$3.8 million from 2011. Net operating income remained negative at (\$1.9 million), even though sewer rates were also increased.

Additional rate increases averaging 25 percent were implemented as part of the fiscal year 2013 budget in order to improve the financial solvency of the water and sewer systems.

Capital Assets and Debt Administration

Capital Assets - The City of Flint's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$276.7 million (net of accumulated depreciation), a net decrease of \$21.1 million. This 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 of Flint's capital assets can be found in Note 6.

Table 4-City of Flint's Capital Assets - net of depreciation
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Land	\$ 14.3	\$ 14.3	\$ 0.8	\$ 0.8	\$ 15.1	\$ 15.1
Construction in progress	-	-	0.1	1.3	0.1	1.3
Building and system	5.7	5.8	36.0	33.7	41.7	39.5
Improvements other than buildings	4.7	4.2	4.1	3.9	8.8	8.1
Machinery and equipment	7.0	5.8	77.9	70.4	84.9	76.2
Roads and sidewalks	147.2	136.5	-	-	147.2	136.5
Total	\$ 178.9	\$ 166.6	\$ 118.9	\$ 110.1	\$ 297.8	\$ 276.7

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

The City governmental activities made major capital improvements during 2012:

- Streets and enhancement \$ 1.3 million
- Sidewalks 0.3 million
- Signs and signals 0.4 million

Total capital improvements, as a result of governmental activities, were \$3.7 million. Depreciation was \$15.9 million.

The City's business-type activities also made very little capital improvements during 2012. This was due to reduced available funds.

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 (see Table 5).

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

Long-term Debt - At year end, the City had \$36.9 million in bonds and notes and compensated absences outstanding for governmental activities and \$25.9 million in bonds and notes outstanding for business-type activities. Additional information on the City of Flint's long-term debt can be found in Note 9.

Table 5-City of Flint's Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
General Obligation Bonds	\$ 9.7	\$ 9.5	\$ -	\$ -	\$ 9.7	\$ 9.5
Revenue Bonds and Notes	-	-	28.0	25.9	28.0	25.9
Other Notes	21.9	21.4	-	-	21.9	21.4
Capital Leases	0.3	0.7	-	-	0.3	0.7
Accrued Annual & Sick Pay	6.9	5.3	-	-	6.9	5.3
Total	\$ 38.8	\$ 36.9	\$ 28.0	\$ 25.9	\$ 66.8	\$ 62.8

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

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

Bond Ratings - There are no current ratings for Flint. 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 of Flint's general obligation unlimited bonds at Ba1, with a stable outlook, in February 2006.

Economic Factors and Next Year's Budget and Rates

Economic Factors - Like most cities throughout the state of Michigan, the City of Flint in the year 2012 continued to take its share of hits in this struggling economy. However, like a true champion, Flint took those hits in 2012, is still standing, and has landed a few hits itself.

Flint and Genesee County are moving aggressively to position our region as a recognized center of innovation and entrepreneurship in the public and private sectors. Our new leadership is collaboratively utilizing our strong anchor assets in higher education, life sciences/health care, and advanced manufacturing to make our region a superior place for business investment, policy experimentation, and multi-sector partnerships. We were once branded as "one of the fastest dying cities in America" by Forbes magazine; however, we are now rapidly advancing through the process of reinvention.

Our overall objective is to create a sustainable region with new jobs, strong neighborhoods, and great schools achieved through private and public partnership, innovation, and entrepreneurship.

Flint and Genesee County aim to be one of Michigan's major success stories by advancing out of prolonged recession to rapid recovery and growth. Our region intends to lead the way with these measurable achievements over the next three to five years:

- Doubling export activity and generating new jobs
- Increasing enrollments across our higher education institutions
- Attracting and retaining mobile talent and young families
- Stabilizing property values and local tax revenues
- Reducing unemployment and poverty
- Improving health outcomes, quality of life, and environmental sustainability

A major component of the region's reinvention is the necessary diversification of the economy. Dynamic growth in services sector is replacing many lost manufacturing jobs. Conservative job creation forecasts for the next decade were prepared during our Comprehensive Economic Development Strategy formulation. They estimated more than 12,000 net new private sector jobs including 6,000 healthcare jobs, 2,000 new hospitality jobs, and 1,000 new education jobs among others. For 2011, we seek to create 2,000 net new jobs.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

We are already succeeding in creating jobs and opportunities today because of the continued collaboration among our key economic sectors, governments, and non-profits. Despite the ongoing recession, last year the region created 1,700 jobs and retained 1,000 more through coordinated efforts led by the Genesee Regional Chamber of Commerce, our lead economic development agency. In fact, over the last two years, public and private joint efforts have brought more than \$230 million in new manufacturing infrastructure investment, more than \$200 million in private investment to downtown Flint, and over \$100 million in new higher education assets. Further, Flint suppliers have increased their federal contracting wins over 1,300 percent in the last five years. Finally, federal investment is also growing; recent awards include \$33 million from the EPA to clean up the Buick City Brownfield, a HUD Challenge Planning Grant, a SAFER Grant, and several research and development grants.

At the core of our region, the City of Flint has shifted from a factory town to a community anchored by its institutions of higher education. This year, a milestone was reached by the area's colleges and universities: total enrollment is now nearly 34,000 students in undergraduate through doctoral programs. Many new businesses, housing options, and restaurants have been created as part of the downtown Flint investments. The formerly all-commuter Downtown has been transformed into a vibrant scene where 3,600 college students are living in newly developed multi-institution residence halls and lofts. Notably, two landmark hotels that had been closed for business (the Hyatt Regency and Durant) are fully renovated and now house college students from all four of our higher education institutions.

Genesee County has attracted strong new businesses such as: Magna Electronics, creating 525 new jobs to produce electric vehicle motors; Swedish Biogas, working in partnership with Kettering University and the City of Flint to create cutting edge, state of the art technology for alternative fuel development; IINN (Insight Institute of Neurosurgery and Neuroscience), a medical device firm specializing in R&D and production; Diplomat Specialty Pharmacy, the fastest growing firm of its type in the United States, is exporting pharmaceutical products throughout the world. Diplomat and IINN will employ more than 4,000 men and women in New Economy jobs and jointly occupy 750,000 square feet in a former GM Brownfield site.

In healthcare, Genesys Health System continues to be a significant medical asset in Grand Blanc and plans to establish a new presence in downtown Flint. Hurley Hospital is investing to expand its emergency and trauma care capacity. McLaren Health System is expanding its presence throughout mid-Michigan with plans to invest over \$60M in a new Proton Beam cancer treatment facility. All three hospitals are actively engaged in growing medical research activities at their facilities.

We are building upon these local and regional successes. We have over 100 economic development projects targeting the fundamental challenges that complicate and frustrate our efforts to turn opportunity into renewed prosperity. Our theory of change is that achieving prosperity involves simultaneous and often interdependent progress on people, place, and policy initiatives.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

People-focused approaches benefit from strong educational and workforce development programs already in place. Attraction of new participants continues to accelerate as our workforce increasingly pursues personal talent development and career advancement preparations.

Place-based approaches will provide a highly conducive business climate for firms of target industries, while enriching the quality of life for current and potential residents. Several excellent examples include Bishop International Airport, the Buick City Brownfield, and the Genesee County-led Karegnondi Water Authority project.

Policy approaches must be focused on driving prosperity. We have been successfully cultivating federal, state, and local government support that is engaged, innovation-driven, and invested in our economic development priorities. Across the region, our governmental partners are increasingly well-organized to help respond to new opportunities quickly. Further policy improvements - in which we will need your help - will remove barriers or provide new incentives. These changes are necessary for both new initiatives and to boost current efforts. A summary of our key policy interests is provided on page 17.

We have multiple projects underway building an environment that accelerates entrepreneurial and innovation successes - whether for general businesses or emphasizing the commercialization of advanced technology-based new products and services. We are working to creatively expand ways that favor capital intensive investments in existing and newly emerging industries. For example, we now regularly pursue foreign direct investment with teams comprised of business, university, governmental, and philanthropic representatives.

Our existing projects will help us maintain timely progress toward prosperity because they enjoy strong consensus and committed partners. Our partners are actively engaged in growing capital investment, technology transfer, and human capital development. Appropriate new, market-driven projects will be fostered by incentives supporting and rewarding projects that address remaining gaps in how we are meeting our core challenges.

Budgets - The placement of the City of Flint into state receivership emphasizes the City's precarious financial position. Flint is an urban center which has been faced with a very significant loss in employment base in addition to the well-known problems of all mature urban centers. The City will be challenged for several more years to determine how it can restore its financial solvency and provide at least a basic level of city services while at the same time participating in the activities which will result in Flint being an attractive place for residents, students, businesses, and visitors.

City of Flint, Michigan

Management's Discussion and Analysis (Continued)

The challenges are many, including:

- Continuing decline in property values, made more dire by the phase-out of personal property tax
- Minimal increases in income tax revenues as unemployment and poverty remain high
- An aging and reduced workforce, resulting in an increase in the ratio of retirees to active employees, affecting pension and health care costs
- Aging sewer, water, street, and sidewalk infrastructure
- Continuing high levels of crime
- Reduced population

There are, however, many positive steps being taken which give strong hope that the City will regain its financial solvency and be a key part of restoring the community of Flint, including:

- Strong partnership with entities such as the Greater Regional Flint Chamber of Commerce, Prima Civitas, and the State of Michigan to promote economic development
- Strong support - financial and otherwise - from the Mott Foundation to support many activities helping to restore Flint
- Diversification of Flint's economic base, especially in higher education and healthcare
- Support of city residents to financially support city initiatives, as evidenced by recent passage of a 6 mill Public Safety Stabilization Millage
- Support from the State of Michigan to assist the City, including increases in state trooper presence and assisting financially in re-opening the City's lock-up
- Willingness by those managing the City to make the necessary decisions to restore financial solvency, as evidenced by the implementation of a fiscal year 2013 budget which raised revenues and cut expenses sufficiently to assure that expenses will not exceed revenues
- Taking steps to improve and maintain long-term financial solvency, including reducing the workforce by nearly 20 percent; restructuring health benefits in a manner which reduced OPEB liabilities by nearly 2/3; reduced pension benefits, significantly raised water and sewer rates while implementing new fees for trash pick-up and street lights, and restructuring the way in which city services are provided
- Working collaboratively with other municipalities to consider sharing of services, as evidenced by five recent applications to the State for financial support in implementing shared services
- Commitment to develop a five-year strategic plan and budget in conjunction with the City's fiscal year 2014 budget.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Flint, 1101 South Saginaw Street, Room #203, Flint, Michigan 48502.

City of Flint, Michigan

Statement of Net Assets June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments (Note 3)	\$ 4,298,150	\$ 82,662	\$ 4,380,812	\$ -
Cash and cash equivalents (Note 4)	1,862,016	645,241	2,507,257	6,845,834
Investments (Note 4)	955,941	-	955,941	64,650,897
Receivables (net of allowance, where applicable) (Note 5):				
Property taxes receivable	1,500,445	-	1,500,445	-
Receivables from sales to customers on account	-	18,032,538	18,032,538	59,041,291
Accrued interest receivable	81,168	-	81,168	324,843
Other receivables	2,370,575	-	2,370,575	-
Due from other governmental units	10,145,982	-	10,145,982	809,011
Loan receivable	11,301,851	-	11,301,851	452,147
Due from component units (Note 7)	10,126,795	-	10,126,795	-
Internal balances (Note 7)	(7,081,593)	7,081,593	-	-
Inventory	197,119	1,011,488	1,208,607	4,515,461
Prepaid costs	84,152	-	84,152	2,543,166
Restricted assets (Note 10)	380,035	5,585,334	5,965,369	39,744,958
Investment in joint ventures	-	-	-	6,782,600
Other assets	-	72,934	72,934	3,125,957
Note receivable - Current portion	130,000	-	130,000	-
Capital assets (Note 6):				
Assets not subject to depreciation	14,313,536	2,099,062	16,412,598	18,037,319
Assets subject to depreciation	152,340,274	108,038,237	260,378,511	112,492,579
Cash held with agent	-	-	-	550,000
Total assets	203,006,446	142,649,089	345,655,535	319,916,063

City of Flint, Michigan

Statement of Net Assets (Continued) June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 5,020,209	\$ 5,147,118	\$ 10,167,327	\$ 22,659,419
Due to other governmental units	719,709	-	719,709	-
Due to primary government (Note 7)	-	-	-	10,126,795
Deposits and advances	587,337	518,148	1,105,485	35,540
Accrued liabilities and other	4,080,005	860,893	4,940,898	43,586,109
Unearned revenue (Note 5)	589,377	-	589,377	13,216
Other current liabilities	5,033	-	5,033	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	-	-	423,488
Claims payable - Current (Note 16)	3,268,000	-	3,268,000	4,400,178
Current portion of long-term debt (Note 9)	4,853,570	2,115,000	6,968,570	4,823,007
Due in more than one year:				
Claims payable (Note 16)	700,000	-	700,000	32,299,704
Net pension obligation	-	-	-	6,503,942
Net OPEB obligation (Note 12)	128,116,255	28,858,961	156,975,216	-
Long-term debt (Note 9)	32,038,072	23,840,336	55,878,408	85,128,469
Total liabilities	<u>179,977,567</u>	<u>61,340,456</u>	<u>241,318,023</u>	<u>209,999,867</u>
Net Assets				
Invested in capital assets - Net of related debt	164,557,732	84,181,963	248,739,695	51,087,103
Restricted for:				
Roads	3,284,634	-	3,284,634	-
Capital projects	1,630,490	-	1,630,490	-
Revolving Loan Program	-	-	-	2,028,004
Police	1,076,547	-	1,076,547	-
Community development	640,253	-	640,253	157,817
Parks and recreation	163,333	-	163,333	-
Economic development	547,947	-	547,947	-
Building inspection	101,854	-	101,854	-
Garbage collection	260,160	-	260,160	-
Debt service	7,163	2,595,534	2,602,697	-
Capital replacement	-	2,989,800	2,989,800	-
Donor restricted and other	-	-	-	4,874,957
Unrestricted	<u>(149,241,234)</u>	<u>(8,458,664)</u>	<u>(157,699,898)</u>	<u>51,768,315</u>
Total net assets	<u>\$ 23,028,879</u>	<u>\$ 81,308,633</u>	<u>\$ 104,337,512</u>	<u>\$ 109,916,196</u>

City of Flint, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,839,266	\$ 8,105,345	\$ 1,782,875	\$ 211,561
Judicial	3,673,809	1,594,061	227,945	-
Public safety:				
Police	24,736,225	1,023,026	1,318,673	1,128,457
Fire	15,123,603	55,608	-	-
Building inspection	7,049,138	3,949,658	985,712	940,736
Emergency dispatch	2,336,627	1,515,582	-	-
Public works	4,968,225	5,825	-	-
Legislative	1,195,610	-	-	-
Community development	14,668,606	11,371	6,806,129	10,513,886
Parks and recreation	4,455,354	229,710	329,699	25,388
Transportation	20,973,793	57,671	9,452,179	470,487
Interest on long-term debt	1,361,513	-	-	-
Total governmental activities	111,381,769	16,547,857	20,903,212	13,290,515
Business-type activities:				
Water	42,530,998	44,854,439	-	-
Sewage Disposal Division	25,321,716	23,214,899	-	-
Total business-type activities:	67,852,714	68,069,338	-	-
Total primary government	\$ 179,234,483	\$ 84,617,195	\$ 20,903,212	\$ 13,290,515
Component units:				
Downtown Development Authority	\$ 1,710,624	\$ 2,443,233	\$ 250,000	\$ -
Atwood Stadium Building Authority	-	-	-	-
Economic Development Corporation	343,053	170,035	26,300	254,310
Flint Area Enterprise Community	358,598	-	152,465	-
Hurley Medical Center	365,302,072	362,764,794	-	-
Total component units	\$ 367,714,347	\$ 365,378,062	\$ 428,765	\$ 254,310
General revenues:				
Property taxes				
Income taxes				
State-shared revenue				
Interest				
Cable franchise fees				
Other miscellaneous income				
Total general revenues				
Transfers				
Change in Net Assets				
Net Assets - Beginning of year (as restated) (Note 1)				
Net Assets - End of year				

Statement of Activities Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (739,485)	\$ -	\$ (739,485)	\$ -
(1,851,803)	-	(1,851,803)	-
(21,266,069)	-	(21,266,069)	-
(15,067,995)	-	(15,067,995)	-
(1,173,032)	-	(1,173,032)	-
(821,045)	-	(821,045)	-
(4,962,400)	-	(4,962,400)	-
(1,195,610)	-	(1,195,610)	-
2,662,780	-	2,662,780	-
(3,870,557)	-	(3,870,557)	-
(10,993,456)	-	(10,993,456)	-
(1,361,513)	-	(1,361,513)	-
(60,640,185)	-	(60,640,185)	-
-	2,323,441	2,323,441	-
-	(2,106,817)	(2,106,817)	-
-	216,624	216,624	-
(60,640,185)	216,624	(60,423,561)	-
-	-	-	982,609
-	-	-	-
-	-	-	107,592
-	-	-	(206,133)
-	-	-	(2,537,278)
-	-	-	(1,653,210)
14,263,876	-	14,263,876	346,412
14,839,999	-	14,839,999	-
13,103,186	-	13,103,186	-
632,134	209,179	841,313	4,329,615
1,167,325	-	1,167,325	-
36,324	51,770	88,094	486,440
44,042,844	260,949	44,303,793	5,162,467
2,990,000	(2,990,000)	-	-
(13,607,341)	(2,512,427)	(16,119,768)	3,509,257
36,636,220	83,821,060	120,457,280	106,406,939
\$ 23,028,879	\$ 81,308,633	\$ 104,337,512	\$ 109,916,196

City of Flint, Michigan

Governmental Funds Balance Sheet June 30, 2012

	General Fund	Federal Grants Fund	Public Improvement	Nonmajor Funds	Total
Assets					
Cash and cash equivalents (Note 4)	\$ 570,514	\$ 561,856	\$ -	\$ 224,553	\$ 1,356,923
Investments (Note 4)	-	955,941	-	-	955,941
Receivables (Note 5):					
Property taxes receivable	946,789	-	180,849	372,807	1,500,445
Accrued interest receivable	-	27,517	-	53,651	81,168
Other receivables	1,828,783	-	-	538,689	2,367,472
Due from other governmental units	3,247,956	5,301,874	-	1,596,152	10,145,982
Notes and leases receivable	-	10,445,268	-	856,583	11,301,851
Due from component units (Note 7)	148,895	550,000	9,427,900	-	10,126,795
Due from other funds (Note 7)	-	-	-	1,812,097	1,812,097
Restricted assets (Note 10)	-	380,035	-	-	380,035
Pooled cash and investments (Note 3)	-	-	1,949,672	2,348,478	4,298,150
Total assets	\$ 6,742,937	\$ 18,222,491	\$ 11,558,421	\$ 7,803,010	\$ 44,326,859
Liabilities and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ 1,309,291	\$ 2,499,723	\$ -	\$ 435,016	\$ 4,244,030
Due to other governmental units	719,709	-	-	-	719,709
Due to other funds (Note 7)	10,911,215	2,883,759	-	45,479	13,840,453
Advances from other funds (Note 7)	10,999,773	-	-	-	10,999,773
Deposits and advances	-	-	-	587,337	587,337
Accrued liabilities and other	1,018,531	252,119	314,149	1,284,401	2,869,200
Deferred revenue (Note 5)	969,268	11,946,637	9,608,749	705,220	23,229,874
Other current liabilities	-	-	5,033	-	5,033
Total liabilities	25,927,787	17,582,238	9,927,931	3,057,453	56,495,409
Fund Balances (Deficit)					
Restricted:					
Roads	-	-	-	3,284,634	3,284,634
Police	-	-	-	951,331	951,331
Debt service	-	-	-	7,163	7,163
Community Development	-	640,253	-	-	640,253
Capital Projects	-	-	1,630,490	-	1,630,490
Economic development	-	-	-	224,840	224,840
Parks and recreation	-	-	-	132,109	132,109
Building inspections	-	-	-	101,688	101,688
Garbage collection	-	-	-	43,792	43,792
Unassigned (deficit)	(19,184,850)	-	-	-	(19,184,850)
Total fund balances (deficit)	(19,184,850)	640,253	1,630,490	4,745,557	(12,168,550)
Total liabilities and fund balances (deficit)	\$ 6,742,937	\$ 18,222,491	\$ 11,558,421	\$ 7,803,010	\$ 44,326,859

The Notes to Financial Statements are an Integral Part of this Statement.

City of Flint, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2012

Fund Balance Reported in Governmental Funds	\$ (12,168,550)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	164,120,085
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	22,640,497
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(30,904,644)
Accrued interest related to governmental activities debt is not reported in the funds	(296,884)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(5,343,961)
Net postemployment benefit obligation is not due and payable in the current period and is not reported in the funds	(128,116,255)
Internal Service Funds are included as part of governmental activities	<u>13,098,591</u>
Net Assets of Governmental Activities	<u>\$ 23,028,879</u>

City of Flint, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended June 30, 2012

	General Fund	Federal Grants Fund	Public Improvement	Nonmajor Governmental Funds	Total
Revenue					
Property taxes	\$ 6,952,418	\$ -	\$ 2,330,170	\$ 5,126,802	\$ 14,409,390
Income taxes	14,839,999	-	-	-	14,839,999
Licenses and permits	1,325,459	-	-	1,314,536	2,639,995
Federal grants	1,435,026	18,053,911	-	2,084,166	21,573,103
State revenue	13,444,050	73,708	-	9,026,473	22,544,231
Charges for services	9,566,165	8,725	-	2,911,191	12,486,081
Fines and forfeitures	2,056,124	-	-	92,003	2,148,127
Interest	230,216	394,606	288,058	21,946	934,826
Other revenue	1,648,229	6,250	440,755	594,621	2,689,855
Total revenue	<u>51,497,686</u>	<u>18,537,200</u>	<u>3,058,983</u>	<u>21,171,738</u>	<u>94,265,607</u>
Expenditures					
Current:					
General government	10,553,295	-	351,900	-	10,905,195
Judicial - 68th District Court	5,595,856	-	-	-	5,595,856
Public safety:					
Police department	19,892,594	556,946	-	2,660,256	23,109,796
Fire	11,929,492	3,263,739	-	-	15,193,231
Building inspection	162,665	-	-	6,850,687	7,013,352
Emergency dispatch	3,094,964	-	-	-	3,094,964
Public works	-	-	-	4,752,809	4,752,809
Legislative	1,214,229	-	-	-	1,214,229
Community development	2,693,850	5,724,505	-	9,573	8,427,928
Parks and recreation	3,792,290	8,548,838	1,841,793	1,200,867	15,383,788
Transportation	2,738,279	-	-	8,284,239	11,022,518
Debt service:					
Principal	-	343,000	245,000	353,435	941,435
Interest on long-term debt	-	149,753	195,755	491,783	837,291
Total expenditures	<u>61,667,514</u>	<u>18,586,781</u>	<u>2,634,448</u>	<u>24,603,649</u>	<u>107,492,392</u>
Excess of Revenue (Under) Over Expenditures	(10,169,828)	(49,581)	424,535	(3,431,911)	(13,226,785)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	24,300	-	-	-	24,300
Transfers in (Note 7)	2,990,000	-	-	4,604,781	7,594,781
Transfers out (Note 7)	(4,753,183)	-	(1,623,339)	-	(6,376,522)
Total other financing (uses) sources	<u>(1,738,883)</u>	<u>-</u>	<u>(1,623,339)</u>	<u>4,604,781</u>	<u>1,242,559</u>
Net Change in Fund Balances	(11,908,711)	(49,581)	(1,198,804)	1,172,870	(11,984,226)
Fund Balances (Deficit) - Beginning of year	<u>(7,276,139)</u>	<u>689,834</u>	<u>2,829,294</u>	<u>3,572,687</u>	<u>(184,324)</u>
Fund Balances (Deficit) - End of year	<u>\$ (19,184,850)</u>	<u>\$ 640,253</u>	<u>\$ 1,630,490</u>	<u>\$ 4,745,557</u>	<u>\$ (12,168,550)</u>

The Notes to Financial Statements are an Integral Part of this Statement.

City of Flint, Michigan

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances (Deficit) of Governmental Funds** **to the Statement of Activities** **Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$ (11,984,226)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	3,695,647
Depreciation expense	(15,869,503)
Net book value of assets disposed of	(27,895)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 90 days of year end	349,850
Increase in net postemployment benefit obligation	(1,373,887)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	696,435
Change in accrued interest is not reported in the funds	(56,676)
Decreases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	1,570,068
Internal Service Funds are included as part of governmental activities	<u>9,392,846</u>
Change in Net Assets of Governmental Activities	<u>\$ (13,607,341)</u>

City of Flint, Michigan

Proprietary Funds Statement of Net Assets June 30, 2012

	Enterprise Funds			Governmental Activities
	Water Supply Division	Sewage Disposal Division	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 645,241	\$ -	\$ 645,241	\$ 505,093
Receivables:				
Receivables from sales to customers on account	10,835,558	7,196,980	18,032,538	-
Other receivables	-	-	-	3,103
Due from other funds (Note 7)	-	-	-	16,469,216
Inventory	381,854	629,634	1,011,488	197,119
Prepaid costs	-	-	-	84,152
Note receivable - Current portion	-	-	-	130,000
Pooled cash and investments	-	82,662	82,662	-
Total current assets	<u>11,862,653</u>	<u>7,909,276</u>	<u>19,771,929</u>	<u>17,388,683</u>
Noncurrent assets:				
Restricted assets (Note 10)	5,585,334	-	5,585,334	-
Advances to other funds (Note 7)	1,000,000	10,522,453	11,522,453	-
Accrued interest receivable	-	72,934	72,934	-
Capital assets (Note 6):				
Assets not subject to depreciation	1,479,998	619,064	2,099,062	-
Assets subject to depreciation	47,262,024	60,776,213	108,038,237	2,533,725
Total noncurrent assets	<u>55,327,356</u>	<u>71,990,664</u>	<u>127,318,020</u>	<u>2,533,725</u>
Total assets	<u>67,190,009</u>	<u>79,899,940</u>	<u>147,089,949</u>	<u>19,922,408</u>
Liabilities				
Current liabilities:				
Accounts payable	4,833,812	313,306	5,147,118	776,179
Due to other funds (Note 7)	3,589,660	851,200	4,440,860	-
Deposits and advances	518,148	-	518,148	-
Accrued liabilities and other	458,392	402,501	860,893	913,921
Claims payable - Current (Note 16)	-	-	-	3,268,000
Current portion of long-term debt (Note 9)	2,115,000	-	2,115,000	256,591
Total current liabilities	<u>11,515,012</u>	<u>1,567,007</u>	<u>13,082,019</u>	<u>5,214,691</u>
Noncurrent liabilities:				
Advances from other funds (Note 7)	-	-	-	522,680
Claims payable	-	-	-	700,000
Net OPEB obligation	12,220,732	16,638,229	28,858,961	-
Long-term debt (Note 9)	23,840,336	-	23,840,336	386,446
Total noncurrent liabilities	<u>36,061,068</u>	<u>16,638,229</u>	<u>52,699,297</u>	<u>1,609,126</u>
Total liabilities	<u>47,576,080</u>	<u>18,205,236</u>	<u>65,781,316</u>	<u>6,823,817</u>
Net Assets				
Invested in capital assets - Net of related debt	22,786,686	61,395,277	84,181,963	1,890,688
Restricted:				
Debt service	2,595,534	-	2,595,534	-
Capital replacement	2,989,800	-	2,989,800	-
Unrestricted (deficit)	(8,758,091)	299,427	(8,458,664)	11,207,903
Total net assets	<u>\$ 19,613,929</u>	<u>\$ 61,694,704</u>	<u>81,308,633</u>	<u>\$ 13,098,591</u>
Net Assets of Business-type Activities			<u><u>\$ 81,308,633</u></u>	

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Flint, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities
	Water Supply Division	Sewage Disposal Division	Total	Internal Service Funds
Operating Revenue				
Charges for services	\$ 44,850,678	\$ 23,214,899	\$ 68,065,577	\$ 50,203,041
Other miscellaneous revenue	3,761	-	3,761	-
Total operating revenue	44,854,439	23,214,899	68,069,338	50,203,041
Operating Expenses				
Salaries, wages, and fringe benefits	9,613,902	12,917,441	22,531,343	5,318,511
Utilities	658,425	2,195,554	2,853,979	34,980
Equipment operation	616,356	720,846	1,337,202	5,948
Claims and settlements	-	-	-	1,061,925
Repair and maintenance	609,858	352,546	962,404	528,044
Supplies	978,916	829,978	1,808,894	2,098,337
Insurance	-	-	-	466,196
Professional services	981,440	855,823	1,837,263	2,466,269
Administrative costs	1,215,447	837,810	2,053,257	-
Miscellaneous	926,460	1,539,255	2,465,715	3,612
Costs of materials or services rendered	21,251,448	-	21,251,448	29,142,756
Depreciation and amortization	4,984,242	5,071,908	10,056,150	1,345,803
Total operating expenses	41,836,494	25,321,161	67,157,655	42,472,381
Operating Income (Loss)	3,017,945	(2,106,262)	911,683	7,730,660
Nonoperating Revenue (Expenses)				
Investment income	1,652	207,527	209,179	8,277
Interest expense	(694,504)	-	(694,504)	(222,546)
Miscellaneous expenses	-	(555)	(555)	-
Miscellaneous revenue	51,770	-	51,770	-
Total nonoperating (expenses) revenue	(641,082)	206,972	(434,110)	(214,269)
Income (Loss) - Before contributions	2,376,863	(1,899,290)	477,573	7,516,391
Capital Contributions	-	-	-	104,714
Transfers In (Note 7)	-	-	-	1,771,741
Transfers Out (Note 7)	(1,130,000)	(1,860,000)	(2,990,000)	-
Change in Net Assets	1,246,863	(3,759,290)	(2,512,427)	9,392,846
Net Assets - Beginning of year	18,367,066	65,453,994	83,821,060	3,705,745
Net Assets - End of year	\$ 19,613,929	\$ 61,694,704	\$ 81,308,633	\$ 13,098,591

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Flint, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2012

	Enterprise Funds			Governmental
	Sewage			Internal Service
	Water Supply Division	Disposal Division	Total	Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 42,651,913	\$ 21,328,546	\$ 63,980,459	\$ 51,391,606
Payments to vendors	(25,954,708)	(6,004,243)	(31,958,951)	(35,441,463)
Payments to employees	(9,561,656)	(12,851,490)	(22,413,146)	(10,480,174)
Internal activity - Payments to other funds	(910,000)	(1,500,000)	(2,410,000)	-
Claims paid	-	-	-	(2,861,925)
Other receipts	-	-	-	2,200,139
Net cash provided by operating activities	6,225,549	972,813	7,198,362	4,808,183
Cash Flows from Noncapital Financing Activities				
Issuance of debt for operating purposes	-	-	-	551,244
Transfers from other funds	-	-	-	1,771,741
Loans related to pooled cash received from other funds	(492,262)	-	(492,262)	130,000
Repayments of loans related to pooled cash made to other funds	-	10,524,275	10,524,275	(825,938)
Transfers to other funds	(1,130,000)	(1,860,000)	(2,990,000)	(3,591,763)
Pooled cash receipts to other funds	(1,000,000)	(9,173,835)	(10,173,835)	-
Repayments of loans from other funds	-	-	-	(1,817,395)
Net cash used in noncapital financing activities	(2,622,262)	(509,560)	(3,131,822)	(3,782,111)
Cash Flows from Capital and Related Financing Activities				
Capital contributions	-	-	-	104,714
Proceeds from sales of capital assets	58,738	-	58,738	-
Purchase of capital assets	(755,681)	(587,563)	(1,343,244)	(686,408)
Principal paid on capital debt	(2,060,000)	(555)	(2,060,555)	(392,519)
Interest payments	(694,504)	-	(694,504)	(24,339)
Net cash used in capital and related financing activities	(3,451,447)	(588,118)	(4,039,565)	(998,552)
Cash Flows from Investing Activities -				
Interest received on investments	1,652	207,527	209,179	8,277
Net Increase in Cash and Cash Equivalents	153,492	82,662	236,154	35,797
Cash and Cash Equivalents - Beginning of year	6,077,083	-	6,077,083	469,296
Cash and Cash Equivalents - End of year	\$ 6,230,575	\$ 82,662	\$ 6,313,237	\$ 505,093
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 645,241	\$ -	\$ 645,241	\$ 505,093
Restricted cash	5,585,334	-	5,585,334	-
Pooled cash	-	82,662	82,662	-
Total cash and cash equivalents	\$ 6,230,575	\$ 82,662	\$ 6,313,237	\$ 505,093

City of Flint, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2012

	Enterprise Funds			Governmental
	Water Supply	Sewage Disposal	Total	Internal Service
	Division	Division		Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 3,017,945	\$ (2,106,262)	\$ 911,683	\$ 7,730,660
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	4,984,242	5,071,908	10,056,150	1,345,803
Changes in assets and liabilities:				
Receivables	(2,202,526)	(1,886,353)	(4,088,879)	3,388,704
Due from others	-	-	-	(5,059,784)
Inventories	52,113	31,891	84,004	2,864
Prepaid and other assets	-	-	-	68,094
Accounts payable	331,716	(204,322)	127,394	(766,279)
Estimated claims liability	-	-	-	(1,800,000)
Accrued and other liabilities	(75,542)	(122,920)	(198,462)	(101,879)
Customer deposits	(10,187)	-	(10,187)	-
Net postemployment benefit obligation	127,788	188,871	316,659	-
	\$ 6,225,549	\$ 972,813	\$ 7,198,362	\$ 4,808,183
Net cash provided by operating activities				

City of Flint, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2012

	Pension and Benefit Trust Funds	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 25,783,101	\$ 1,272,899
Investments:		
Mutual funds	116,512,612	-
U.S. government obligations	25,047,315	-
Agency securities	5,987,098	-
Corporate stocks	257,318,661	-
Corporate bonds	18,592,701	-
Asset-backed securities	2,959,930	-
Partnerships	22,812,096	-
Foreign stocks	29,460,693	-
Collateral for securities lending:		
Cash and cash equivalents	20,385,393	-
U.S. government obligations	13,506,254	-
Agency securities	19,572,417	-
Corporate stock	9,848,590	-
Corporate bonds	7,950,420	-
Asset backed securities	1,481,462	-
Foreign stock	1,694,431	-
Receivables:		
Property taxes receivable	-	3,066,734
Accrued interest receivable	617,446	-
Notes and leases receivable	-	3,089
Pooled cash and investments	<u>2,058,475</u>	<u>1,471,570</u>
Total assets	<u>581,589,095</u>	<u>\$ 5,814,292</u>
Liabilities		
Accounts payable	807,802	\$ 316,517
Due to other governmental units	-	4,628,932
Deposits and advances	-	868,843
Accrued liabilities and other	5,304,512	-
Obligations under securities lending agreements (Note 4)	<u>74,438,967</u>	<u>-</u>
Total liabilities	<u>80,551,281</u>	<u>\$ 5,814,292</u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u>\$ 501,037,814</u>	

City of Flint, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended June 30, 2012

	Pension and Benefit Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 6,548,853
Net increase in fair value of investments	1,214,448
Investment-related expenses	(1,242,980)
Net investment income	6,520,321
Securities lending income:	
Interest and fees	212,142
Less borrower rebates and bank fees	(42,434)
Net securities lending income	169,708
Contributions:	
Employer	39,995,307
Employee	5,251,737
Total contributions	45,247,044
Insurance reimbursement	1,821,785
Total additions	53,758,858
Deductions	
Benefit payments	87,004,295
Refunds of contributions	431,349
Administrative expenses	1,940,056
Total deductions	89,375,700
Net Decrease in Net Assets Held in Trust	(35,616,842)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	536,654,656
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	\$ 501,037,814

City of Flint, Michigan

Component Units Statement of Net Assets June 30, 2012

	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
Assets						
Cash and cash equivalents	\$ 331,812	\$ 9,252	\$ 92,411	\$ 946,729	\$ 5,465,630	\$ 6,845,834
Investments	-	-	-	-	64,650,897	64,650,897
Receivables:						
Receivables from sales to customers on account	-	-	-	-	59,041,291	59,041,291
Accrued interest receivable	-	-	-	-	324,843	324,843
Accounts (net of allowance of \$109,366)	2,793	-	692,337	113,881	-	809,011
Notes and leases receivable	-	-	-	452,147	-	452,147
Inventory	-	-	-	-	4,515,461	4,515,461
Prepaid costs	55,653	-	10,631	-	2,476,882	2,543,166
Restricted assets	259,823	-	423,488	-	39,061,647	39,744,958
Investment in joint ventures	-	-	-	-	6,782,600	6,782,600
Land held for resale	-	-	-	42,600	3,083,357	3,125,957
Capital assets (net of depreciation)	15,098,915	-	865,195	23,214	114,542,574	130,529,898
Cash held with agent	-	-	550,000	-	-	550,000
Total assets	15,748,996	9,252	2,634,062	1,578,571	299,945,182	319,916,063
Liabilities						
Accounts payable	35,925	-	11,669	16,567	22,595,258	22,659,419
Due to primary government	9,427,900	-	698,895	-	-	10,126,795
Deposits and advances	29,255	-	6,285	-	-	35,540
Accrued liabilities and other	7,140	-	-	1,719	43,577,250	43,586,109
Deferred revenue	3,100	-	-	10,116	-	13,216
Noncurrent liabilities:						
Due within one year:						
Payable from restricted assets	-	-	423,488	-	-	423,488
Claims payable - Current	-	-	-	-	4,400,178	4,400,178
Current portion of long- term debt	-	-	-	-	4,823,007	4,823,007
Due in more than one year:						
Claims payable	-	-	-	-	32,299,704	32,299,704
Other noncurrent liabilities 1 - > 1 yr	-	-	-	-	6,503,942	6,503,942
Long-term debt	-	-	-	-	85,128,469	85,128,469
Total liabilities	9,503,320	-	1,140,337	28,402	199,327,808	209,999,867
Net Assets						
Invested in capital assets - Net of related debt	5,935,095	-	865,195	23,214	44,263,599	51,087,103
Restricted:						
Community Development	-	-	-	157,817	-	157,817
Revolving Loan Program	-	-	747,969	1,280,035	-	2,028,004
Donor restricted and other	-	-	-	-	4,874,957	4,874,957
Unrestricted	310,581	9,252	(119,439)	89,103	51,478,818	51,768,315
Total net assets	\$ 6,245,676	\$ 9,252	\$ 1,493,725	\$ 1,550,169	\$100,617,374	\$109,916,196

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Flint, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority:				
Governmental activities -				
Development administration	\$ 128,070	\$ -	\$ 250,000	\$ -
Business-type activities - Parking	1,582,554	2,443,233	-	-
Atwood Stadium Building Authority	-	-	-	-
Economic Development Corporation	343,053	170,035	26,300	254,310
Flint Area Enterprise Community	358,598	-	152,465	-
Hurley Medical Center	365,302,072	362,764,794	-	-
Total component units	\$367,714,347	\$365,404,362	\$ 402,465	\$ 254,310

General revenues:

Property taxes

Unrestricted investment earnings

Unrestricted other revenues

Total general revenues

Change in Net Assets

Net Assets - Beginning of year (as restated) (Note 1)

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2012**

Net (Expense) Revenue and Changes in Net Assets					
Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
\$ 121,930	\$ -	\$ -	\$ -	\$ -	\$ 121,930
860,679	-	-	-	-	860,679
-	-	-	-	-	-
-	-	107,592	-	-	107,592
-	-	-	(206,133)	-	(206,133)
-	-	-	-	(2,537,278)	(2,537,278)
982,609	-	107,592	(206,133)	(2,537,278)	(1,653,210)
346,412	-	-	-	-	346,412
619	-	42,298	41,893	4,244,805	4,329,615
55,535	-	593	2,118	428,194	486,440
402,566	-	42,891	44,011	4,672,999	5,162,467
1,385,175	-	150,483	(162,122)	2,135,721	3,509,257
4,860,501	9,252	1,343,242	1,712,291	98,481,653	106,406,939
\$ 6,245,676	\$ 9,252	\$ 1,493,725	\$ 1,550,169	\$ 100,617,374	\$ 109,916,196

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the City of Flint (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Flint.

Reporting Entity

The City of Flint is a municipal corporation currently governed and administered by an Emergency Manager (EM) appointed pursuant to State statute by the governor of the State of Michigan. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance they are part of the government's operations. The aggregate discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Blended Component Units

The Flint Employees Retirement System (FERS) is a defined benefit pension plan that provides retirement benefits to certain City retirees. The FERS was established and is governed by City ordinance, with the board of trustees comprised of City officials and retirees. The FERS is reported as a Pension Trust Fiduciary Fund.

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

Discretely Presented Component Units

The Atwood Stadium Building Authority (the "Stadium Authority") serves all citizens and is responsible for major capital improvements to Atwood Stadium, a recreational facility serving the citizens of the City. The City appoints a majority of the governing board and all surplus funds existing at the termination of the Stadium Authority vest to the City. The Stadium Authority is presented as a governmental activity.

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.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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.

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 business-type activities.

Complete financial statements for the following individual component units may be obtained at the entity's administrative offices. Complete financial statements for Atwood Stadium Building Authority are not available. Due to the nature of the operations of Atwood Stadium Building Authority, there is no difference in the assets and liabilities, and equity reported between the fund and government-wide statements. Therefore, fund financial statements are not presented.

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		

Note I - Nature of Business and Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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, pension trust fund, and component unit statement of net assets and statement of activities. Revenue is 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days for property taxes and 90 days of the end of the current fiscal period for all other revenues.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, income taxes, licenses, and charges for services 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.
- The Federal Grants Fund accounts for entitlement and specific purpose grants received from the U.S. Department of Housing and Urban Development and other grantors.
- The 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.

The government reports the following major proprietary funds:

- The Water Supply and Sewer Disposal System are divisions of the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage pumping and collection systems and the sewer treatment plant.

Additionally, the government reports the following internal service and fiduciary activities:

- Internal Service Funds account for data processing, self insurance, fleet, and fringe benefits services provided to other departments or agencies of the government, or to other governments, on a current cost reimbursement basis.
- Pension Trust and Benefit Trust Funds account for the activities of the six different funds utilized to pay retirement, death, and health care benefits for City of Flint and Hurley Medical Center retirees. These funds accumulate resources for pension and health care benefits financed by both employer and employee contributions.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- Agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.
- Pension and Benefit Trust Funds and Agency Funds are reported as fiduciary funds and are not included in the government-wide statement of net assets and statement of activities.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City also has the option of following subsequent private sector guidance for its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

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 City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: restricted, committed, assigned, then unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note I - Nature of Business and Significant Accounting Policies (Continued)

Taxes on the operating, public improvement, garbage collection, parks, 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 2012 taxable valuation of the City totaled \$1,199 million. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	7.5	\$ 6,933,445
Public improvement	2.5	2,330,170
Garbage collection	3.0	2,795,664
Parks and recreation	.5	467,141
Neighborhood police	2.0	1,863,997
Total	<u>15.5</u>	<u>\$ 14,390,417</u>

Assets, Liabilities, and Net Assets 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.

Note I - Nature of Business and Significant Accounting Policies (Continued)

At June 30, 2012, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as an interfund liability of that fund. Management has selected the Water Supply Division Fund, Sewage Disposal Division, Fringe Benefit Fund, Data Processing Fund, Central Maintenance Garage Fund, Self-Insurance Fund, Garbage Collection Fund, and Parks and Recreation Fund to report the interfund receivable. Accordingly, the above-mentioned funds' pooled cash and investment balances, as reported on the financial statement, have been decreased by the amounts receivable from the other City funds with an overdraft.

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 purposes 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.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items

Inventories in the Enterprise and Internal Service Funds consist of supplies held for use and are valued at the lower of cost or market using the first-in/first-out (FIFO) method. Inventories of governmental funds are valued at cost and are recorded as expenditures when consumed rather than when purchased.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Revenue

Deferred revenue represents monies that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts are also reported as deferred revenue until they are available to liquidate liabilities of the current period.

Restricted Assets

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

Restricted assets recorded in the Hurley Medical Center discretely presented component unit consist of:

- Proceeds of debt issues and funds of HMC deposited with a trustee and limited to use in accordance with the requirements of an indenture
- Assets restricted by outside donors

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Hurley Medical Center reported one construction project in progress during the current year, the installation of a new clinical information system.

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

Note I - Nature of Business and Significant Accounting Policies (Continued)

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees accumulate sick leave credit bi-weekly based on the various bargaining unit agreements. Sick leave may accumulate indefinitely. Upon retirement or death, the first 480 hours of accrued sick leave are paid in full at the employee's current pay rate. The next 480 hours are forfeited by the employee, except for certain police employees who are paid for these hours at half the employee's current rate. All accrued hours in excess of 960 are paid at half the employee's current rate. Employees earn annual vacation leave bi-weekly at various rates based on bargaining unit and seniority. Each bargaining unit and seniority level determines the cap on the number of hours that can be accrued for annual vacation leave. Vacation leave is paid at the employee's current pay rate when used or upon retirement. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations and Interest Payments

In the government-wide financial statements and the 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note I - Nature of Business and Significant Accounting Policies (Continued)

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. Issuance costs are reported as debt service expenditures.

Pension and Retiree Health Care Benefits

The City offers both pension and retiree health care benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligations over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact

Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose

Committed: Amounts that have been formally set aside by the City for use for specific purposes. Commitments are made and can be rescinded only by the Emergency Manager.

Assigned: Intent to spend resources on specific purposes expressed by the governing body. Assignments must be authorized by resolution and approved by the governing body.

Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Use of Estimates

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

Restatement of Prior Year Net Assets

Certain financial balances for the year ended June 30, 2011 have been restated in order to correct the method of accounting used to record Hurley Medical Center, previously reported as a blended component unit, and prospectively will be reported as a discretely presented component unit. The effect of this correction was to decrease business-type activities net assets by \$98,481,653 from \$182,302,713 to \$83,821,060 and to increase component units net assets by \$98,481,653 from \$7,925,286 to \$106,406,939.

Hurley Medical Center - Cost-based Reimbursement

Patient accounts receivable at June 30, 2012 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 \$39,400,000 for 2012.

Hurley Medical Center - Revenues and Expenses Accounting Policy

Net patient service revenue:

Net patient service revenue is reported at the estimated net realized amounts from patients and third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Approximately 78 percent of the Medical Center's revenues are based on participation in the Blue Cross/Blue Shield, Medicare, and Medicaid programs for the year ended June 30, 2012.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Charity Care:

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

Estimated self-insured malpractice costs:

The provision for estimated self-insured medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimate for claims incurred but not reported is based on an actuarial determination.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

- At the first meeting in April, the mayor submitted to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included proposed 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 other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

Public hearings were conducted at city hall to obtain taxpayer comments.

At the first City Council meeting in June, the budget was legally enacted on a department level through the passage of a resolution in accordance with State law.

The mayor, or his designee, is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any budgetary level (as indicated above) were to be approved by the City Council.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the Federal Grants Fund, were adopted on a basis consistent with generally accepted accounting principles. The budget for the Federal Grants Fund includes grant revenue and expenditures which were passed through to other City funds and recorded as revenue and expenditures in the grant receiving fund. For the fund financial statements, the Federal Grants Fund includes only those revenue and expenditures incurred directly by that fund.

- Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.
- During the current year, an Emergency Manager has been put into place for the City. The original budget was amended by the Emergency Manager during the year.

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

Noncompliance with Rules and Regulations

In order to maintain operations at the City, various funds have needed to borrow from funds that have restricted sources. Over time, these amounts have accumulated with no plan for repayment.

Excess of Expenditures Over Appropriations

The following funds incurred significant expenditures in excess of appropriations at the department level during the year (defined as greater than 10 percent over budget):

	Final Budget	Actual	Actual Over Amended Budget
General Fund - Genesee towers market adjustment	\$ -	\$ 1,540,000	\$ 1,540,000
Federal Grant Fund:			
Community Development	5,192,175	5,724,505	532,330
Debt Service	-	492,753	492,753
Public Improvement Fund - Parks and Recreation	855,439	1,841,793	986,354

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The variances over budget in these departments were caused by expenditures in excess of revenues in which the budget was not amended.

Fund Deficits

The City has accumulated over several years an unassigned fund balance or unrestricted net asset deficit in the following fund:

	Unassigned Fund Balance Deficit
Primary government - General Fund	\$ 19,184,850

The deficit in this fund was caused by expenditures in excess of revenue.

The following special revenue funds did not adopt a budget: Atwood Stadium Fund, City Park Fund, and Longway Park Fund.

Note 3 - Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund types' portion of this pool is displayed on the combined balance sheet as "pooled cash and investments."

The pooled cash and investments account at June 30, 2012 is comprised of the following:

Cash deposits and restricted cash	\$ 13,367,667
Investments	128,524
Total	<u>\$ 13,496,191</u>

Note 3 - Pooled Cash and Investments (Continued)

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the other funds at June 30, 2012, follows:

	<u>Pooled Cash and Investments</u>
General Fund	\$ -
Special Revenue Funds:	
Major Streets Fund	-
Local Streets Fund	62,890
Federal Grants Fund	-
Neighborhood Policing Fund	-
EDA Revolving Loan Fund	397
Atwood Stadium Fund	6,806
Parks and Recreation	163,536
Senior Citizen Center	9,089
City Park Fund	8,422
Longway Fund	9,396
Building Department Fund	21,302
Garbage Fund	520,282
Public Improvement	1,949,672
State Act 251 Forfeitures	1,539,195
Debt Service Funds:	
Windmill Place Debt Service Fund	6,520
Buick City Debt Service Fund	643
Enterprise Funds:	
Water Supply Division Fund	5,585,334
Sewer Fund	82,662
Pension Trust Funds:	
Flint Employees' Retirement System Fund	1,035,250
Retiree Health Care Fund	1,023,225
Agency Funds - Miscellaneous Agency Fund	<u>1,471,570</u>
Total	<u>\$ 13,496,191</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 law also allows investments outside the state of Michigan when fully insured. The local unit 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 matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust Fund and Retiree Health Care Fund are 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 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 obligations of U.S. agencies, whereby 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, bankers' 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. These investment limitations do not affect the investments of the Pension Benefit Trust of the City's component units. The City's pooled cash investments are limited as follows:

- Negotiable certificates of deposit cannot exceed 25 percent of investment holdings.
- Commercial paper cannot exceed 50 percent of investment holdings.
- Bankers' acceptances cannot exceed 10 percent of investment holdings.
- Mutual funds cannot exceed 15 percent of investment holdings.
- Bankers' acceptances cannot exceed a maturity of 270 days.
- Bankers' acceptances in one financial institution cannot exceed 10 percent of investment holdings.

Note 4 - Deposits and Investments (Continued)

- Commercial paper holdings of any one corporation cannot exceed 10 percent of investment holdings.

The City was in compliance with all aspects of its investment policy at June 30, 2012.

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

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

No single investment of the City or HMC exceeded 5 percent of the investment portfolio at June 30, 2012.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's bank deposits (certificates of deposit, checking, and savings) in the name of the City totaling \$21,832,933 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 with which 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.

Note 4 - Deposits and Investments (Continued)

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. The City's investments are not subject or exposed to custodial credit risk. HMC 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. HMC's balance of investment securities that were uninsured and unregistered held by the counterparty or by its trust department is as follows:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. government or agency bonds	\$ 73,200,481	Counterparty trust dept
Corporate stocks	8,759,309	Counterparty trust dept
Corporate bonds	12,180,908	Counterparty trust dept
Repurchase agreements	10,017	Counterparty
Mutual funds	238,406	Counterparty

Note 4 - Deposits and Investments (Continued)

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 percent of the balance available to invest. Hurley Medical Center's investment policy indicates that each investment account should approximate the duration of its specific benchmark within a range of 80 to 120 percent. As of June 30, 2012, the following securities were subject to interest rate risk:

Investment	Fair Value (in thousands)	Weighted Average Maturity (Years)
Asset-backed securities	\$ 1,899	13.81
Commercial mortgaged-backed	697	33.58
Government commercial mortgage-backed	343	16.07
Non-government collateralized mortgage obligations	1,739	1.10
Corporate bonds	27,451	6.86
Government agencies	40,000	5.48
Municipal bonds	590	.19
Index linked government bonds	329	10.65
Government bonds	65,550	5.73
Government mortgaged-backed	28,098	18.57
United States Treasury note	14,435	7.38
Total	<u>\$ 181,131</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. The Pension Fund is allowed to invest in longer maturity corporate bonds in accordance with State law.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 4 - Deposits and Investments (Continued)

As of June 30, 2012, the following are credit quality ratings of the City's debt securities obtained from the Standard & Poor's rating system:

Investment	Fair Value (in Thousands)	Rating
Primary Government		
Bond Index Pool Fixed Income Securities	\$ 116,513	Index average AAA/AA
	79	BBB
Municipal Bond	14	A
	103	A+
	135	AA
	244	AA-
	95	AAA
	1,918	AI+
	6,033	AI
Government Agencies	1,694	AAA
	98	AA-
	13,184	AA+
	2,005	AI+
	4,768	AI
Asset-backed Securities	1,049	AAA
	182	AA+
	16	AA
	37	AA-
	423	A+
	6	BBB
	15	BB
	170	Not Rated
Corporate Bonds	960	A
	1,845	A-
	589	A+
	123	AA
	281	AA-
	451	AA+
	4,552	AA+/A-
	1,876	AAA
	9,849	AI
	1,373	BBB
	428	BBB-
	1,204	BBB+
	5,218	BBB+/B-
	556	Not Rated
	44	Not Rated
Commercial Mortgage-backed	231	A+
	129	AA-
	337	AAA

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 4 - Deposits and Investments (Continued)

Investment	Fair Value (in Thousands)	Rating
Non-government-backed CMOs	\$ 22	A+
	47	AA+
	763	AAA
	140	B
	205	BB
	435	CC
	127	Not Rated
Government Bonds	18,297	AAA
	63	BBB
Government Mortgage-backed Securities	17,079	Not Rated
	161	Not Rated
2a7 Money Market	17,661	A1/A2
	60	AAA
	13,593	AAA/AA
	4,111	A+
	3,115	A
	1,732	AA-
	10	P-1/P-2
Government CMO's	99	AA+
	107	Not Rated
United States Treasury Note	929	AAA
	5,529	AA+
	5,004	A1+
	2,509	A1
	463	Not Rated
Total	\$ 271,088	

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

The City's pension system is exposed to foreign currency risk. This is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The system restricts the amount of investments in foreign currency-denominated investments to 5 percent of total pension system investments. The following securities are subject to foreign currency risk:

Security	Foreign Currency (in Thousands)
Canadian dollar	\$ 1,945
Chinese	340
Argentine peso	128
Mexican peso	211
European euro	25,653
Israel	51
Norway	21
Japanese yen	366
Brazilian real	89
British pound	2,649
Swiss franc	1,233
Australian dollar	62
Cayman Islands	67
Total	\$ 32,815

Securities Lending Agreement

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the City's Pension System (the "System") lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

Note 4 - Deposits and Investments (Continued)

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. The System and the borrower maintain the right to terminate all securities lending transactions on demand. Cash collateral of \$74,265,298 was received for lent securities with a fair market value of \$73,712,232. Cash collateral with a market value of \$74,438,966 was invested in a short-term investment pool, with an average duration of 15 days at June 30, 2012. The average term of the System's overall loans was approximately 95 days at June 30, 2012.

The following represents the balances relating to the securities lending transactions as of June 30, 2012. Collateral is invested in an investment pool in the name of the custodial bank. Collateral within this pool is allocated to the City's pension system in the amount of 102 percent of the loaned securities on a daily basis. (Amounts are in thousands; investments are reported at fair value.)

	Underlying Securities	Collateral Received	Collateral Invested in Cash
Securities lent:			
U.S. government bonds	\$ 8,391	\$ 8,558	\$ 8,558
U.S. government mortgage backed	2,375	2,382	2,382
U.S. corporate bonds	3,961	4,007	4,007
U.S. equities	58,985	59,318	59,492
Total	<u>\$ 73,712</u>	<u>\$ 74,265</u>	<u>\$ 74,439</u>

Note 4 - Deposits and Investments (Continued)

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

Custodial credit risk is the risk that in the event of a bank failure, EDC's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, EDC had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. 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 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 cash is subject to one type of risk, which is examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, FAEC's deposits may not be returned to it. FAEC has a deposit policy for custodial credit risk. At year end, FAEC had \$451,770 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 cash and investments are subject to various types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, DDA's deposits may not be returned to it. DDA does not have a deposit policy for custodial credit risk. At year end, DDA had \$368,266 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. DDA 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, DDA 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.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 4 - Deposits and Investments (Continued)

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:

	<u>Fair Value</u>	<u>Rating</u>
Investment - Money market	\$ 238,425	Not Available

Note 5 - Receivables and Deferred Revenue

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Public Improvement Fund</u>	<u>Nonmajor, Internal Service, and Other Funds</u>	<u>Total</u>	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Total</u>	<u>Component Unit - Hurley Medical Center</u>
Receivables:									
Property taxes receivable	\$ 2,798,348	\$ -	\$ 180,849	\$ 372,807	\$ 3,352,004	\$ -	\$ -	\$ -	\$ -
Receivables from sales to customers on account	-	-	-	-	-	11,514,025	7,664,958	19,178,983	59,041,291
Accrued interest receivable	-	27,517	-	53,651	81,168	-	-	-	324,843
Gross receivables - Other receivables	2,089,838	-	-	538,689	2,628,527	-	-	-	-
Due from other governmental units	3,247,956	5,301,874	-	1,596,152	10,145,982	-	-	-	-
Notes and leases	-	10,445,268	-	856,583	11,301,851	-	-	-	-
Less allowance for uncollectibles	<u>(2,112,614)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,112,614)</u>	<u>(678,467)</u>	<u>(467,978)</u>	<u>(1,146,445)</u>	<u>-</u>
Net receivables	<u>\$ 6,023,528</u>	<u>\$ 15,774,659</u>	<u>\$ 180,849</u>	<u>\$ 3,417,882</u>	<u>\$ 25,396,918</u>	<u>\$ 10,835,558</u>	<u>\$ 7,196,980</u>	<u>\$ 18,032,538</u>	<u>\$ 59,366,134</u>

Note 5 - Receivables and Deferred Revenue (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Governmental Funds		
	Unavailable	Unearned	Total
Delinquent property taxes receivable (General Fund)	\$ 948,452	\$ -	\$ 948,452
Delinquent property taxes receivable	553,658	-	553,658
Long-term notes receivable	10,569,107	-	10,569,107
Grant receivable	353,773	-	353,773
Due from component units	9,427,900	-	9,427,900
Grant receipts prior to meeting all eligibility requirements	-	589,377	589,377
Total	\$ 21,852,890	\$ 589,377	\$ 22,442,267

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Governmental Activities	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Capital assets not being depreciated - Land	\$ 14,315,078	\$ -	\$ (1,542)	\$ 14,313,536
Capital assets being depreciated:				
Roads and sidewalks	367,435,997	2,232,154	-	369,668,151
Buildings and improvements	22,438,098	585,337	(65,297)	22,958,138
Machinery and equipment	33,135,350	878,156	(1,370,104)	32,643,402
Land improvements	14,747,092	-	(142,082)	14,605,010
Subtotal	437,756,537	3,695,647	(1,577,483)	439,874,701
Accumulated depreciation:				
Roads and sidewalks	220,255,902	12,913,506	-	233,169,408
Buildings and improvements	16,721,318	490,357	(65,296)	17,146,379
Machinery and equipment	26,167,270	1,992,910	(1,342,209)	26,817,971
Land improvements	10,070,021	472,730	(142,082)	10,400,669
Subtotal	273,214,511	15,869,503	(1,549,587)	287,534,427
Net capital assets being depreciated	164,542,026	(12,173,856)	(27,896)	152,340,274
Net capital assets	\$ 178,857,104	\$ (12,173,856)	\$ (29,438)	\$ 166,653,810

Note 6 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 762,394	\$ -	\$ -	\$ 762,394
Construction in progress	102,591	1,234,077	-	1,336,668
Subtotal	864,985	1,234,077	-	2,099,062
Capital assets being depreciated:				
Buildings and improvements	58,257,389	12,980	-	58,270,369
Machinery and equipment	237,513,084	96,189	(642,078)	236,967,195
Land improvements	5,406,197	-	-	5,406,197
Subtotal	301,176,670	109,169	(642,078)	300,643,761
Accumulated depreciation:				
Buildings and improvements	22,318,877	2,289,668	-	24,608,545
Machinery and equipment	159,538,011	7,565,574	(635,111)	166,468,474
Land improvements	1,329,877	198,628	-	1,528,505
Subtotal	183,186,765	10,053,870	(635,111)	192,605,524
Net capital assets being depreciated	117,989,905	(9,944,701)	(6,967)	108,038,237
Net capital assets	<u>\$ 118,854,890</u>	<u>\$ (8,710,624)</u>	<u>\$ (6,967)</u>	<u>\$ 110,137,299</u>
Component Units	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 10,391,095	\$ 32,219	\$ -	\$ 10,423,314
Construction in progress	38,185,748	32,834,770	(63,406,513)	7,614,005
Subtotal	48,576,843	32,866,989	(63,406,513)	18,037,319
Capital assets being depreciated:				
Buildings and improvements	148,528,206	29,043,602	(1,671,244)	175,900,564
Machinery and equipment	78,978,690	33,948,393	(8,321,670)	104,605,413
Vehicles	374,762	-	(20,407)	354,355
Office furnishings	704,639	405,863	(24,641)	1,085,861
Land improvements	12,869,378	436,795	(152,917)	13,153,256
Leasehold improvements	6,757,994	253,327	(53,391)	6,957,930
Subtotal	248,213,669	64,087,980	(10,244,270)	302,057,379
Accumulated depreciation:				
Buildings and improvements	114,596,111	4,601,413	(1,575,069)	117,622,455
Machinery and equipment	60,722,495	8,723,383	(7,986,062)	61,459,816
Vehicles	237,512	45,167	(20,406)	262,273
Office furnishings	389,072	74,612	(22,848)	440,836
Land improvements	3,178,454	343,845	(128,319)	3,393,980
Leasehold improvements	6,352,322	56,685	(23,567)	6,385,440
Subtotal	185,475,966	13,845,105	(9,756,271)	189,564,800
Net capital assets being depreciated	62,737,703	50,242,875	(487,999)	112,492,579
Net capital assets	<u>\$ 111,314,546</u>	<u>\$ 83,109,864</u>	<u>\$ (63,894,512)</u>	<u>\$ 130,529,898</u>

Note 6 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 1,245,517
Police	510,809
Judicial	39,159
Fire	143,488
Transportation	12,932,151
Emergency dispatch	73,058
Parks and recreation	853,124
Public works	5,553
Community enrichment and development	66,644
Total governmental activities	<u>\$ 15,869,503</u>

Business-type activities:

Sewer	\$ 5,069,628
Water	4,984,242
Total business-type activities	<u>10,053,870</u>

Amortization of intangible assets - Sewage Disposal Fund	<u>2,279</u>
Total depreciation and amortization expense - Business-type activities	<u>\$ 10,056,149</u>

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
Nonmajor governmental funds	General Fund	\$ 1,812,097
Internal service funds	General Fund	9,099,118
	Federal Grant Fund	2,883,759
	Nonmajor governmental funds	45,479
	Sewage Disposal Division Fund	851,200
	Water Supply Division Fund	3,589,660
	Total internal service funds	<u>16,469,216</u>
	Total	<u>\$ 18,281,313</u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Sewage Disposal Division Fund	Internal Service Funds	\$ 522,680
	General Fund	9,999,773
	Total Sewage Disposal Division Fund	<u>\$ 10,522,453</u>
Water Supply Division Fund	General Fund	<u>\$ 1,000,000</u>

Receivable Fund	Payable Entity	Amount
Due to/from Primary Government and Component Units		
Public Improvement Fund	Component Unit - DDA	\$ 9,427,900
General Fund	Component Unit - EDC	148,895
Federal Grants Fund	Component Unit - EDC	550,000
	Total	<u>\$ 10,126,795</u>

The interfund receivables were created through negative pooled cash in other funds and monies loaned for operating purposes.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

The advance from the Sewage Disposal Division Fund to the Internal Service Fund was utilized to purchase equipment. The advance is to be repaid over five years. An interest rate of 5.25 percent is being charged to the borrowing fund.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Transferred to</u>	<u>Fund Transferred from</u>	<u>Amount</u>
General Fund	Sewage Disposal Division Fund	\$ 1,860,000
	Water Supply Division Fund	<u>1,130,000</u>
	Total General Fund	2,990,000
Nonmajor governmental funds	General Fund	3,878,183
	Public Improvement Fund	<u>726,598</u>
	Total nonmajor governmental funds	4,604,781
Internal Service Funds	General Fund	875,000
	Public Improvement Fund	<u>896,741</u>
	Total Internal Service Funds	<u>1,771,741</u>
	Total	<u>\$ 9,366,522</u>

Transfers between funds were primarily for operating purposes or to cover operating deficits. The transfer from the Public Improvement Fund to the Central Garage Internal Service Fund was to provide funds for the payment of debt related to capital assets. The transfers from the Sewer and Water Funds to the General Fund represent return on equity.

The transfers from the General Fund to the Neighborhood Policing Fund, Parks and Recreation Fund, Senior Citizen Centers Fund, Building Department Fund, Garbage Collection Fund, and Central Maintenance Garage Fund represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

The transfer from the Public Improvement Fund to the Parking Deck Debt Service Fund was for the payment of principal and interest on the debt reported under the Parking Deck Debt Service Fund.

Note 8 - Leases

The City has entered into agreements for the lease of automobiles, water treatment equipment, office equipment, construction equipment, fire equipment, computers, and a fire station. The terms of each agreement provide options to purchase the fixed assets at any time during the lease terms, which range from three to five years. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 *Accounting for Leases*, which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$2,374,857 has been capitalized as equipment and related accumulated depreciation was \$851,070.

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of June 30, 2012:

Years Ending June 30	Amount
2013	\$ 284,009
2014	194,011
2015	151,834
2016	<u>63,266</u>
Total future minimum lease payments	693,120
Less amount representing interest	<u>(50,081)</u>
Long-term obligation under capital leases	<u>\$ 643,039</u>

The City leases golf course equipment under a noncancelable operating lease. Total costs for this lease were \$52,500 for the current year. The future minimum lease payments for this lease for the year ending June 30, 2013 total \$48,125.

Note 8 - Leases (Continued)

Also, Hurley Medical Center and HHS lease office space under various operating leases. Certain operating leases contain rental escalation clauses that are based on the prime rate at a future date and purchase options at fair market value. The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

Years Ending <u>June 30</u>	<u>Amount</u>
2013	\$ 1,857,668
2014	1,838,193
2015	1,767,712
2016	1,760,274
2017	1,695,086
Thereafter	<u>3,430,570</u>
Total minimum payments required	<u>\$ 12,349,503</u>

Rental expense for all operating leases for the year ended June 30, 2012 was \$2,338,407.

Note 9 - Long-term Debt

The government issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government. All Michigan Municipal Bond Authority debt is secured by future State of Michigan revenue-sharing payments that the City is entitled to receive under State law. All revenue bonds are supported by the revenues generated from the operation of the respective facilities constructed. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Note 9 - Long-term Debt (Continued)

Long-term liability activity for the year ended June 30, 2012 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Section 108 loan	\$ 904,000	\$ -	\$ 150,000	\$ 754,000	\$ 150,000
Section 108 loan - 500 Block	3,840,000	-	-	3,840,000	-
Section 108 loan - Ok Industries	127,000	-	21,000	106,000	21,000
Section 108 loan - Guaranteed					
Funds	5,180,000	-	75,000	5,105,000	75,000
Section 108 loan - W Carpenter Rd	1,778,000	-	97,000	1,681,000	97,000
General Obligation Capital					
Improvement Bonds	9,735,000	-	245,000	9,490,000	260,000
Local Government Loan Program	8,000,000	-	-	8,000,000	185,000
SIB 3rd Avenue Reconstruction loan	2,037,079	-	108,437	1,928,642	108,979
	<u>31,601,079</u>	<u>-</u>	<u>696,437</u>	<u>30,904,642</u>	<u>896,979</u>
Total bonds payable					
Accumulated compensated absences	6,914,029	2,111,706	3,681,774	5,343,961	3,700,000
Capital lease - Telephone equipment	238,416	-	98,190	140,226	104,131
Capital lease - Equipment	47,688	-	20,476	27,212	21,622
Capital lease - Dell equipment	-	551,244	75,643	475,601	130,838
	<u>38,801,212</u>	<u>2,662,950</u>	<u>4,572,520</u>	<u>36,891,642</u>	<u>4,853,570</u>
Total governmental activities					

Compensated absences attributable to the governmental activities will be liquidated primarily by the General and Neighborhood Policing Funds. The claims and judgments liability will generally be liquidated through the City's Self Insurance internal service fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension obligation and the net OPEB obligation will be liquidated from the funds that the individual employee's salaries are paid from, generally the General Fund and the Neighborhood Policing Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
Enterprise Funds:	\$ -	\$ -	\$ -	\$ -	\$ -
2001 MMBA Drinking Water Revolving Fund Revenue Bonds	3,668,994	-	365,000	3,303,994	375,000
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4,510,000	-	400,000	4,110,000	410,000
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	5,651,408	-	455,000	5,196,408	465,000
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	14,184,934	-	840,000	13,344,934	865,000
	<u>28,015,336</u>	<u>-</u>	<u>2,060,000</u>	<u>25,955,336</u>	<u>2,115,000</u>
Total business-type activities					

Note 9 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit Activities					
Bonds Payable:					
Series 1998A	\$ 10,530,000	\$ -	\$ 825,000	\$ 9,705,000	\$ 870,000
Series 1998B	15,775,000	-	540,000	15,235,000	570,000
Series 2003	27,690,000	-	2,100,000	25,590,000	2,230,000
Series 2010	35,215,000	-	500,000	34,715,000	500,000
Series 2011	-	5,074,383	367,907	4,706,476	653,007
Limited Obligation Revenue bond, Series 2011	-	8,435,000	-	8,435,000	-
Total	89,210,000	13,509,383	4,332,907	98,386,476	4,823,007
Unamortized bond discount	(2,065,618)	212,898	-	(1,852,720)	-
Total component unit activities	\$ 87,144,382	\$ 13,722,281	\$ 4,332,907	\$ 96,533,756	\$ 4,823,007

Annual debt service requirements to maturity for the above bonds, notes and capital leases obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,153,569	\$ 1,253,194	\$ 2,406,763	\$ 2,115,000	\$ 638,071	\$ 2,753,071	\$ 4,823,007	\$ 5,716,180	\$ 10,539,187
2014	1,397,801	1,210,607	2,608,408	2,165,000	585,008	2,750,008	5,190,900	5,435,851	10,626,751
2015	1,383,769	1,169,308	2,553,077	2,220,000	530,571	2,750,571	5,419,983	5,139,773	10,559,756
2016	1,332,096	1,125,420	2,457,516	2,275,000	474,821	2,749,821	5,690,310	4,828,581	10,518,891
2017	1,345,175	1,082,110	2,427,285	2,335,000	417,633	2,752,633	5,966,931	4,501,893	10,468,824
2018-2022	6,488,271	4,795,438	11,283,709	11,125,402	1,190,092	12,315,494	26,055,345	17,492,719	43,548,064
2023-2027	7,630,520	3,483,054	11,113,574	3,719,934	149,746	3,869,680	7,600,000	13,838,514	21,438,514
2028-2032	7,961,480	1,580,367	9,541,847	-	-	-	10,275,000	11,157,531	21,432,531
2033-2037	2,855,000	284,600	3,139,600	-	-	-	14,505,000	6,755,995	21,260,995
2038-2040	-	-	-	-	-	-	12,860,000	1,199,336	14,059,336
Total	\$ 31,547,681	\$ 15,984,098	\$ 47,531,779	\$ 25,955,336	\$ 3,985,942	\$ 29,941,278	\$ 98,386,476	\$ 76,066,373	\$ 174,452,849

Future Revenues Pledged for Debt Payments

Revenue Bonds and Financial Recovery Bonds - The City has pledged substantially all revenue of the Water Enterprise Fund, net of operating expenses, to repay the Drinking Water Revolving Fund Revenue Bonds (DWRFB). Financial Recovery bonds issued by the State of Michigan and the DWRFB Revenue Bonds have been secured with future State revenue-sharing payments to be received by the City's General Fund. The remaining principal and interest to be paid on the bonds total \$25,955,336 and \$3,985,942, respectively. During the current year, net revenues of the system were \$7,583,008, and State revenue-sharing revenues were \$13,103,186, as compared to the annual debt requirements of \$2,115,000 of principal and \$638,071 of interest.

Note 9 - Long-term Debt (Continued)

Revenues Pledged in Connection with 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, 2012, principal and interest to be paid on the bonds total \$15,240,709. During the current year, the net loss from the parking operations was \$288,055. Cash flow projections indicate that 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 payments previously made by the City on behalf of the DDA, going forward, the DDA; will be making payments.

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 program are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Program were \$3,460,605 as compared to the annual debt requirements of \$343,000.

Hurley Medical Center Revenue Refunding Bonds - The net revenues of the Medical Center are pledged for payment of principal and interest on the variable rate demand revenue rental and revenue refunding bonds. Accordingly, the financial statements of the Medical Center include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 9 - Long-term Debt (Continued)

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

Assessed valuation at November 16, 2011		\$ 146,789,005
Legal debt limit (7 percent of assessed valuation)		80,275,230
Total bonded debt at June 30, 2012	\$ 125,396,812	-
Less debt not subject to limitation under City charter and state statute:		
Revenue bonds and notes	<u>115,906,812</u>	-
Debt subject to limitation		<u>9,490,000</u>
Unused debt limitation		<u>\$ 70,785,230</u>

Note 10 - Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Section 108 business loan proceeds	\$ 380,035	\$ -	\$ -
Equipment replacement and improvement	-	-	832,605
Self insurance	-	-	20,208,135
Revenue bond indenture held by trustee	-	-	18,020,907
Unspent bond proceeds	-	-	1,233,311
Revenue bond equipment replacement account	-	2,595,534	-
Debt service reserve	-	2,989,800	-
Total restricted assets	<u>\$ 380,035</u>	<u>\$ 5,585,334</u>	<u>\$ 40,294,958</u>

Note 11 - Retirement Plans

Significant details regarding the City's various retirement plans and other post-employment benefits are presented below:

Flint Employees' Retirement System

The City of Flint Employees' Retirement System (FERS), a Single-Employer Public Employee Retirement System, covers substantially all employees of the City hired prior to October 1, 2003, including certain employees of Hurley Medical Center. The plan does not cover certain firemen and policemen covered by the Charter Retirement Plan, Hurley Medical Center employees participating in MERS, and those employees that elect to participate in the Employees' Defined Contribution - 401A Plan. The Retirement System is a blended component unit of the City of Flint. The plan was established by City ordinance and applicable State law, and is administered by a board of trustees. A separate financial statement for the FERS is not available. The City Council has the authority to amend the benefits offered. Investments of the plan are made through Chase Trust Department and the Northern Trust. Employees who retire at or after age 55 (age 60 for certain Hurley Medical Center employees) with 10 years of credited service (8 years for appointed officials), or those members with 25 years of credited service (23 years for police and fire), regardless of their age, are entitled to a retirement benefit. Certain police members can voluntarily retire at age 50 with 25 years of service. The retirement benefit can range from 1.7 percent to 2.6 percent of the participant's final average compensation based on the last three years (5 years for certain Hurley Medical Center employees) of credited service multiplied by the years of credit service depending on date of hire, and is payable monthly for life. Benefits fully vest on reaching 10 years of service with the benefit payable at age 55. The plan also provides death and disability benefits.

Member contributions are recognized when due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The investments are recorded on the balance sheet at fair value as determined by the custodian. The custodian utilizes electronic feeds from external pricing vendors for the majority of investments (95 percent). The remaining assets are valued through a variety of external sources. Gains and losses on the exchanges, or "swaps" of securities, are accounted for under the completed transactions method.

Membership in the plan at June 30, 2010, the latest date this data was tested in an actuarial valuation, was comprised of 1,373 active plan members, 229 inactive vested members, and 2,887 retirees and beneficiaries receiving payments.

Note 11 - Retirement Plans (Continued)

The plan provides that the City and employees contribute amounts necessary to fund the actuarially determined benefits. Employees become members of FERS and are required to deposit amounts into the system based on rates determined by bargaining unit contracts of all compensation, including overtime. The employee contribution rates ranged from 0 percent to 9 percent. Deposits are accumulated in individual accounts for each member remaining in service. Upon termination, a member may withdraw the accumulated employee contributions plus any interest credited to his or her account.

Administrative costs of the plan are financed through investment earnings.

The City forwarded \$3,683,474 of pension contributions withheld from employees during the year ended June 30, 2012. During 2012, employer contributions rates ranged from 10.72 percent to 43.35 percent of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

Annual Pension Cost

Six-year trend information regarding the annual pension cost (ARC), percentage of ARC contributed, and net pension obligation (NPO) are summarized as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	6/30/05	\$ 11,956,575	74.8	\$ 6,840,171
6/30/08	6/30/06	14,376,558	72.0	10,805,978
6/30/09	6/30/07	14,497,568	175.0	-
6/30/10	6/30/08	13,394,739	100.0	-
6/30/11	6/30/09	10,835,308	100.0	-
6/30/12	6/30/10	14,562,392	100.0	-

* The required contribution is expressed to the City as a percentage of payroll.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 11 - Retirement Plans (Continued)

Funding status and funding progress: Note - the 2010 actuarial results were developed in a rollforward valuation (000's):

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability Individual Entry Age (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/05	\$ 784,271	\$ 985,338	\$ 201,067	79.6	\$ 148,319	135.5
6/30/06	782,098	1,023,599	241,501	76.4	146,634	164.7
6/30/07	801,533	1,071,781	270,248	75.2	157,012	172.1
6/30/08	670,366	841,266	170,900	79.7	89,636	190.7
6/30/09	623,292	873,088	249,796	71.4	89,636	278.7
6/30/10	567,215	835,052	267,837	67.9	68,968	388.3

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial methods used to determine the actuarial accrued liability was the individual entry age actuarial funding methods. Unfunded actuarial accrued liabilities are being amortized as a level percent of projected payroll over 30 years for general, police, and fire. Significant actuarial assumptions used in the computation of the accrued actuarial liability include: (1) a rate of return on the investment or present and future assets of 8.0 percent per year compounded annually, (2) projected salary increases of 3.75 percent to 7.55 percent per year compounded annually, and (3) 3.75 percent inflation.

The actuarial value of assets was computed on fair values "smoothed" over a four-year period.

Reserves: As of June 30, 2012 the plan's legally required reserve balance, which have not been fully funded, are as follows:

Reserves for employees' contributions	\$ 81,557,041
Reserve for retiree benefit payments	485,541,163

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 11 - Retirement Plans (Continued)

Hurley Medical Center:

During the fiscal year ended June 30, 2004, seven of nine employee unions plus the exempt employees of Hurley Medical Center voted to change participation from the City of Flint FERS to the Michigan Municipal Public Employees' Retirement System (MERS). Benefits under both plans are comparable and approximately half of the employees at the Medical Center are represented in each system. Contributions of \$7,931,444 were made to the MERS plan by the Medical Center during 2012. The annual contribution rate for MERS payroll used by the Medical Center in 2011 was 10.88 percent, which is based on the same rate it contributes to FERS.

As of June 30, 2012, \$6,503,942 of the net pension obligation represents pension cost from the years 2010, 2011, and 2012 that has not yet been remitted to MERS.

The net pension obligation at June 30, 2012 consists solely of amounts owed by Hurley Medical Center.

Annual pension cost and net pension obligation:

Annual required contribution	\$ 11,734,785
Interest on net pension obligation	384,594
Adjustment to annual required contribution	<u>(310,504)</u>
Annual pension cost (APC)	11,808,875
Contributions made	<u>(10,809,936)</u>
Increase in net pension obligation	998,939
Net pension obligation - Beginning of year	<u>5,505,003</u>
Net pension obligation - End of year	<u>\$ 6,503,942</u>

Annual Pension Cost

Trend information regarding the annual pension cost (ARC), percentage of ARC contributed, and net pension obligation (NPO) for the years for which HMC approved MERS are summarized as follows:

	Fiscal Year Ended June 30		
	2012	2011	2010
Annual pension costs	\$ 11,808,875	\$ 6,059,456	\$ 9,160,796
Percentage of pension costs contributed	121.9 %	156.0 %	87.0 %
Net pension obligation	\$ 6,503,942	\$ 5,505,003	\$ 8,896,382

Note 11 - Retirement Plans (Continued)

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, 2012 is six members. The City intends to pay retirement benefits as they become due from future years' General Fund revenue. The City's contribution to the plan for the year ended June 30, 2012 was \$92,340 and was calculated based on the 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 assets available for pension benefits at June 30, 2012 were \$0.

I.C.M.A. 401A Plan

The City made available to appointed and elected officials hired through December 31, 2001 an alternative retirement plan to the general retirement pension plan. The plan was a non-contributory defined contribution plan adopted under City ordinance. The City contributes an amount equal to the lesser of 25 percent of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100 percent immediately. Total contributions required and made by the City during the year ended June 30, 2012 were \$65,698, which represented 25 percent of current year covered payroll. The plan trustee is the International City Management Association. Investments are stated at market, which approximates cost. Total payroll and covered payroll for the year ended June 30, 2012 were \$39,517,807 and \$262,790, respectively.

On January 1, 2002, a new plan was adopted for appointed and elected officials. The City contributes 11 percent of employees' gross earnings and employees have a mandatory 4 percent contribution. Employee accounts are fully vested after five years of service. The current year contribution was calculated based on covered payroll of \$51,060, resulting in an employer contribution of \$4,340 and employee contribution of \$3,319.

Note 11 - Retirement Plans (Continued)

Defined Contribution Retirement Plans

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. Employees hired on or after October 1, 2003 are not eligible to participate in the Flint Employees Retirement System defined benefit pension plan. Employees hired prior to October 1, 2003 had the option of transferring assets from the defined benefit pension plan upon implementation of the defined contribution plan. The City contributes 10 percent of employees' gross earnings and employees have a mandatory 5 percent contribution. Employee accounts are fully vested after five years of service. The City's total payroll during the current year was \$39,517,807. The current year contribution was calculated based on covered payroll of \$3,600,348, resulting in an employer contribution of \$214,457 and employee contributions of \$338,696.

The City provides pension benefits to full-time employees except those participating in the defined benefit plan, members of AFSCME Local 1600 and Local 1799, and individuals participating in the I.C.M.A. plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by City ordinance (authority under which the pension obligation is established), the City contributes 11 percent to 14.5 percent of employees' gross earnings and employee mandatory contributions of 4 percent to 5.5 percent for each employee plus interest allocated to the employee's account are fully vested after five years of service.

The City's total payroll during the current year was \$39,517,807. The current year contribution was calculated based on covered payroll of \$1,718,274, resulting in an employer contribution of \$189,039 and employee contributions of \$86,992.

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension expense included in the statements was \$1,561,414.

Note 11 - Retirement Plans (Continued)

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 15 percent of their salary. HHS may make a discretionary contribution. HHS's contribution to the 401(k) plan was \$25,164. HHS also maintains two tax-deferred annuity plans under Section 403(b) of the Internal Revenue Code. Under the plans, HHS and THC employees may elect to defer up to a specified percentage of their salary, subject to the Internal Revenue Service limits. HHS may make a discretionary contribution. HHS's contribution to the 403(b) plan amounted to \$276,463.

Excess Benefits Pension Plan

The City established the City of Flint Excess Benefits Plan and Trust (the "Plan") for the purpose of providing certain retiring employees with pension benefits in addition to those provided by the Flint Employees' Retirement System (FERS). Certain FERS participants receive an annual pension benefit that exceeds limits included in Section 415 of the Internal Revenue Code of 1986, as amended. Since the contractually required annual benefit exceeds Section 415 limitations, the benefits cannot be funded through the FERS plan. The Excess Benefits Plan and Trust was established as a separate pension trust to accumulate resources to pay these "excess" benefits on an annual basis.

Participation in the Plan is limited to FERS retirees whose benefit under the FERS defined benefit plan is limited by Section 415 of the Code and who retires at any time based on employment as a member of a bargaining unit represented by Local 1600 or Local 1799 of American Federation of State, County, and Municipal Employees. All employees covered by this plan have retired.

The annual benefit provided under the Plan shall be the excess, if any, of each individual participant's benefit over the Section 415 limits in effect that calendar year. All benefits payable under this plan shall be paid in the same manner and form (using the same actuarial assumptions) as pension benefits paid under the FERS. Benefits shall be paid from the Plan once the member has received the maximum amount permitted within the limits of Code Section 415 during a plan year.

The Plan is intended to be funded on an annual basis via City contributions. There are no employee contributions to the Plan. The annual contribution will be determined by estimating the amount of "excess" benefits that will be paid out that calendar year. During the year ended June 30, 2012, employer contributions of \$0 were made to the Plan and benefits of \$0 were paid out.

Note 11 - Retirement Plans (Continued)

The City has not requested an actuarial valuation of the Plan because of 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 assets available for pension benefits at June 30, 2012 were \$0.

Retiree Death Benefits Plan

The City provides post-retirement 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 \$2,500 to \$10,000 depending on the retirement date.

As of February 9, 2011, the retiree death benefits were changed effective immediately to all 1,600 union employees who were eligible under the previous agreement. The new agreement states that the designated beneficiary will receive \$1,000 for everyone who retired since July 1, 1978 (the inception of the death benefit).

The benefits are funded in advance by employee withholdings and a matching employer contribution. The employee contributions are calculated at a set amount for each hour worked by union members during the bi-weekly pay period. The employee withholdings and matching employer contributions are deposited into a separate account for investment purposes. As of June 30, 2012, this benefit is no longer offered to active employees. The investments are administered by a seven-member board appointed by the two unions and the mayor.

As of year end, there were 696 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2012 were \$3,978. Net assets available for benefits, reported at fair value, were \$439,911 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2012, death benefits of \$91,503 were paid.

Health Benefits Plan and Trust

The City established the City of Flint Retiree Health Care Plan and Trust (the "Trust") for the purpose of providing health insurance benefits adopted by the City or approved by collective bargaining agreements to eligible retirees and their spouses. This is a defined contribution plan administered by the Trust. The benefits are provided to Local 1600 and Local 1799 retirees who retired on or after October 1, 2003 as provided for in collective bargaining agreements. The plan is constituted as a "voluntary employees beneficiary association" (VEBA) under Section 501(c)(9) of the Internal Revenue Code of 1986.

Note 11 - Retirement Plans (Continued)

The collective bargaining agreements require a contribution of 1.5 percent of pre-tax compensation from employees belonging to AFSCME Local 1600 and Local 1799. The Plan does not currently require an employer contribution. The employee contributions and accumulated investment earnings are to be used to provide health care benefits above the capped level provided by the City's defined benefit retiree health care benefit plan.

During the year ended June 30, 2012, plan members contributed \$188,872. Net assets available for benefits were \$166,903 at June 30, 2012. No benefit payments were made during 2012.

Note 12 - Other Postemployment Benefits

Plan Description - The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Trust Fund. Benefits are provided to public safety and general employees. Currently, the plan has 2,525 members including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

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

Funding Policy - The collective bargaining agreements require a contribution of \$50, \$75, or \$100 monthly depending on their union contracts toward retiree health plan insurance. Contributions will stop once the retirees have 30 years of service or reach the age of 65. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. The City recognizes the expenses in the funds on a "pay-as-you-go" basis. The costs of administering the plan are borne by the City's General Fund.

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 12 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2012, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of July 1, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 24,760,942
Interest on the prior year's net OPEB obligation	6,599,598
Less adjustment to the annual required contribution	<u>(9,254,710)</u>
 Annual OPEB cost	 22,105,830
Amounts contributed:	
Payments of current premiums	-
Advance funding	<u>(20,415,284)</u>
 Increase in net OPEB obligation	 1,690,546
OPEB obligation - Beginning of year	<u>155,284,670</u>
OPEB obligation - End of year	<u>\$ 156,975,216</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/08	\$ 60,188,371	32.0	\$ 40,925,931
6/30/09	55,252,592	35.0	76,645,627
6/30/10	55,252,592	37.0	113,615,741
6/30/11	61,351,938	32.1	155,284,670
6/30/12	22,105,830	87.2	156,975,216

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/11	\$ -	\$366,832,597	\$366,832,597	-	\$ 37,339,842	982.0
7/1/10	-	862,302,934	862,302,934	-	36,252,274	2,379.0
7/1/09	-	774,606,738	774,606,738	-	41,166,662	1,882.0

Note 12 - Other Postemployment Benefits (Continued)

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

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

In the July 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 13 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 11 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010 was 30 years.

Note 13 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Flint Employees' Retirement System		Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Benefit Trust Fund
Statement of Net Assets						
Investments	\$ 524,597,712	\$ 503,578	\$ -	\$ -	\$ -	\$ 34,589,574
Other assets	20,575,400	-	1,023,225	166,903	-	132,703
Liabilities	80,499,236	9,667	39,092	-	-	3,286
Net assets	<u>\$ 464,673,876</u>	<u>\$ 493,911</u>	<u>\$ 984,133</u>	<u>\$ 166,903</u>	<u>\$ -</u>	<u>\$ 34,718,991</u>
Statement of Changes in Net Assets						
Investment income (loss)	\$ 5,988,197	\$ 4,533	\$ -	\$ (193,346)	\$ -	\$ 890,645
Contributions	18,014,047	3,978	19,968,912	188,872	-	7,071,235
Other additions	-	-	1,821,785	-	-	-
Benefit payments	65,747,579	91,503	19,739,558	-	-	1,425,655
Other deductions	1,225,044	300	1,146,061	-	-	-
Net change in net assets	<u>\$ (42,970,379)</u>	<u>\$ (83,292)</u>	<u>\$ 905,078</u>	<u>\$ (4,474)</u>	<u>\$ -</u>	<u>\$ 6,536,225</u>

Note 14 - Hurley Medical Center Other Postemployment Benefits

Effective for retirements on or after July 1, 1983, Hurley Medical Center provides a portion of health insurance premiums for retired employees. The Medical Center has set aside assets in an irrevocable trust account to be used for payment of its portion of health insurance premiums for retired employees. The activity is reported in the fiduciary fund statements.

Plan Description - The Medical Center provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Benefit Plan. Retired exempt employees receive full or partial coverage, depending on date of employment at no cost to the retiree. Retired non-exempt employees pay the full amount or a portion of the premium. No payment is made if the retired employee is covered under other employment. The number of participants eligible to receive benefits was 514.

This is a single employer defined benefit plan administered by the Medical Center. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

**Note 14 - Hurley Medical Center Other Postemployment Benefits
(Continued)**

Funding Policy - The Medical Center has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Medical Center has made contributions to advance-fund these benefits, as determined by an actuarial valuation. The costs of administering the plan are borne by the Medical Center's proprietary fund. The cost of providing retiree healthcare benefits is estimated through an actuarial valuation issued on June 20, 2011 based on participant data as of June 30, 2009. This actuary report includes the impact of the plan amendment that occurred in the year ended June 30, 2010. The Medical Center has not received a more recent valuation as of June 30, 2012. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows for the year ended June 30, 2012:

Annual Pension Cost and Net Pension Obligation

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/08	\$ 7,799,755	100 %	\$ -
6/30/09	7,737,798	100 %	-
6/30/10	7,417,585	100 %	-
6/30/11	7,417,585	100 %	-
6/30/12	7,071,235	100 %	-

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

	June 30	
	2009	2007
Actuarial value of assets	\$ 17,143,602	\$ 10,679,674
Actuarial accrued liability (AAL) (entry age)	\$ 88,341,116	\$ 89,126,612
Unfunded AAL (UAAL)	\$ 71,197,514	\$ 78,446,938
Funded ratio	19.4 %	12.0 %
Covered payroll	\$ 119,888,970	\$ 127,909,926
UAAL as a percentage of covered payroll	59.4 %	61.3 %

Note 14 - Hurley Medical Center Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 30, 2009 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included an 8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the Medical Center's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 3.75 percent after 10 years. Both rates included a 3.75 percent inflation assumption. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 26 years.

Note 15 - Significant Contingent Liabilities

Federal, state, and local grants:

The City participates in a number of federal, state, and locally assisted grant programs, principally of which is the federally funded Community Development Block Grant. The programs are subject to compliance audits. In accordance with the Single Audit Act of 1984, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of the compliance audits. The amount of grant expenses recognized by the City during the year ended June 30, 2012 was \$1,120,282, which includes amounts still owed of \$312,113.

Note 15 - Significant Contingent Liabilities (Continued)

During the year ended June 30, 2011, a lawsuit was settled against the City related to the Citizens Service Bureau, in which the City recorded a liability of \$3,354,593 at June 30, 2011 in the Self-Insurance Fund. At June 30, 2012, \$975,000 remained unpaid and is included as a liability in the Self-Insurance Fund.

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.

Note 16 - Risk Management

Risk Management - Primary Government:

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 workers' 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 Component Unit.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverages obtained through commercial insurance during the past year.

The City is self-insured for workers' compensation on a pay-as-you-go basis for claims up to \$500,000, 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 amount of estimated claims payable at June 30, 2012 was not material.

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, 2012 was not material.

The City pays unemployment claims on a reimbursement basis. The amount of estimated claims payable at June 30, 2012 was not material.

Note 16 - Risk Management (Continued)

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay-as-you-go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross/Blue Shield and HealthPlus of Michigan. Once the individual contract or aggregate stop-loss amount is reached reinsurance provides the remaining benefits. The City has two health insurance plans that are self-insured, Blue Cross/Blue Shield of Michigan (BCBSM) and HealthPlus. For the year ended June 30, 2012, the City paid out \$7,544,259 in claims and administration fees to HealthPlus. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$150,000 Self Insured Retention (SIR). The City did not have any claims in excess of the stop-loss deductible during the year. The City paid BCBSM \$19,155,037 during the year for claims funding and administration. The self-insured coverages provided through BCBSM were protected by specific stop-loss coverage, which provided an unlimited excess with a \$100,000 deductible. No claims payable exist at June 30, 2012 due to escrowed reserves maintained by the third-party administrators. The City also provides fully insured HMO health insurance coverage to a limited number of employees. At June 30, 2012, there were 696 retirees that were receiving medical benefits.

The City has a commercial insurance policy that covers certain general tort liability. The per-claim limit is \$1,000,000 with a \$500,000 deductible per occurrence and a \$3,000,000 aggregate claim annually. The commercial policy covers public officials, employment practices, employee benefits, law enforcement, and commercial auto.

The City is self-insured for other potential claims not covered by the commercial policies. The Hurley Medical Center Component Unit is also self-insured for a number of risks. The amounts below include all general liability claims against the City except for those related to Hurley Medical Center. Details regarding Hurley Medical Center's self-insurance practices are presented separately. 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. The estimated liability does not include any incremental costs. The amounts below include all general liability claims against the City except for those related to Hurley Medical Center. Hurley Medical Center administers its own risk management program and details regarding Hurley Medical Center's self-insurance practices are presented separately.

Note 16 - Risk Management (Continued)

Risk Management - Component Units:

The Flint Economic Development Corporation is exposed to various risks of loss related to property loss, torts, and error and omissions. The Corporation has purchased commercial insurance for those risks associated with a small business incubator facility which leases commercial and light industrial space to new businesses. Since the Corporation occupies premises located in the City of Flint Municipal Center and all Corporation personnel are employees of the City, any losses related to general liability, employee injuries, workers' compensation, and employee medical benefits are covered by City self-insurance risk management programs. No claims related to Corporation activities have been presented to the City as of June 30, 2012.

The 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 DDA has purchased insurance for these risks.

The Flint Area Enterprise Community is exposed to various risks of loss related to property loss, torts, and errors and omissions. The FAEC has purchased commercial insurance coverage through various policies for general liability on all FAEC-owned property and workers' compensation. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There were no reductions in coverage during the current year.

Hurley Medical Center is exposed to various risks of loss, including hospital professional and patient general liability claims. The Medical Center has established a 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 for the first annual occurrence and \$4 million for each additional occurrence annually with excess claims-made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

Professional liability for claims is reported in accrued expenses, both current and long-term, on the statement of net assets. The carrying amount of the insurance trust assets (at market) amounted to \$20,208,230 at June 30, 2012.

Note 16 - Risk Management (Continued)

Malpractice claims have been asserted against the Medical Center by various claimants. The claims are in various stages of assertion, including some that have been brought to trial. Counsel is unable to conclude about the ultimate outcome of the actions; however, it is probable that certain actions will result in unfavorable settlements for the Medical Center. There also are known incidents, which occurred through June 30, 2008, that may result in the assertion of additional claims. Management is of the opinion that the settlement of claims probable of unfavorable outcome, as well as the settlement, if any, of such other asserted and unasserted claims, are within the amount of liability accrued for unpaid claims. Consequently, management believes that such settlements will not significantly affect the Medical Center's financial results. The Medical Center maintains an irrevocable trust to be used for the payment of settlements. The Medical Center funds the trust based upon an annual actuarial determination. The Medical Center purchased a stop-loss insurance policy relating to malpractice claims, which will limit the future claims that will be paid from the irrevocable trust.

Conditional Asset Retirement Obligation

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

City of Flint, Michigan

Notes to Financial Statements June 30, 2012

Note 16 - Risk Management (Continued)

These claim estimates are recorded as accounts payable in the Self Insurance Internal Service Fund. Changes in the estimated liability as well as the total estimated costs (based on prior history and claims presented) of claims for the past fiscal year for the City and Hurley Medical Center Component Unit were as follows:

	General Liability		Hurley Medical Center	
	2012	2011	2012	2011
Unpaid claims -				
Beginning of year	\$ 5,768,000	\$ 2,552,585	\$ 34,883,169	\$ 33,374,045
Estimated claims				
incurred, including				
changes in estimates	(738,075)	9,138,040	-	-
Increase in claims				
liability	-	-	6,949,535	8,018,397
Defense costs and				
other fund expenses	-	-	(1,884,655)	(1,724,613)
Excess insurance				
premium payments	-	-	(1,205,667)	(764,660)
Claim payments	<u>(1,061,925)</u>	<u>(5,922,625)</u>	<u>(2,042,500)</u>	<u>(4,020,000)</u>
Estimated liability, end				
of year	<u>\$ 3,968,000</u>	<u>\$ 5,768,000</u>	<u>\$ 36,699,882</u>	<u>\$ 34,883,169</u>

Note 17 - 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 year ended June 30, 2012 amounted to \$16,878,541, all of which relates to staff and service contracts. Amounts paid by HHS to the Medical Center for rent and other miscellaneous expenses for the year ended June 30, 2012 totaled \$413,100.

As of June 30, 2012, the Medical Center had accounts receivable from HHS of \$1,012,614 and accounts payable to HHS of \$452,050.

Included in other operating revenues of HHS are management fees and marketing fees for services rendered paid by Hurley/Binson's Medical Equipment, Inc., a related party to HPMS. Management fee and marketing income from Hurley/Binson's Medical Equipment, Inc. for the year ended June 30, 2012 amounted to \$0. There were no accounts receivable from Hurley/Binson's Medical Equipment at June 30, 2012. HPMS and HHS purchase courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$300,000 annually.

Note 18 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

Note 18 - Upcoming Accounting Pronouncements (Continued)

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of June 30, 2014.

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to their employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for the year ending June 30, 2014 and Statement No. 68 one year later.

Note 19 - Subsequent Events

During August 2012, the City entered into a membership agreement with the Municipal Employees' Retirement System (MERS) to transfer the assets held in the Flint Employees Retirement System (FERS).

During November 2012, a 6.0 mill public safety millage was approved by the voters of the City.

Required Supplemental Information

City of Flint, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,990,602	\$ 6,933,440	\$ 6,952,418	\$ 18,978
Income taxes	13,000,000	14,500,000	14,839,999	339,999
Licenses and permits	1,397,795	1,278,815	1,325,459	46,644
Federal grants	-	2,174,432	1,435,026	(739,406)
State revenue	9,312,620	13,441,490	13,444,050	2,560
Charges for services	10,870,329	9,661,979	9,566,165	(95,814)
Fines and forfeitures	2,182,223	1,732,092	2,056,124	324,032
Interest	203,910	174,373	230,216	55,843
Other revenue:				
Local revenue	436,000	2,249,421	1,647,229	(602,192)
Other miscellaneous income	-	1,000	1,000	-
Total revenue	46,393,479	52,147,042	51,497,686	(649,356)
Expenditures				
Current:				
General government:				
Genesee Towers market adjustment	-	-	1,540,000	(1,540,000)
Mayor's office	339,587	464,859	469,781	(4,922)
Finance	4,330,238	4,530,867	4,420,961	109,906
Civil service	216,900	146,062	154,098	(8,036)
Human relations	61,269	95,543	95,184	359
City clerk	1,159,513	1,103,202	1,146,334	(43,132)
Law office	656,100	882,753	908,374	(25,621)
Human resources	1,057,983	707,988	713,242	(5,254)
Office of the ombudsman	323,543	239,537	243,068	(3,531)
City administrator	378,515	424,586	408,538	16,048
Union representatives	430,334	412,456	453,715	(41,259)
Total general government	8,953,982	9,007,853	10,553,295	(1,545,442)
Judicial - 68th District Court	5,230,789	5,496,071	5,595,856	(99,785)
Public safety:				
Police department	14,116,510	19,618,276	19,892,594	(274,318)
Fire	11,678,703	12,071,902	11,929,492	142,410
Building inspection	158,949	165,302	162,665	2,637
Emergency dispatch	3,091,962	3,083,374	3,094,964	(11,590)
Total public safety	29,046,124	34,938,854	35,079,715	(140,861)
Legislative - City council	1,269,986	1,189,527	1,214,229	(24,702)
Community development	620,937	2,649,536	2,693,850	(44,314)
Parks and recreation	2,921,040	3,682,771	3,792,290	(109,519)
Transportation	1,815,610	2,775,319	2,738,279	37,040
Total expenditures	49,858,468	59,739,931	61,667,514	(1,927,583)

City of Flint, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Excess of Revenue Over (Under) Expenditures	\$ (3,464,989)	\$ (7,592,889)	\$ (10,169,828)	\$ (2,576,939)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	5,000	20,500	24,300	3,800
Transfers in	2,990,000	2,990,000	2,990,000	-
Transfers out	(5,000)	(4,451,000)	(4,753,183)	(302,183)
Total other financing sources (uses)	<u>2,990,000</u>	<u>(1,440,500)</u>	<u>(1,738,883)</u>	<u>(298,383)</u>
Net Change in Fund Balance	(474,989)	(9,033,389)	(11,908,711)	(2,875,322)
Fund Balance (Deficit) - Beginning of year	<u>(7,276,139)</u>	<u>(7,276,139)</u>	<u>(7,276,139)</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ (7,751,128)</u>	<u>\$ (16,309,528)</u>	<u>\$ (19,184,850)</u>	<u>\$ (2,875,322)</u>

City of Flint, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Federal Grants Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 16,910,441	\$ 16,910,441	\$ 18,053,911	\$ 1,143,470
State revenue	457,469	457,469	73,708	(383,761)
Charges for services	9,750	9,750	8,725	(1,025)
Interest	6,200	6,200	394,606	388,406
Other revenue - Local revenue	8,567	8,567	6,250	(2,317)
Total revenue	<u>17,392,427</u>	<u>17,392,427</u>	<u>18,537,200</u>	<u>1,144,773</u>
Expenditures				
Current:				
Public safety	4,455,926	4,455,926	3,820,685	635,241
Community development	5,192,175	5,192,175	5,724,505	(532,330)
Parks and recreation	7,744,328	7,744,328	8,548,838	(804,510)
Debt service	-	-	492,753	(492,753)
Total expenditures	<u>17,392,429</u>	<u>17,392,429</u>	<u>18,586,781</u>	<u>(1,194,352)</u>
Net Change in Fund Balance	(2)	(2)	(49,581)	(49,579)
Fund Balance - Beginning of year	<u>689,834</u>	<u>689,834</u>	<u>689,834</u>	-
Fund Balance - End of year	<u><u>\$ 689,832</u></u>	<u><u>\$ 689,832</u></u>	<u><u>\$ 640,253</u></u>	<u><u>\$ (49,579)</u></u>

City of Flint, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Improvement Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,834,176	\$ 2,321,311	\$ 2,330,170	\$ 8,859
Interest	376,000	728,629	288,058	(440,571)
Other revenue	-	-	440,755	440,755
Total revenue	3,210,176	3,049,940	3,058,983	9,043
Expenditures				
Current:				
General government - City administrator	351,900	351,900	351,900	-
Parks and recreation	700,000	855,439	1,841,793	(986,354)
Debt service	585,000	625,755	440,755	185,000
Total expenditures	1,636,900	1,833,094	2,634,448	(801,354)
Transfers Out	(1,623,339)	(1,623,339)	(1,623,339)	-
Net Change in Fund Balance	(50,063)	(406,493)	(1,198,804)	(792,311)
Fund Balance - Beginning of year	2,829,294	2,829,294	2,829,294	-
Fund Balance - End of year	<u>\$ 2,779,231</u>	<u>\$ 2,422,801</u>	<u>\$ 1,630,490</u>	<u>\$ (792,311)</u>

City of Flint, Michigan

Required Supplemental Information Analysis of Funding Progress Year Ended June 30, 2012

General, Police, Fire, and Hurley Pension Plans Schedule of Funding Progress (\$ Amounts in Thousands)

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/05	\$ 784,271	\$ 985,338	\$ 201,067	79.6	\$ 148,319	135.6
6/30/06	782,098	1,023,599	241,501	76.4	146,634	164.7
6/30/07	801,533	1,071,781	270,248	74.8	157,012	172.1
6/30/08	670,366	841,266	170,900	79.7	89,636	190.7
6/30/09	623,292	873,088	249,796	71.4	89,636	278.7
6/30/10	567,215	835,052	267,837	67.9	68,968	388.3

The actuarial methods used to determine the actuarial accrued liability was the individual entry age actuarial funding methods. Unfunded actuarial accrued liabilities are being amortized as a level percent of projected payroll over 30 years for general, police, and fire. Significant actuarial assumptions used in the computation of the accrued actuarial liability include: (1) a rate of return on the investment or present and future assets of 8.0 percent per year compounded annually, (2) projected salary increases of 3.75 percent to 7.55 percent per year compounded annually, and (3) 3.75 percent inflation.

The actuarial value of assets was computed on fair values "smoothed" over a four-year period.

General, Police, Fire, and Hurley Pension Plans Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net Pension Obligation (Asset) at June 30
6/30/07	6/30/05	\$ 11,956,575	69.0	\$ 6,840,171
6/30/08	6/30/06	14,376,558	72.0	10,805,978
6/30/09	6/30/07	14,497,568	175.0	-
6/30/10	6/30/08	13,394,740	169.0	-
6/30/11	6/30/09	10,835,308	124.0	-
6/30/12	6/30/10	14,562,392	100.0	-

* All net pension obligation is owed by Hurley Medical Center.

City of Flint, Michigan

Required Supplemental Information Analysis of Funding Progress (Continued) Year Ended June 30, 2012

MERS Pension Plan - Hurley Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset) at June 30</u>
6/30/07	6/30/05	\$ 6,060,658	145.0	\$ 1,889,624
6/30/08	6/30/06	6,690,590	45.0	5,711,003
6/30/09	6/30/07	8,037,604	75.0	7,694,335
6/30/10	6/30/07	9,160,796	87.0	8,896,382
6/30/11	6/30/09	9,173,538	75.8	5,505,003
6/30/12	6/30/10	11,734,785	92.1	6,503,942

Other Supplemental Information

Other Supplemental Information Nonmajor Proprietary Funds Fund Descriptions

Special Revenue Funds

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

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.

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

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

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.

The Atwood Stadium Fund receives revenue from admission charges and other activities at Atwood Stadium. All expenditures of this fund are for capital improvements at the stadium.

The Parks and Recreation Fund was established to account for the annual ½ mill 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 was for a period of 10 years, from 1997 through 2006, but was renewed for an additional 10 years, from 2007 through 2017.

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

The City Park Fund was established to account for transactions related to the appraisal and sale of certain City-owned property. Proceeds from the land sales are restricted to improvements of City parks.

The Longway Park Fund is used to account for monies received from a charitable trust. Use of the monies has been restricted to projects at certain City parks.

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

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

City of Flint, Michigan

Other Supplemental Information Nonmajor Proprietary Funds Fund Descriptions (Continued)

Debt Service Funds

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

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

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

City of Flint

Special Revenue Funds

	Major Street Fund	Local Street Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation
Assets							
Cash and cash equivalents	\$ 60	\$ -	\$ -	\$ -	\$ 224,443	\$ -	\$ -
Receivables:							
Property taxes receivable	-	-	125,123	-	-	-	31,201
Accrued interest receivable	-	-	-	-	53,651	-	-
Other receivables	329,599	-	209,090	-	-	-	-
Due from other governmental units	1,170,738	301,653	-	-	-	-	-
Notes and leases receivable	-	-	-	-	856,583	-	-
Due from other funds	500,000	1,059,914	142,183	-	-	-	-
Pooled cash and investments	-	62,890	-	1,539,195	397	6,806	163,536
Total assets	\$ 2,000,397	\$ 1,424,457	\$ 476,396	\$ 1,539,195	\$ 1,135,074	\$ 6,806	\$ 194,737
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 106,427	\$ 6,632	\$ 68,670	\$ 527	\$ -	\$ -	\$ 29,881
Due to other funds	18,022	-	27,457	-	-	-	-
Deposits and advances	-	-	-	587,337	-	-	-
Accrued liabilities and other	-	-	255,053	-	587,127	-	59,142
Deferred revenue	9,139	-	125,216	-	323,107	-	31,224
Total liabilities	133,588	6,632	476,396	587,864	910,234	-	120,247
Fund Balances - Restricted							
Roads	1,866,809	1,417,825	-	-	-	-	-
Police	-	-	-	951,331	-	-	-
Debt service	-	-	-	-	-	-	-
Economic development	-	-	-	-	224,840	-	-
Parks and recreation	-	-	-	-	-	6,806	74,490
Building inspections	-	-	-	-	-	-	-
Garbage collection	-	-	-	-	-	-	-
Total fund balances	1,866,809	1,417,825	-	951,331	224,840	6,806	74,490
Total liabilities and fund balances	\$ 2,000,397	\$ 1,424,457	\$ 476,396	\$ 1,539,195	\$ 1,135,074	\$ 6,806	\$ 194,737

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

Special Revenue Funds					Debt Service Funds			Total
Senior Citizen Centers	City Park	Longway Park	Building Department	Garbage Collection	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 224,553
-	-	-	166	216,317	-	-	-	372,807
-	-	-	-	-	-	-	-	53,651
-	-	-	-	-	-	-	-	538,689
31,717	-	-	92,044	-	-	-	-	1,596,152
-	-	-	-	-	-	-	-	856,583
-	-	-	110,000	-	-	-	-	1,812,097
9,089	8,422	9,396	21,302	520,282	-	6,520	643	2,348,478
\$ 40,806	\$ 8,422	\$ 9,396	\$ 223,562	\$ 736,599	\$ -	\$ 6,520	\$ 643	\$ 7,803,010
\$ 7,811	\$ -	\$ -	\$ 120,708	\$ 94,360	\$ -	\$ -	\$ -	\$ 435,016
-	-	-	-	-	-	-	-	45,479
-	-	-	-	-	-	-	-	587,337
-	-	-	1,000	382,079	-	-	-	1,284,401
-	-	-	166	216,368	-	-	-	705,220
7,811	-	-	121,874	692,807	-	-	-	3,057,453
-	-	-	-	-	-	-	-	3,284,634
-	-	-	-	-	-	-	-	951,331
-	-	-	-	-	-	6,520	643	7,163
-	-	-	-	-	-	-	-	224,840
32,995	8,422	9,396	-	-	-	-	-	132,109
-	-	-	101,688	-	-	-	-	101,688
-	-	-	-	43,792	-	-	-	43,792
32,995	8,422	9,396	101,688	43,792	-	6,520	643	4,745,557
\$ 40,806	\$ 8,422	\$ 9,396	\$ 223,562	\$ 736,599	\$ -	\$ 6,520	\$ 643	\$ 7,803,010

City of Flint

Special Revenue Funds

	Major Street Fund	Local Street Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
Revenue								
Property taxes	\$ -	\$ -	\$ 1,863,997	\$ -	\$ -	\$ -	\$ 467,141	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Federal grants	-	250,575	-	-	-	-	-	-
State revenue	7,074,887	1,858,729	-	-	-	-	-	-
Charges for services	-	-	306,460	-	-	-	-	-
Fines and forfeitures	-	-	-	92,003	-	-	-	-
Interest	308	-	351	1,642	19,145	7	73	-
Other revenue	256,726	-	-	-	23,954	-	35,240	267,883
Total revenue	7,331,921	2,109,304	2,170,808	93,645	43,099	7	502,454	267,883
Expenditures								
Current:								
Public safety:								
Police department	-	-	2,604,010	56,246	-	-	-	-
Building inspection	-	-	-	-	-	-	-	-
Public works - Rubbish disposal	-	-	-	-	-	-	-	-
Community development: -								
Other community and economic development	-	-	-	-	9,573	-	-	-
Parks and recreation	9,270	-	-	-	-	-	894,614	296,983
Transportation	6,114,451	2,169,788	-	-	-	-	-	-
Debt service:								
Principal	108,435	-	-	-	-	-	-	-
Interest on long-term debt	10,185	-	-	-	-	-	-	-
Total expenditures	6,242,341	2,169,788	2,604,010	56,246	9,573	-	894,614	296,983
Excess of Revenue Over (Under) Expenditures	1,089,580	(60,484)	(433,202)	37,399	33,526	7	(392,160)	(29,100)
Other Financing Sources -								
Transfers in	-	-	427,183	-	-	-	425,000	51,000
Net Change in Fund Balances	1,089,580	(60,484)	(6,019)	37,399	33,526	7	32,840	21,900
Fund Balances - Beginning of year	777,229	1,478,309	6,019	913,932	191,314	6,799	41,650	11,095
Fund Balances - End of year	\$ 1,866,809	\$ 1,417,825	\$ -	\$ 951,331	\$ 224,840	\$ 6,806	\$ 74,490	\$ 32,995

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012**

Special Revenue Funds				Debt Service Funds			Total Nonmajor Governmental Funds
City Park	Longway Park	Building Department	Garbage Collection	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	
\$ -	\$ -	\$ -	\$ 2,795,664	\$ -	\$ -	\$ -	\$ 5,126,802
-	-	1,308,711	5,825	-	-	-	1,314,536
-	-	1,833,591	-	-	-	-	2,084,166
-	-	92,857	-	-	-	-	9,026,473
-	-	2,604,731	-	-	-	-	2,911,191
-	-	-	-	-	-	-	92,003
10	10	-	400	-	-	-	21,946
-	-	10,818	-	-	-	-	594,621
10	10	5,850,708	2,801,889	-	-	-	21,171,738
-	-	-	-	-	-	-	2,660,256
-	-	6,850,687	-	-	-	-	6,850,687
-	-	-	4,752,809	-	-	-	4,752,809
-	-	-	-	-	-	-	9,573
-	-	-	-	-	-	-	1,200,867
-	-	-	-	-	-	-	8,284,239
-	-	-	-	245,000	-	-	353,435
-	-	-	-	481,598	-	-	491,783
-	-	6,850,687	4,752,809	726,598	-	-	24,603,649
10	10	(999,979)	(1,950,920)	(726,598)	-	-	(3,431,911)
-	-	1,100,000	1,875,000	726,598	-	-	4,604,781
10	10	100,021	(75,920)	-	-	-	1,172,870
8,412	9,386	1,667	119,712	-	6,520	643	3,572,687
\$ 8,422	\$ 9,396	\$ 101,688	\$ 43,792	\$ -	\$ 6,520	\$ 643	\$ 4,745,557

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major Street Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State revenue	\$ 6,469,467	\$ 6,550,417	\$ 7,074,887	\$ 524,470
Interest	500	268	308	40
Other revenue - Local revenue	-	265,865	256,726	(9,139)
Total revenue	6,469,967	6,816,550	7,331,921	515,371
Expenditures				
Current:				
Parks and recreation	31,886	9,270	9,270	-
Transportation	5,837,768	6,454,575	6,114,451	340,124
Debt service	118,624	118,620	118,620	-
Total expenditures	5,988,278	6,582,465	6,242,341	340,124
Transfers Out	(353,839)	-	-	-
Net Change in Fund Balance	127,850	234,085	1,089,580	855,495
Fund Balance - Beginning of year	777,229	777,229	777,229	-
Fund Balance - End of year	<u>\$ 905,079</u>	<u>\$ 1,011,314</u>	<u>\$ 1,866,809</u>	<u>\$ 855,495</u>

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Street Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 373,065	\$ 250,575	\$ (122,490)
State revenue	1,654,736	1,730,852	1,858,729	127,877
Interest	1,500	-	-	-
Total revenue	1,656,236	2,103,917	2,109,304	5,387
Expenditures - Current - Transportation	1,973,575	2,256,266	2,169,788	86,478
Excess of Revenue (Under) Over Expenditures	(317,339)	(152,349)	(60,484)	91,865
Other Financing Sources -				
Transfers in	353,839	43,350	-	(43,350)
Net Change in Fund Balance	36,500	(108,999)	(60,484)	48,515
Fund Balance - Beginning of year	1,478,309	1,478,309	1,478,309	-
Fund Balance - End of year	\$ 1,514,809	\$ 1,369,310	\$ 1,417,825	\$ 48,515

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Neighborhood Policing Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,225,761	\$ 1,856,910	\$ 1,863,997	\$ 7,087
Charges for services	660,000	745,550	306,460	(439,090)
Interest	100	352	351	(1)
Total revenue	2,885,861	2,602,812	2,170,808	(432,004)
Expenditures - Current - Public safety - Police department	2,885,861	2,680,302	2,604,010	76,292
Excess of Expenditures Over Revenue	-	(77,490)	(433,202)	(355,712)
Other Financing Sources - Transfers in	-	125,000	427,183	302,183
Net Change in Fund Balance	-	47,510	(6,019)	(53,529)
Fund Balance - Beginning of year	6,019	6,019	6,019	-
Fund Balance - End of year	\$ 6,019	\$ 53,529	\$ -	\$ (53,529)

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - State Act 25 I - Forfeitures Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 103,500	\$ 125,927	\$ 92,003	\$ (33,924)
Interest	2,000	1,497	1,642	145
Total revenue	105,500	127,424	93,645	(33,779)
Expenditures - Current - Public safety - Police department	189,590	99,378	56,246	43,132
Net Change in Fund Balance	(84,090)	28,046	37,399	9,353
Fund Balance - Beginning of year	913,932	913,932	913,932	-
Fund Balance - End of year	<u>\$ 829,842</u>	<u>\$ 941,978</u>	<u>\$ 951,331</u>	<u>\$ 9,353</u>

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - EDA Revolving Loan Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Interest	\$ -	\$ 19,545	\$ 19,145	\$ (400)
Principal payments	-	-	23,954	23,954
Total revenue	-	19,545	43,099	23,554
Expenditures - Current - Community development	-	19,546	9,573	9,973
Net Change in Fund Balance	-	(1)	33,526	33,527
Fund Balance - Beginning of year	191,314	191,314	191,314	-
Fund Balance - End of year	<u>\$ 191,314</u>	<u>\$ 191,313</u>	<u>\$ 224,840</u>	<u>\$ 33,527</u>

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 556,440	\$ 465,370	\$ 467,141	\$ 1,771
Interest	50	92	73	(19)
Other revenue	10,000	35,240	35,240	-
Total revenue	566,490	500,702	502,454	1,752
Expenditures - Current - Parks and recreation	566,490	860,568	894,614	(34,046)
Excess of Expenditures Over Revenue	-	(359,866)	(392,160)	(32,294)
Other Financing Sources -				
Transfers in	-	365,000	425,000	60,000
Net Change in Fund Balance	-	5,134	32,840	27,706
Fund Balance - Beginning of year	41,650	41,650	41,650	-
Fund Balance - End of year	<u>\$ 41,650</u>	<u>\$ 46,784</u>	<u>\$ 74,490</u>	<u>\$ 27,706</u>

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Senior Citizen Centers Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ -	\$ 296,921	\$ 267,883	\$ (29,038)
Expenditures - Current - Parks and recreation	-	296,922	296,983	(61)
Excess of Expenditures Over Revenue	-	(1)	(29,100)	(29,099)
Other Financing Sources - Transfers in	-	-	51,000	51,000
Net Change in Fund Balance	-	(1)	21,900	21,901
Fund Balance - Beginning of year	11,095	11,095	11,095	-
Fund Balance - End of year	\$ 11,095	\$ 11,094	\$ 32,995	\$ 21,901

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Building Department Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Licenses and fees	\$ 1,863,502	\$ 1,396,272	\$ 1,308,711	\$ (87,561)
Federal grants	-	1,680,312	1,833,591	153,279
State revenue	-	92,857	92,857	-
Charges for services	386,778	3,243,109	2,604,731	(638,378)
Other revenue	-	10,818	10,818	-
Total revenue	2,250,280	6,423,368	5,850,708	(572,660)
Expenditures - Current - Public safety - Building inspection	2,250,280	6,773,545	6,850,687	(77,142)
Excess of Expenditures Over Revenue	-	(350,177)	(999,979)	(649,802)
Other Financing Sources - Transfers in	-	1,100,000	1,100,000	-
Net Change in Fund Balance	-	749,823	100,021	(649,802)
Fund Balance - Beginning of year	1,667	1,667	1,667	-
Fund Balance - End of year	<u>\$ 1,667</u>	<u>\$ 751,490</u>	<u>\$ 101,688</u>	<u>\$ (649,802)</u>

City of Flint, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Garbage Collection Budgetary Comparison Year Ended June 30, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,431,022	\$ 2,785,034	\$ 2,795,664	\$ 10,630
Licenses and permits	-	5,705	5,825	120
Interest	100	530	400	(130)
Total revenue	3,431,122	2,791,269	2,801,889	10,620
Expenditures - Current - Public works	3,431,122	4,624,416	4,752,809	(128,393)
Excess of Expenditures Over Revenue	-	(1,833,147)	(1,950,920)	(117,773)
Other Financing Sources -				
Transfers in	-	1,875,000	1,875,000	-
Net Change in Fund Balance	-	41,853	(75,920)	(117,773)
Fund Balance - Beginning of year	119,712	119,712	119,712	-
Fund Balance - End of year	<u>\$ 119,712</u>	<u>\$ 161,565</u>	<u>\$ 43,792</u>	<u>\$ (117,773)</u>

City of Flint, Michigan

Other Supplemental Information Internal Service Funds Fund Descriptions

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

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.

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

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 Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2012

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ 504,993	\$ 100	\$ -	\$ 505,093
Receivables - Other receivables	-	-	3,103	-	3,103
Due from other funds	1,346,117	3,440,634	3,048,242	8,634,223	16,469,216
Inventory	-	-	197,119	-	197,119
Prepaid costs	-	-	-	84,152	84,152
Note receivable - Current portion	-	130,000	-	-	130,000
Total current assets	1,346,117	4,075,627	3,248,564	8,718,375	17,388,683
Noncurrent assets - Capital Assets - Assets subject to depreciation					
	857,779	-	1,675,946	-	2,533,725
Total assets	2,203,896	4,075,627	4,924,510	8,718,375	19,922,408
Liabilities					
Current liabilities:					
Accounts payable	21,427	623,499	32,374	98,879	776,179
Accrued liabilities and other	-	913,921	-	-	913,921
Claims payable - Current	-	-	-	3,268,000	3,268,000
Current portion of long-term debt	256,591	-	-	-	256,591
Total current liabilities	278,018	1,537,420	32,374	3,366,879	5,214,691
Noncurrent liabilities:					
Advances from other funds	-	-	522,680	-	522,680
Claims payable	-	-	-	700,000	700,000
Long-term debt	386,446	-	-	-	386,446
Total noncurrent liabilities	386,446	-	522,680	700,000	1,609,126
Total liabilities	664,464	1,537,420	555,054	4,066,879	6,823,817
Net Assets					
Invested in capital assets	214,742	-	1,675,946	-	1,890,688
Unrestricted	1,324,690	2,538,207	2,693,510	4,651,496	11,207,903
Total net assets	\$ 1,539,432	\$ 2,538,207	\$ 4,369,456	\$ 4,651,496	\$ 13,098,591

City of Flint, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended June 30, 2012

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self- Insurance	Total
Operating Revenue -					
Charges for services	\$ 3,027,001	\$33,280,538	\$ 5,646,600	\$ 8,248,902	\$ 50,203,041
Operating Expenses					
Salaries, wages, and fringe benefits	1,470,589	866,589	1,670,025	1,311,308	5,318,511
Utilities	-	-	34,980	-	34,980
Equipment operation	-	-	-	5,948	5,948
Claims and settlements	-	-	-	1,061,925	1,061,925
Repair and maintenance	406,096	-	114,923	7,025	528,044
Supplies	12,015	21,530	2,061,049	3,743	2,098,337
Insurance	-	-	-	466,196	466,196
Professional services	641,220	815,435	251,283	758,331	2,466,269
Miscellaneous	1,250	802	1,560	-	3,612
Costs of materials or services rendered	-	29,142,756	-	-	29,142,756
Depreciation	331,394	-	1,014,409	-	1,345,803
Total operating expenses	<u>2,862,564</u>	<u>30,847,112</u>	<u>5,148,229</u>	<u>3,614,476</u>	<u>42,472,381</u>
Operating Income	164,437	2,433,426	498,371	4,634,426	7,730,660
Nonoperating Revenue (Expenses)					
Investment income	1,022	-	1,758	5,497	8,277
Interest expense	(24,339)	-	(198,207)	-	(222,546)
Income - Before contributions	141,120	2,433,426	301,922	4,639,923	7,516,391
Capital Contributions	-	-	104,714	-	104,714
Transfers In	-	-	1,771,741	-	1,771,741
Change in Net Assets	141,120	2,433,426	2,178,377	4,639,923	9,392,846
Net Assets - Beginning of year	<u>1,398,312</u>	<u>104,781</u>	<u>2,191,079</u>	<u>11,573</u>	<u>3,705,745</u>
Net Assets - End of year	<u>\$ 1,539,432</u>	<u>\$ 2,538,207</u>	<u>\$ 4,369,456</u>	<u>\$ 4,651,496</u>	<u>\$ 13,098,591</u>

City of Flint, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2012

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-Insurance	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 3,302,920	\$ 33,281,473	\$ 6,558,311	\$ 8,248,902	\$ 51,391,606
Payments to suppliers	(1,071,181)	(30,244,432)	(2,558,948)	(1,566,902)	(35,441,463)
Payments to and on behalf of employees	(1,470,589)	(968,468)	(1,670,025)	(6,371,092)	(10,480,174)
Claims paid	-	-	-	(2,861,925)	(2,861,925)
Other receipts	-	-	-	2,200,139	2,200,139
Net cash provided by (used in) operating activities	761,150	2,068,573	2,329,338	(350,878)	4,808,183
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	1,771,741	-	1,771,741
Payments received on long-term note receivable	-	130,000	-	-	130,000
Pooled cash receipts to other funds	(543,521)	(1,817,395)	(3,048,242)	-	(5,409,158)
Repayments of loans from other funds	-	-	(825,938)	-	(825,938)
Net cash used in noncapital financing activities	(543,521)	(1,687,395)	(2,102,439)	-	(4,333,355)
Cash Flows from Capital and Related Financing Activities					
Issuance of capital debt	551,244	-	-	-	551,244
Capital contributions	-	-	104,714	-	104,714
Purchase of capital assets - Net of sales	(551,244)	-	(135,164)	-	(686,408)
Principal paid on capital debt	(194,312)	-	-	-	(194,312)
Interest payments on long-term advances	(24,339)	-	(198,207)	-	(222,546)
Net cash used in capital and related financing activities	(218,651)	-	(228,657)	-	(447,308)
Cash Flows from Investment Activities -					
Interest received on investments	1,022	-	1,758	5,497	8,277
Net Increase (Decrease) in Cash and Cash Equivalents					
	-	381,178	-	(345,381)	35,797
Cash and Cash Equivalents - Beginning of year					
	-	123,815	100	345,381	469,296
Cash and Cash Equivalents - End of year					
	<u>\$ -</u>	<u>\$ 504,993</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 505,093</u>

City of Flint, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds (Continued) Year Ended June 30, 2012

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-Insurance	Total
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating income	\$ 164,437	\$ 2,433,426	\$ 498,371	\$ 4,634,426	\$ 7,730,660
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	331,394	-	1,014,409	-	1,345,803
Changes in assets and liabilities:					
Receivables	275,919	935	911,711	2,200,139	3,388,704
Due from others	-	-	-	(5,059,784)	(5,059,784)
Inventories	-	-	2,864	-	2,864
Prepaid and other assets	-	68,094	-	-	68,094
Accounts payable	(10,600)	(332,003)	(98,017)	(325,659)	(766,279)
Estimated claims liability	-	-	-	(1,800,000)	(1,800,000)
Accrued and other liabilities	-	(101,879)	-	-	(101,879)
Net cash provided by (used in) operating activities	<u>\$ 761,150</u>	<u>\$ 2,068,573</u>	<u>\$ 2,329,338</u>	<u>\$ (350,878)</u>	<u>\$ 4,808,183</u>

Other Supplemental Information Fiduciary Funds Fund Descriptions

Pension and Benefit Trust Funds

The Flint Employees' Retirement System Fund is used to account for the financial operations of the Flint Employees' Retirement System. The system is administered by a nine-member board of trustees while the City acts as the custodian of the system.

The Retiree Health Care Fund accounts for the funding and expenditures related to providing health care benefits to retirees.

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

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

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.

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.

**Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012**

	Pension Trust Funds						Agency Funds			
	Flint Employees' Retirement System		Retiree Health Care		VEBA	Hurley Retiree Health Benefit Fund	Total Pension Trust Funds	Miscellaneous Agency	County Revolving Loan	Total Agency Funds
	Death Benefit	Care								
Assets										
Cash and cash equivalents	\$ 19,055,407	\$ -	\$ -	\$ 166,903	\$ 6,560,791	\$ 25,783,101	\$ 719,140	\$ 553,759	\$ 1,272,899	
Investments:										
Mutual funds	116,512,612	-	-	-	-	116,512,612	-	-	-	
U.S. government obligations	23,038,266	-	-	-	2,009,049	25,047,315	-	-	-	
Agency securities	-	-	-	-	5,987,098	5,987,098	-	-	-	
Corporate stocks	248,055,774	503,578	-	-	8,759,309	257,318,661	-	-	-	
Corporate bonds	7,319,374	-	-	-	11,273,327	18,592,701	-	-	-	
Asset-backed securities	2,959,930	-	-	-	-	2,959,930	-	-	-	
Partnerships	22,812,096	-	-	-	-	22,812,096	-	-	-	
Foreign stocks	29,460,693	-	-	-	-	29,460,693	-	-	-	
Collateral for securities lending:										
Cash and cash equivalents	20,385,393	-	-	-	-	20,385,393	-	-	-	
U.S. government obligations	13,506,254	-	-	-	-	13,506,254	-	-	-	
Agency securities	19,572,417	-	-	-	-	19,572,417	-	-	-	
Corporate stock	9,848,590	-	-	-	-	9,848,590	-	-	-	
Corporate bonds	7,950,420	-	-	-	-	7,950,420	-	-	-	
Asset backed securities	1,481,462	-	-	-	-	1,481,462	-	-	-	
Foreign stock	1,694,431	-	-	-	-	1,694,431	-	-	-	
Receivables:										
Property taxes receivable	-	-	-	-	-	-	3,066,734	-	3,066,734	
Accrued interest receivable	484,743	-	-	-	132,703	617,446	-	-	-	
Notes and leases receivable	-	-	-	-	-	-	-	3,089	3,089	
Pooled cash and investments	1,035,250	-	1,023,225	-	-	2,058,475	1,471,570	-	1,471,570	
Total assets	545,173,112	503,578	1,023,225	166,903	34,722,277	581,589,095	\$ 5,257,444	\$ 556,848	\$ 5,814,292	
Liabilities										
Accounts payable	759,043	9,667	39,092	-	-	807,802	\$ 316,517	\$ -	\$ 316,517	
Due to other governmental units	-	-	-	-	-	-	4,072,084	556,848	4,628,932	
Deposits and advances	-	-	-	-	-	-	868,843	-	868,843	
Accrued liabilities and other	5,301,226	-	-	-	3,286	5,304,512	-	-	-	
Obligations under securities lending agreements	74,438,967	-	-	-	-	74,438,967	-	-	-	
Total liabilities	80,499,236	9,667	39,092	-	3,286	80,551,281	\$ 5,257,444	\$ 556,848	\$ 5,814,292	
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 464,673,876	\$ 493,911	\$ 984,133	\$ 166,903	\$ 34,718,991	\$ 501,037,814				

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2012

	Flint Employees'		Retiree Health	Health Benefits	Hurley Retiree	
	Retirement	Death Benefit	Care	Plan and Trust	Health Benefit	Total
	System					
Additions						
Investment income:						
Interest and dividends	\$ 5,878,203	\$ 5,467	\$ -	\$ 7,555	\$ 657,628	\$ 6,548,853
Net increase (decrease) in fair value of investments	1,068,877	(934)	-	(200,901)	347,406	1,214,448
Investment-related expenses	(1,128,591)	-	-	-	(114,389)	(1,242,980)
Net investment income	5,818,489	4,533	-	(193,346)	890,645	6,520,321
Securities lending income:						
Interest and fees	212,142	-	-	-	-	212,142
Less borrower rebates and bank fees	(42,434)	-	-	-	-	(42,434)
Net securities lending income	169,708	-	-	-	-	169,708
Contributions:						
Employer	14,330,573	-	18,593,499	-	7,071,235	39,995,307
Employee	3,683,474	3,978	1,375,413	188,872	-	5,251,737
Net contributions	18,014,047	3,978	19,968,912	188,872	7,071,235	45,247,044
Insurance refund	-	-	1,821,785	-	-	1,821,785
Total additions	24,002,244	8,511	21,790,697	(4,474)	7,961,880	53,758,858
Deductions						
Benefit payments	65,747,579	91,503	19,739,558	-	1,425,655	87,004,295
Refunds of contributions	431,349	-	-	-	-	431,349
Administrative expenses	793,695	300	1,146,061	-	-	1,940,056
Total deductions	66,972,623	91,803	20,885,619	-	1,425,655	89,375,700
Net (Decrease) Increase in Net Assets Held in Trust	(42,970,379)	(83,292)	905,078	(4,474)	6,536,225	(35,616,842)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	507,644,255	577,203	79,055	171,377	28,182,766	536,654,656
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 464,673,876</u>	<u>\$ 493,911</u>	<u>\$ 984,133</u>	<u>\$ 166,903</u>	<u>\$ 34,718,991</u>	<u>\$ 501,037,814</u>

City of Flint, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2012

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Miscellaneous Agency				
Assets				
Pooled cash and investments	\$ 1,926,068	\$ 59,302,072	\$ (59,756,570)	\$ 1,471,570
Cash and investments	717,224	1,916	-	719,140
Property taxes receivable	3,599,246	76,081,075	(76,613,587)	3,066,734
Total assets	<u>\$ 6,242,538</u>	<u>\$ 135,385,063</u>	<u>\$ (136,370,157)</u>	<u>\$ 5,257,444</u>
Liabilities				
Accounts payable	\$ 355,487	\$ 37,716,100	\$ (37,755,070)	\$ 316,517
Due to other governmental units	5,038,538	67,517,384	(68,483,837)	4,072,085
Deposits and advances	848,513	605,569	(585,240)	868,842
Total liabilities	<u>\$ 6,242,538</u>	<u>\$ 105,839,053</u>	<u>\$ (106,824,147)</u>	<u>\$ 5,257,444</u>
County Revolving Loan Fund				
Assets				
Cash and investments	\$ 543,404	\$ 24,646	\$ (14,291)	\$ 553,759
Loan receivable	11,713	200	(8,824)	3,089
Total assets	<u>\$ 555,117</u>	<u>\$ 24,846</u>	<u>\$ (23,115)</u>	<u>\$ 556,848</u>
Liabilities - Due to other governmental units	<u>\$ 555,117</u>	<u>\$ 15,621</u>	<u>\$ (13,890)</u>	<u>\$ 556,848</u>
Totals - All Agency Funds				
Assets				
Pooled cash and investments	\$ 1,926,068	\$ 59,302,072	\$ (59,756,570)	\$ 1,471,570
Cash and investments	1,260,628	26,562	(14,291)	1,272,899
Receivables:				
Property taxes receivable	3,599,246	76,081,075	(76,613,587)	3,066,734
Loan receivable	11,713	200	(8,824)	3,089
Total assets	<u>\$ 6,797,655</u>	<u>\$ 135,409,909</u>	<u>\$ (136,393,272)</u>	<u>\$ 5,814,292</u>
Liabilities				
Accounts payable	\$ 355,487	\$ 37,716,100	\$ (37,755,070)	\$ 316,517
Due to other governmental units	5,593,655	67,533,005	(68,497,728)	4,628,932
Deposits and advances	848,513	605,569	(585,239)	868,843
Total liabilities	<u>\$ 6,797,655</u>	<u>\$ 105,854,674</u>	<u>\$ (106,838,037)</u>	<u>\$ 5,814,292</u>

CITY OF FLINT, MICHIGAN
Statistical Section (unaudited)
GASB Statement 44, Economic Condition Reporting

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 supplemental 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 Assets by Component	Schedule 1
Changes in Governmental Net Assets	Schedule 2
Changes in Business-type Net Assets	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 Taxpayers	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 and 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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Financial Trend Information - Schedule I

CITY OF FLINT, MICHIGAN

Net Assets by Component

Last Ten Fiscal Years

	As of June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 31,886,337	\$ 141,106,021	\$ 138,186,259	\$ 131,561,717	\$ 152,133,527	\$ 190,526,479	\$ 184,617,905	\$ 180,811,443	\$ 176,533,920	\$ 164,557,732
Restricted	22,742,107	26,974,091	21,199,405	23,125,198	20,433,487	21,090,174	19,700,865	9,401,616	8,886,933	7,712,381
Unrestricted	(20,865,177)	(17,403,520)	(10,288,651)	346,817	(10,068,901)	(66,676,216)	(94,639,303)	(120,251,900)	(148,784,633)	(149,241,234)
Total net assets	33,763,267	150,676,592	149,097,013	155,033,732	162,498,113	144,940,437	109,679,467	69,961,159	36,636,220	23,028,879
Business-type Activities:										
Invested in capital assets, net of related debt	132,971,445	134,791,542	107,239,606	108,506,065	111,838,676	121,424,230	123,161,141	125,632,814	127,847,276	84,181,963
Restricted	3,703,231	9,200,024	7,586,825	8,855,044	8,986,780	10,289,006	11,106,759	10,761,281	11,432,623	5,585,334
Unrestricted	117,814,590	110,533,651	143,675,288	131,574,217	111,956,070	97,377,129	88,481,489	65,053,326	43,022,814	(8,458,664)
Total net assets	254,489,266	254,525,217	258,501,719	248,935,326	232,781,526	229,090,365	222,749,389	201,447,421	182,302,713	81,308,633
Primary Government in Total:										
Invested in capital assets, net of related debt	164,857,782	275,897,563	245,425,865	240,067,782	263,972,203	311,950,709	307,779,046	306,444,257	304,381,196	248,739,695
Restricted	26,445,338	36,174,115	28,786,230	31,980,242	29,420,267	31,379,180	30,807,624	20,162,897	20,319,556	13,297,715
Unrestricted	96,949,413	93,130,131	133,386,637	131,921,034	101,887,169	30,700,913	(6,157,814)	(55,198,574)	(105,761,819)	(157,699,898)
Total net assets	288,252,533	405,201,809	407,598,732	403,969,058	395,279,639	374,030,802	332,428,856	271,408,580	218,938,933	104,337,512

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

Financial Trend Information - Schedule 2

CITY OF FLINT, MICHIGAN

Changes in Governmental Net Assets

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
General government	\$ 18,358,997	\$ 33,042,657	\$ 35,828,206	\$ 20,733,886	\$ 22,445,665	\$ 30,126,082	\$ 28,617,291	\$ 35,286,569	\$ 18,640,073	\$ 12,034,876
Judicial	4,589,294	5,135,841	3,883,382	5,329,461	5,838,951	8,820,013	6,681,529	7,549,727	7,504,547	3,673,809
Public safety	37,914,780	36,354,270	30,608,495	45,291,068	49,833,782	78,048,619	61,324,633	57,784,496	53,062,194	42,196,455
Building inspection	1,596,003	2,851,237	1,698,197	4,386,646	3,672,350	5,063,848	5,277,613	6,332,983	8,610,149	7,049,138
Public works	11,165,666	26,108,326	25,428,339	19,488,952	40,305,844	30,519,397	31,907,385	27,224,651	28,549,114	25,942,018
Community enrichment and development	9,925,920	11,404,334	6,805,959	9,708,503	6,467,573	6,163,998	6,620,929	10,835,034	16,541,698	14,668,606
Parks and recreation	4,592,849	4,320,780	3,106,729	4,506,042	5,596,244	7,610,803	6,147,632	5,431,010	6,803,411	4,455,354
Interest on long-term debt	415,823	360,690	313,032	436,774	824,536	1,091,347	1,122,341	806,637	1,132,521	1,361,513
Total governmental activities	88,559,332	119,578,135	107,672,339	109,881,332	134,984,945	167,444,107	147,699,353	151,251,107	140,843,707	111,381,769
Program Revenues:										
Charges for services										
General government	6,594,324	22,869,917	11,775,239	12,750,497	13,731,733	16,502,110	14,002,474	15,083,436	17,281,364	8,105,345
Judicial	458,807	718,454	7,181	2,237,892	2,470,636	2,663,984	2,339,395	2,094,107	1,668,559	1,594,061
Public safety	2,812,784	2,622,539	5,039,718	3,469,635	4,055,880	5,100,191	4,460,730	3,291,583	2,878,264	2,594,216
Building inspection	721,203	835,492	1,404,790	1,961,099	1,483,269	1,501,849	1,736,737	1,728,460	3,173,389	3,949,658
Public works	262,086	24,265	127,111	112,275	15,715,702	8,221	9,124	267,712	186,105	63,496
Community enrichment and development	92,360	111,737	218,020	152,119	499,645	147,744	69,749	564,698	53,960	11,371
Parks and recreation	41,142	96,438	52,367	33,370	40,679	53,999	44,512	30,193	554,742	229,710
Total charges for services	10,982,706	27,278,842	18,624,426	20,716,887	37,997,544	25,978,098	22,662,721	23,060,189	25,796,383	16,547,857
Operating grants and contributions	22,310,789	23,015,985	15,466,318	21,701,007	20,341,109	19,590,161	17,154,589	21,984,894	27,243,104	20,903,212
Capital grants and contributions	1,750,373	3,910,422	1,983,974	4,523,574	18,063,785	8,850,442	10,162,836	4,436,527	6,414,945	13,290,515
Total program revenue	35,043,868	54,205,249	36,074,718	46,941,468	76,402,438	54,418,701	49,980,146	49,481,610	59,454,432	50,741,584
Net expense	(53,515,464)	(65,372,886)	(71,597,621)	(62,939,864)	(58,582,507)	(113,025,406)	(97,719,207)	(101,769,497)	(81,389,275)	(60,640,185)
General Revenues:										
Property taxes	24,347,127	24,501,378	27,186,359	25,441,852	24,905,192	25,602,458	24,343,118	19,224,393	18,142,422	14,263,876
Income taxes	21,525,330	19,948,853	20,681,150	19,660,536	18,603,312	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999
State-shared revenues	-	-	19,760,886	19,541,013	18,959,082	18,959,082	18,466,481	16,424,091	16,424,088	13,103,186
Franchise fees	-	-	-	1,022,191	1,036,958	1,045,656	1,112,359	1,139,147	1,215,745	1,167,325
Unrestricted investment earnings	810,017	1,156,340	873,119	2,875,063	2,502,919	2,133,630	1,109,633	624,699	507,915	632,134
Unrestricted grants and contributions	22,229,308	19,978,653	1,054,290	-	-	-	-	-	-	-
Unrestricted earnings	2,208,620	74,649	221,401	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	335,928	39,425	35,610	69,084	(327,551)	-	-
Miscellaneous revenue	-	-	-	-	-	150,975	-	54,549	84,408	36,324
Total general revenues	71,120,402	65,659,873	69,777,205	68,876,583	66,046,888	64,443,827	59,378,614	50,690,575	50,770,924	44,042,844
Gain (loss) on disposal of capital assets	(3,956,437)	-	-	-	-	-	-	-	-	-
Transfers	(3,826,746)	(703,256)	250,179	-	-	-	3,079,623	2,983,177	5,670,849	2,990,000
Change in net assets	9,821,755	(416,269)	(1,570,237)	5,936,719	7,464,381	(48,581,579)	(35,260,970)	(48,095,745)	(24,947,502)	(13,607,341)

Financial Trend Information - Schedule 3
CITY OF FLINT, MICHIGAN
Changes in Business-type Net Assets
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenue										
Sale of water	\$ 27,205,494	\$ 31,394,271	\$ 30,875,582	\$ 34,177,436	\$ 33,172,084	\$ 33,956,858	\$ 34,080,677	\$ 31,956,754	\$ 36,762,663	\$ 44,854,439
Sewage disposal charges	23,391,287	21,684,475	20,985,941	18,782,008	17,918,595	17,143,474	17,836,304	15,957,087	17,637,811	23,214,899
Hurley Medical Center	326,831,605	321,100,785	341,685,734	327,335,663	347,856,879	332,199,875	351,792,875	360,903,987	354,078,435	-
Other charges for services	1,420,701	1,199,414	1,165,773	1,035,664	1,030,999	891,241	1,098,854	583,498	-	-
Total operating revenue	378,849,087	375,378,945	394,713,030	381,330,771	399,978,557	384,191,448	404,808,710	409,401,326	408,478,909	68,069,338
Operating Expenses										
Cost of water produced/purchased	13,110,376	14,921,511	15,551,071	15,779,772	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,251,448
Water supply	11,152,958	13,668,105	9,565,732	10,637,184	12,572,311	15,145,174	16,966,375	17,829,720	17,050,216	15,600,804
Sewage disposal	16,209,815	18,894,621	14,377,716	15,676,866	31,514,909	21,531,917	21,118,123	25,923,101	24,780,913	20,249,253
Hurley Medical Center	316,559,531	305,243,841	333,154,375	328,655,402	337,602,912	319,553,166	335,354,672	343,633,278	339,408,386	-
Nonmajor Enterprise funds	1,028,644	1,133,198	744,469	999,994	1,332,660	1,625,295	1,203,591	1,156,400	-	-
Depreciation	21,560,045	20,078,945	21,016,396	19,612,798	18,902,668	19,196,772	20,877,152	20,394,544	19,529,104	10,056,150
Total operating expenses	379,621,369	373,940,221	394,409,759	391,362,016	417,977,466	393,350,195	412,941,576	426,040,795	421,688,606	67,157,655
Operating (Loss) Income	(772,282)	1,438,724	303,271	(10,031,245)	(17,998,909)	(9,158,747)	(8,132,866)	(16,639,469)	(13,209,697)	911,683
Nonoperating Revenue (Expense)										
Investment income	3,547,009	1,768,395	3,266,633	1,932,514	7,011,989	6,382,545	4,488,845	2,186,379	2,048,499	209,179
Interest expense	(4,872,228)	(6,024,326)	(3,257,534)	(4,673,513)	(4,620,131)	(4,739,233)	(4,717,484)	(4,528,788)	(4,594,996)	(695,059)
Income (loss) from joint ventures	486,099	2,098,517	2,677,943	2,734,278	(965,390)	3,639,181	2,327,524	742,126	1,469,880	-
Gain (loss) on disposal of assets	9,000,325	(578)	125,583	(712,535)	(324,965)	(653,040)	(313,727)	(165,327)	-	-
Capital grants and contributions	2,412,748	51,963	1,110,785	1,184,108	743,606	838,132	476,760	(42,567)	797,749	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	51,770
Income (Loss) - Before transfers	9,801,671	(667,305)	4,226,681	(9,566,393)	(16,153,800)	(3,691,162)	(5,870,948)	(18,447,646)	(13,488,565)	477,573
Grants for capital improvements							199,596	128,855	14,706	-
Transfers from other funds	5,411,200	703,256	736,405	-	-	-	2,320,377	6,823	285,992	-
Transfers to other funds	(1,584,454)	-	(986,584)	-	-	-	(2,990,000)	(2,990,000)	(5,956,841)	(2,990,000)
Change in Net Assets	13,628,417	35,951	3,976,502	(9,566,393)	(16,153,800)	(3,691,162)	(6,340,975)	(21,301,968)	(19,144,708)	(2,512,427)

Financial Trend Information - Schedule 4
CITY OF FLINT, MICHIGAN
Fund Balances, Governmental Funds
 Last Ten Fiscal Years

	As of June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012*
General Fund										
Restricted	\$ 82,435	\$ 82,082	\$ 19,388	\$ 1,222,171	\$ 68,624	\$ 177,450	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	1,586,995	-
Unreserved, designated for City jail	-	-	-	-	1,235,672	-	-	-	-	-
Assigned	-	-	1,572,584	2,512,158	3,817,088	-	-	-	-	-
Unassigned (deficit)	(14,069,159)	(7,871,141)	4,507,985	5,180,925	1,230,310	(7,046,820)	(10,113,744)	(14,621,546)	(8,863,134)	(19,184,850)
Total General Fund (Deficit)	(13,986,724)	(7,789,059)	6,099,957	8,915,254	6,351,694	(6,869,370)	(10,113,744)	(14,621,546)	(7,276,139)	(19,184,850)
All Other Governmental Funds										
Restricted	1,797,570	2,029,831	3,392,943	6,110,321	5,187,345	2,279,414	2,021,691	1,749,242	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,180,246	-
Assigned	730,295	1,239,710	8,539,080	8,485,398	7,519,456	3,591,002	7,190,250	1,872,197	-	-
Restricted, reported in:										
Special revenue funds	2,206,825	1,519,985	7,931,807	6,254,926	5,358,369	8,619,573	8,321,188	931,077	4,245,293	5,378,647
Debt service funds	573	54,045	6,578	6,721	7,067	7,163	7,163	7,163	7,163	7,163
Capital projects funds	2,618,573	1,909,930	87,638	996,232	812,881	3,460,669	304,138	1,831,338	1,657,446	1,630,490
Unassigned	-	-	-	-	-	-	-	-	1,667	-
Total All Other Governmental Funds	7,353,836	6,753,501	19,958,046	21,853,598	18,885,118	17,957,821	17,844,430	6,391,017	7,091,815	7,016,300
Total Governmental Fund Balance	(6,632,888)	(1,035,558)	26,058,003	30,768,852	25,236,812	11,088,451	7,730,686	(8,230,529)	(184,324)	(12,168,550)

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

Financial Trend Information - Schedule 5
CITY OF FLINT, MICHIGAN
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

	As of June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue										
Property taxes	\$ 24,752,965	\$ 24,501,522	\$ 24,852,131	\$ 25,324,052	\$ 25,914,497	\$ 25,761,449	\$ 24,890,597	\$ 19,169,740	\$ 18,035,252	\$ 14,409,390
Income taxes	20,813,829	19,941,781	20,670,108	19,660,536	18,717,312	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999
Special assessments	-	-	327,834	174,930	54,225	39,947	211,682	41,479	-	-
Federal revenue	10,879,408	13,510,468	6,055,201	7,546,232	9,813,891	7,098,114	7,538,586	12,414,929	19,718,598	21,573,103
State-shared revenues (and grants)	34,260,541	31,114,612	30,377,126	33,546,805	29,486,652	29,890,165	29,839,715	27,770,303	26,927,022	22,544,231
Licenses and permits	1,993,056	2,121,053	2,546,380	2,574,399	2,182,735	2,274,072	2,348,165	2,440,648	3,220,060	2,639,995
Fines and forfeitures	2,506,075	2,687,404	2,801,511	2,603,615	3,517,872	3,577,563	3,429,032	2,470,584	2,087,179	2,148,127
Charges for services	7,555,264	12,667,671	7,713,078	9,426,545	10,108,460	10,376,662	11,708,234	11,230,300	12,487,478	12,486,081
Local grants	578,894	1,816,437	778,851	931,252	633,911	1,413,470	2,510,298	1,961,589	-	-
Interest and other	2,828,792	3,291,662	2,561,743	3,796,181	4,046,407	3,499,428	2,732,572	2,825,591	12,104,122	3,624,681
Total revenue	106,168,824	111,652,610	98,683,963	105,584,547	104,475,962	100,447,286	99,486,820	93,876,410	108,976,057	94,265,607
Expenditures										
Current:										
Legislative	892,569	518,190	915,521	1,274,989	1,100,228	1,164,844	1,196,266	1,176,953	1,226,475	1,214,229
Judicial	4,556,480	4,527,082	5,156,051	5,325,026	5,834,563	6,367,737	5,113,532	5,468,994	5,292,589	5,595,856
General government	17,119,340	28,287,256	12,388,079	12,385,713	12,468,418	13,094,727	11,862,417	10,976,896	16,875,964	10,905,195
Public safety	37,185,128	32,666,458	41,437,041	44,067,519	49,277,571	57,195,849	47,262,636	44,823,709	42,520,146	41,397,991
Building inspections	1,596,003	2,593,178	2,883,968	4,669,425	3,943,583	4,624,961	4,266,994	6,604,061	7,335,776	7,013,352
Public works	14,684,702	17,304,349	23,064,773	20,743,060	21,802,572	34,462,549	20,571,899	20,379,499	16,950,515	15,775,327
Parks and Recreation	4,989,311	4,020,712	3,810,410	4,254,071	5,257,766	6,000,142	4,538,348	4,340,478	9,278,896	15,383,788
Community development	10,603,546	11,522,650	4,014,867	9,391,721	7,587,157	5,973,575	6,398,469	14,899,707	8,285,404	8,427,928
Debt Service:										
Principal	2,889,575	2,017,031	1,628,048	2,844,077	1,639,228	2,076,203	2,035,905	2,292,187	2,040,435	941,435
Interest and fiscal charges	415,823	360,690	313,032	436,945	586,217	738,835	881,328	675,147	623,873	837,291
Total expenditures	94,932,477	103,817,596	95,611,790	105,392,546	109,497,303	131,699,422	104,127,794	111,637,631	110,430,073	107,492,392
Excess of Revenue Over (Under) Expenditures	11,236,347	7,835,014	3,072,173	192,001	(5,021,341)	(31,252,136)	(4,640,974)	(17,761,221)	(1,454,016)	(13,226,785)
Other Financing Sources (Uses)										
Debt issuance	1,452,000	-	8,000,000	3,840,000	-	18,369,192	1,875,000	-	8,000,000	-
Sale of fixed assets	-	-	221,403	678,848	39,425	35,610	7,782	54,195	1,750	24,300
Interest expense	-	-	-	-	-	-	(104,697)	-	-	-
Transfers in	8,594,889	8,788,999	4,701,209	4,569,980	1,306,256	776,424	5,361,005	3,581,463	6,855,239	7,594,781
Transfers out	(6,375,166)	(9,533,690)	(4,669,738)	(4,569,980)	(1,856,380)	(2,077,451)	(5,960,578)	(1,835,652)	(5,356,768)	(6,376,522)
Total other financing sources (uses)	3,671,723	(744,691)	8,252,874	4,518,848	(510,699)	17,103,775	1,178,512	1,800,006	9,500,221	1,242,559
Net change in fund balances	14,908,070	7,090,323	11,325,047	4,710,849	(5,532,040)	(14,148,361)	(3,462,462)	(15,961,215)	8,046,205	(11,984,226)
Fund Balances - Beginning of year	(7,256,095)	7,651,975	14,732,956	26,058,003	30,768,852	25,236,812	11,088,451	7,730,686	(8,230,529)	(184,324)
Fund Balances - End of year	7,651,975	14,742,298	26,058,003	30,768,852	25,236,812	11,088,451	7,625,989	(8,230,529)	(184,324)	(12,168,550)
Debt service expenditures as a percentage of capital outlay expenditures	36.33%	19.41%	18.42%	26.81%	8.05%	14.47%	24.78%	27.48%	29.80%	48.13%
Debt service expenditures as a percentage of non-capital outlay expenditures	63.67%	80.59%	81.58%	73.19%	91.95%	85.53%	75.22%	72.52%	70.20%	51.87%

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

Revenue Capacity Information - Schedule 6

CITY OF FLINT, MICHIGAN

Taxable Value and Actual Value of Taxable Property

Since 2000 - Last Thirteen Fiscal Years

Tax Year	Fiscal year Ended June 30,	Taxable Value by Property Type:						Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
		Real Property:			Personal Property	Total Taxable Value					
		Residential	Commercial	Industrial							
2000	2001	\$ 702,316,712	\$ 201,737,535	\$ 229,725,019	\$ 460,189,472	\$ 1,593,968,738	55.9086	\$ 3,563,778,172	44.73%	\$ 99,643,400	
2001	2002	735,141,459	213,306,825	195,586,761	395,076,836	1,539,111,881	56.8956	3,511,923,954	43.83%	92,409,000	
2002	2003	773,884,137	221,047,898	187,870,246	387,314,141	1,570,116,422	56.8103	3,607,345,434	43.53%	90,951,800	
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500	
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600	
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151	
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751	
2007	2008	943,643,241	233,136,810	204,025,343	317,960,800	1,698,766,194	58.6748	3,932,588,200	43.20%	103,753,679	
2008	2009	944,469,331	224,215,379	188,255,857	286,484,300	1,643,424,867	58.6748	3,821,928,000	43.00%	84,654,733	
2009	2010	898,762,329	217,485,191	168,241,617	221,121,300	1,505,610,437	58.6750	3,296,817,600	45.67%	83,166,191	
2010	2011	799,683,301	216,082,248	146,733,154	142,622,700	1,305,121,403	65.3850	2,786,085,200	46.84%	74,687,017	
2011	2012	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005	62.8550	2,383,030,600	48.12%	48,290,169	
2012	2013	505,714,969	196,917,024	129,649,913	158,959,800	991,241,706	66.3548	1,938,259,600	51.14%	42,861,946	

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

Revenue Capacity Information - Schedule 7
CITY OF FLINT, MICHIGAN
Direct and Overlapping Property Tax Rates
 Since 2000 - Last Thirteen Fiscal Years

Millage Rates - Direct City Taxes

Tax Year	General Operating	Public		Public Transp	Parks and Rec	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County ***	County Parks and Recreation
		Improve-ments	Police							
2000	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2001	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4906	5.5735	0.4906
2002	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4886	5.5512	0.4886
2003	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5072	0.4849
2007	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2008	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2009	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2010	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2011	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2012	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847

Note: The City's property tax rates may be increased only by a majority vote of the City's residents.
 An additional 6.7100 mills was placed on the 2010-11 winter roll - one-time Court-Ordered Levy (Genesee Towers Judgement)

* 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.

Source: City Audit Dept. / City Assessor

Overlapping Tax Rates*

Total Tax Rate

Mott									
Bishop Airport	MTA	District Library	Michigan S.E.T.	Community College	Intermediate School District	School: Homestead	School: Non- homestead	Homestead	Non- homestead
0.4910	0.3988	2.9000	6.0000	1.8694	3.5894	0.0000	18.0000	37.9086	55.9086
0.4906	0.3996	2.9000	6.0000	2.8672	3.5835	0.0000	18.0000	38.8956	56.8956
0.4886	0.3980	2.9000	6.0000	2.8280	3.5673	0.0000	18.0000	38.8103	56.8103
0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8548	62.8548
0.4847	0.8000	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8550	62.8550

Revenue Capacity Information - Schedule 8

CITY OF FLINT, MICHIGAN

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
General Motors LLC *	\$ 60,157,677	1	6.21%	\$ 227,040,500	1	12.44%
Consumers Power Co	49,524,500	2	5.11%	56,758,600	3	3.11%
Delphi Automotive Systems LLC	21,573,300	3	2.23%	92,347,800	2	5.06%
Barette Outdoor Living, Inc	7,080,600	4	0.73%			
4405 Continental Drive LLC	6,339,200	5	0.65%	5,386,500	7	0.30%
Comcast Cablevision	6,056,500	6	0.62%	4,329,600	10	0.24%
IINN, Inc	5,268,100	7	0.54%			
Eastridge Common Realty	4,984,800	8	0.51%	4,688,400	8	0.26%
Saginaw & Court Assoc	4,461,100	9	0.46%			
Citizens Bank	4,196,100	10	0.43%	6,067,200	6	0.33%
E.D.S. Corporation				4,502,200	9	0.25%
Great Lakes Tech Centre				14,992,200	4	0.82%
PPG Industries, Inc.				5,847,800	5	0.32%
Total Assessed Value, Top Ten	\$ 169,641,877		17.50%	\$ 421,960,800		23.12%
* Includes AC Rochester						
Total Ad Valorem Assessed Value	\$ 969,129,800			\$ 1,825,161,532		

Source: City Assessor

Revenue Capacity Information - Schedule 9
CITY OF FLINT, MICHIGAN
Property Tax Levies and Collections

Since 2000 - Last Thirteen 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
1999	2000	\$ 26,766,043	\$ 23,432,022	87.54%	\$ 2,123,634	\$ 25,555,656	95.48%
2000	2001	25,446,591	22,338,786	87.79%	2,721,703	25,060,489	98.48%
2001	2002	24,516,058	21,395,879	87.27%	2,344,978	23,740,857	96.84%
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,315	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,888,875	23,430,440	87.14%	3,270,819	26,701,259	99.30%
2006	2007	27,607,211	23,476,574	85.04%	4,105,854	27,582,428	99.91%
2007	2008	27,751,506	23,381,424	84.25%	3,769,660	27,151,084	97.84%
2008	2009	25,297,684	20,838,394	82.37%	3,236,819	24,075,213	95.17%
2009	2010	22,864,857	18,580,520	81.26%	3,370,201	21,950,721	96.00%
2010	2011	21,029,361	16,565,947	78.78%	2,865,096	19,431,043	92.40%
2011	2012	18,022,914	14,245,037	79.04%	1,620,980	15,866,017	88.03%

^[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.

Source: City Finance Dept. - Audit Division

Debt Capacity Information - Schedule 10

CITY OF FLINT, MICHIGAN

Ratios of Outstanding Debt

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
General obligation bonds	\$ 4,825,137	\$ 2,455,000	\$ 9,175,000	\$ 6,765,000	\$ 5,490,000	\$ 14,180,000	\$ 12,830,000	\$ 11,345,000	\$ 9,735,000	\$ 9,490,000
Local government loan	-	-	-	-	-	-	-	-	8,000,000	8,000,000
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	4,419,082	4,082,706	3,734,658	7,140,580	6,776,354	13,587,306	15,193,175	13,969,551	13,866,079	13,414,642
Capital leases	815,767	493,636	154,025	-	-	854,136	437,362.91	398,088	286,104	643,039
Total Governmental Activities	\$ 10,059,986	\$ 7,031,342	\$ 13,063,683	\$ 13,905,580	\$ 12,266,354	\$ 28,621,442	\$ 28,460,538	\$ 25,712,639	\$ 31,887,183	\$ 31,547,681
Business-type Activities										
General obligation bonds	\$ 7,228,424	\$ 4,204,534	\$ 2,996,030	\$ 1,688,571	\$ 371,634	\$ 250,740	\$ 125,370	\$ -	\$ -	\$ -
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	96,568,575	98,172,350	106,098,490	105,849,432	101,794,432	97,094,432	91,289,015	122,651,259	117,225,336	25,955,336
Notes payable	514,680	457,248	396,768	332,985	265,719	194,776	119,958	41,054	-	-
Capital leases	8,679,229	6,973,933	5,276,146	3,446,408	1,539,212	75,384	514,243	-	-	-
Total Business-type Activities	\$ 112,990,908	\$ 109,808,065	\$ 114,767,434	\$ 111,317,396	\$ 103,970,997	\$ 97,615,332	\$ 92,048,586	\$ 122,692,313	\$ 117,225,336	\$ 25,955,336
Total Debt of the Government	\$ 123,050,894	\$ 116,839,407	\$ 127,831,117	\$ 125,222,976	\$ 116,237,351	\$ 126,236,774	\$ 120,509,124	\$ 148,404,952	\$ 149,112,519	\$ 57,503,017
Total Residential Personal Income	\$2,595,966,375	\$2,505,060,765	\$2,150,985,535	\$2,071,630,014	\$1,684,426,650	\$1,059,356,000	\$713,773,437	\$505,681,850	\$424,438,563	\$385,354,047
Total debt as percentage of personal income	4.74%	4.66%	5.94%	6.04%	6.90%	11.92%	16.88%	29.35%	35.13%	14.92%
Total Population	121,308	119,949	118,596	117,271	115,821	114,449	112,857	111,475	102,434	101,558
Total debt per capita	1,014.37	974.08	1,077.87	1,067.81	1,003.59	1,103.00	1,067.80	1,331.28	1,455.69	566.21

Debt Capacity Information - Schedule II

CITY OF FLINT, MICHIGAN

Ratios of General Bonded Debt Outstanding

Since 2000 - Last Thirteen Fiscal Years

Fiscal Year	Tax-Limited		Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita
	General Obligation Bonds (LTGO)	Other General Obligation Debt					
2000	\$ 9,887,554	\$ 5,905,161	\$ 15,792,715	\$ 1,650,093,226	0.96%	126,525	\$ 124.82
2001	7,731,724	4,959,681	12,691,405	1,593,968,738	0.80%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,570,116,422	0.86%	123,349	109.37
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,308	82.93
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.44%	119,949	58.62
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.79%	118,596	110.15
2006	6,765,000	7,140,580	13,905,580	1,680,872,526	0.83%	117,271	118.58
2007	5,490,000	6,776,354	12,266,354	1,698,766,194	0.72%	115,821	105.91
2008	14,180,000	13,587,306	27,767,306	1,643,424,867	1.89%	114,449	242.62
2009	12,830,000	15,193,175	28,023,175	1,505,610,437	1.86%	112,857	248.31
2010	9,910,000	13,969,551	23,879,551	1,305,121,403	1.83%	111,475	214.21
2011	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40
2012	9,490,000	13,414,642	22,904,642	991,241,706	2.31%	101,558	225.53

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

Debt Capacity Information - Schedule 12

CITY OF FLINT, MICHIGAN

Direct and Overlapping Governmental Activities Debt

Current Fiscal Year

Governmental Unit	Fiscal Year 2012		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 38,576,922	14.22%	\$ 5,485,638
Flint School District	8,500,000	100.00%	8,500,000
Genesee Intermediate School District	1,643,269	14.22%	233,673
Airport Authority	10,775,000	14.22%	1,532,205
Mott Community College	51,400,000	14.22%	7,309,080
Carman School District	41,421,667	13.20%	5,467,660
Kearsley School District	511,732	2.00%	10,235
Swartz Creek School District	15,019,829	75.00%	11,264,872
Westwood Heights School District	28,396	2.12%	602
Mass Transit Authority	-	14.22%	-
Flint Public Library	-	14.22%	-
Total Overlapping Debt			39,803,965
Direct City Debt			39,414,642
Total Direct and Overlapping Debt			\$ 79,218,607

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.

Debt Capacity Information - Schedule 13

CITY OF FLINT, MICHIGAN

Legal Debt Margin

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Calculation of legal debt limit:										
Assessed valuation	\$ 1,825,161,532	\$ 1,863,768,043	\$ 1,898,324,000	\$ 1,947,237,500	\$ 1,966,294,100	\$ 1,910,964,000	\$ 1,648,408,800	\$ 1,393,042,600	\$ 1,191,515,300	\$ 969,129,800
7% of assessed valuation *	\$ 127,761,307	\$ 130,463,763	\$ 132,882,680	\$ 136,306,625	\$ 137,640,587	\$ 133,767,480	\$ 115,388,616	\$ 97,512,982	\$ 83,406,071	\$ 67,839,086
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 108,622,135	\$ 104,831,884	\$ 118,269,520	\$ 114,303,502	\$ 107,656,066	\$ 111,525,172	\$ 120,509,125	\$ 146,969,952	\$ 149,112,519	\$ 57,503,017
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 96,568,575	\$ 98,172,350	\$ 106,089,490	\$ 105,849,932	\$ 101,794,432	\$ 97,094,432	\$ 107,670,125	\$ 137,059,952	\$ 139,377,519	\$ 48,013,014
Debt subject to limitation (net debt)	\$ 12,053,560	\$ 6,659,534	\$ 12,180,030	\$ 8,453,570	\$ 5,861,634	\$ 14,430,740	\$ 12,839,000	\$ 9,910,000	\$ 9,735,000	\$ 9,490,003
Legal debt margin (unused debt limitation)	\$ 115,707,747	\$ 123,804,229	\$ 120,702,650	\$ 127,853,055	\$ 131,778,953	\$ 119,336,740	\$ 102,549,616	\$ 87,602,982	\$ 73,671,071	\$ 58,349,083
Net debt subject to limit as % of debt limit	10.42%	5.38%	10.09%	6.61%	4.45%	12.09%	12.52%	11.31%	13.21%	16.26%

*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"

Debt Capacity Information - Schedule 14a

CITY OF FLINT, MICHIGAN

Pledged-Revenue Coverage - Water Fund Revenue Bonds

Since 2000 - Last Thirteen Fiscal Years

Water Fund Revenue Bonds

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Coverage*
				Principal	Interest	Total	
2000	\$ 21,657,386	\$ 21,440,021	\$ 217,365	\$ -	\$ 8,422	\$ 8,422	25.81
2001	19,693,803	19,983,844	(290,041)	285,000	86,391	371,391	(0.78)
2002	25,958,863	20,977,797	4,981,066	605,000	216,397	821,397	6.06
2003	28,037,317	23,728,120	4,309,197	985,000	454,072	1,439,072	2.99
2004	31,517,778	26,870,741	4,647,037	1,015,000	562,644	1,577,644	2.95
2005	31,160,636	24,853,717	6,306,919	1,040,000	740,160	1,780,160	3.54
2006	34,748,443	26,412,277	8,336,166	1,810,000	914,677	2,724,677	3.06
2007	33,692,378	27,638,175	6,054,203	1,860,000	934,902	2,794,902	2.17
2008	34,710,752	28,891,858	5,818,894	1,905,000	891,611	2,796,611	2.08
2009	34,080,677	33,478,038	602,639	1,945,000	849,427	2,794,427	0.22
2010	31,956,754	32,012,727	(55,973)	2,040,000	753,906	2,793,906	(0.02)
2011	36,762,663	37,970,203	(1,207,540)	2,140,923	754,013	2,894,936	(0.42)
2012	44,854,439	37,694,085	7,160,354	2,060,000	694,504	2,754,504	2.60

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

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

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

Debt Capacity Information - Schedule 14b

CITY OF FLINT, MICHIGAN

Revenue Bond Coverage - Hurley Medical Center

Last Fifteen Fiscal Years (amounts expressed in thousands)

Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1998	\$ 278,611	\$ 238,991	\$ 39,620	\$ 2,515	\$ 4,434	\$ 6,949	5.70
1999	272,030	240,522	31,508	3,570	4,668	8,238	3.82
2000	289,380	256,059	33,321	3,830	4,536	8,366	3.98
2001	300,158	261,459	38,699	3,980	4,420	8,400	4.61
2002	287,390	270,027	17,363	4,295	3,594	7,889	2.20
2003	345,034	283,239	61,795	29,585	3,584	33,169	1.86
2004	324,546	278,279	46,267	1,875	4,970	6,845	6.76
2005	347,060	298,184	48,876	2,090	3,964	6,054	8.07
2006	330,464	302,872	27,592	2,195	3,881	6,076	4.54
2007	351,556	307,035	44,521	2,195	3,990	6,185	7.20
2008	338,947	319,553	19,394	2,795	3,590	6,385	3.04
2009	351,793	347,378	4,415	2,950	3,792	6,742	0.65
2010	360,904	314,933	45,971	3,285	5,583	8,868	5.18
2011	354,311	350,248	4,063	3,285	3,840	7,125	0.57
2012	362,765	365,302	(2,537)	4,333	4,441	8,774	-0.29

Notes: Depreciation, amortization, loss on sale of capital assets, and bad debt expense are not included in applicable expenses.
 In 2002, write-off of Accounts Receivable also not included in applicable expenses.

Demographic and Economic Information - Schedule I 5

CITY OF FLINT, MICHIGAN

Demographic and Economic Statistics

Last Twelve Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income *	Michigan Labor Market - Jobless Rate for Flint Only
2000	124,943	\$ 2,861,065,143	\$ 22,899	8.1%
2001	123,349	2,371,144,784	19,223	10.8%
2002	121,308	2,595,966,375	21,400	13.1%
2003	119,949	2,505,060,765	20,884	14.7%
2004	118,596	2,150,985,535	18,137	14.4%
2005	117,271	2,071,630,014	17,665	13.8%
2006	115,821	1,684,426,650	14,543	14.3%
2007	114,449	1,059,356,000	9,256	14.5%
2008	112,857	713,773,437	6,325	17.7%
2009	111,475	505,681,850	4,536	24.4%
2010	102,434	424,438,563	4,144	23.4%
2011	101,558	385,354,047	3,794	18.9%

Sources: Michigan Dept. of Technology, Management & Budget - Labor Market Information

Unemployment Statistics - not seasonally adjusted

U.S. Census Dept.

City of Flint Income Tax Division

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

Demographic and Economic Information - Schedule I 6

CITY OF FLINT, MICHIGAN

Principal Employers (# of W-2s)

Current Year and Nine Years Ago

Taxpayer	FY 2012	Percentage of Total	FY 2003	Percentage of Total	2003 Rank
	(2011) Employees		(2002) Employees		
1 General Motors Corp/Motors Liquidation Co	14,570	35.36%	18,865	24.02%	1
2 Flint School District	3,036	7.37%	5,417	6.90%	2
3 McLaren Regional Medical Center	2,784	6.76%	2,709	3.45%	7
4 University of Michigan	2,525	6.13%			
5 Genesee County	2,344	5.69%	3,555	4.53%	5
6 CS Mott Community College	1,973	4.79%			
7 Hurley Medical Center	1,171	2.84%	3,102	3.95%	6
8 State of Michigan	1,127	2.73%	1,401	1.78%	9
9 City of Flint	1,011	2.45%	1,458	1.86%	8
10 Citizens Bank	766	1.86%			
Delphi Automotive Systems			4,751	6.05%	3
Genesys Health Systems			3,758	4.78%	4
United States Postal Service			1,206	1.54%	10
	31,307	75.97%	46,222	58.84%	
Total Employees Working in City	41,209		78,553		

*Note: Delphi split from General Motors in 1999

Source: City of Flint Income Tax Division

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration										
City Administration	4.0	5.0	3.0	1.0	2.0	2.0	2.0	6.0	5.0	1.0
Mayor's Office	2.0	2.0	3.0	3.0	10.0	9.0	5.0	2.0	3.0	2.0
Mayor's Office on Human Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal Department	14.0	13.0	11.0	6.0	11.0	12.0	10.0	12.0	11.5	9.0
City Clerk's Office (not including election workers)	7.0	7.0	7.0	8.0	6.0	7.0	6.0	6.0	6.0	6.0
City Council	12.0	11.0	11.0	13.0	12.0	12.0	12.0	12.0	11.0	2.0
Ombudsman's Office	2.0	1.0	1.0	1.5	2.0	5.0	2.0	2.5	2.0	0.0
Human Resources - Personnel & Labor Relations	8.0	9.0	10.0	7.0	7.0	7.0	7.0	12.0	11.0	7.0
Civil Service Commission	2.0	2.0	1.0	2.0	2.0	0.5	1.0	1.0	1.0	0.0
Human Relations Commission	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	1.5	1.0
Union Representatives	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
68th District Court	58.0	52.0	48.5	51.0	52.0	52.0	63.0	55.0	49.0	35.0
Finance Administration										
Finance Department/Payroll/Retirement	19.0	18.0	17.0	18.0	17.0	19.0	14.0	14.0	12.0	8.0
Treasury/Customer Service/Income Tax Assessment	51.0	51.0	50.0	50.0	50.0	51.0	42.0	36.0	33.0	26.0
Budget Management	6.0	5.0	2.0	2.0	2.0	2.0	1.0	1.0	0.0	0.0
Information Services/Data Processing	22.0	21.0	23.0	18.0	17.0	17.0	14.0	14.0	14.0	11.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	9.0	8.0	8.0	9.0	9.0	9.0	9.0	4.0	4.0	4.0
Public Service Attendants	0.0	0.0	0.0	20.0	21.0	20.0	16.0	14.0	10.0	15.0
Purchasing										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inventory Control/Stockkeepers	1.0	1.0	4.0	5.0	5.0	8.0	6.0	6.0	5.0	5.0
City Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equal Opportunity/Contract Compliance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community & Economic Development/Major Grants	11.5	12.0	12.0	9.0	9.0	12.0	9.0	11.0	15.0	14.0

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire Department	133.0	132.0	120.0	130.0	134.0	134.0	123.0	97.0	75.0	94.0
Emergency 9-1-1	30.0	29.0	29.0	29.0	28.0	28.0	26.0	25.5	25.5	23.0
Police Department										
Sworn Officers	238.0	249.0	249.0	259.0	265.0	265.0	219.0	165.0	132.0	133.0
Civilians	34.0	35.0	31.0	32.0	32.0	35.0	28.0	23.5	18.0	15.0
Jail - Security Guards/Admin	0.0	0.0	0.0	0.0	0.0	29.0	0.0	0.0	0.0	0.0
School Crossing Guards (not FTEs)	32.9	32.9	32.9	27.4	23.0	25.0	25.0	25.0	34.0	31.0
Parks & Recreation										
Administration	4.0	5.5	16.0	12.0	14.0	16.0	11.0	7.0	6.0	7.0
Facilities Maintenance/Grounds	8.0	31.0	24.0	30.0	27.0	13.0	13.0	11.0	9.0	8.0
Forestry Division	17.6	9.0	3.0	7.0	12.0	10.0	3.0	3.0	3.0	0.0
Golf Division	41.0	18.0	27.0	24.0	22.0	25.7	7.0	16.0	12.0	0.0
Recreation Division	26.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMA Sports Arena	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Works & Utilities Administration										
Public Works & Utilities Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Inspections/Development/Demolition	0.0	25.5	25.5	25.3	28.0	27.0	15.0	21.0	26.0	27.0
Engineering	9.0	8.0	8.0	7.5	7.5	8.0	6.0	6.0	5.0	5.0
Fleet Management	12.0	10.0	11.0	12.0	12.0	13.0	9.0	13.0	14.0	12.0
Street Maintenance	35.4	30.0	37.0	35.0	38.0	38.0	36.0	35.0	27.0	20.0
Traffic Engineering	15.0	15.0	15.0	16.0	17.0	18.0	15.0	15.0	17.0	9.0
Waste Collection/Sanitation	57.0	40.0	40.0	41.0	42.0	43.0	37.0	29.0	33.0	27.0
Transportation-Director/Administration	5.0	5.0	4.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Utilities Administration	4.0	5.0	3.0	5.0	5.0	4.0	5.0	5.0	3.0	3.0
Sewer Maintenance	27.0	27.0	27.0	26.0	31.0	34.0	31.0	34.0	32.0	25.0
Water Plant	27.0	28.0	27.0	27.0	28.0	30.0	27.0	33.0	29.0	23.0
Water Pollution Control	57.0	56.0	54.0	57.0	59.0	60.0	59.0	61.0	65.0	53.0
Water Service Center	43.0	45.0	43.0	45.0	44.0	54.0	54.0	54.0	48.0	38.0
Total Staffing (excluding school crossing guards)	1072.4	1039.0	1024.0	1068.3	1103.5	1156.2	968.0	885.0	792.5	686.0

Source: City of Flint Finance Office

Operating Information - Schedule 18
CITY OF FLINT, MICHIGAN
Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/ program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Election Data (Calendar Year - November Elections):										
Registered voters	88,490	92,049	91,288	91,637	89,538	92,890	85,441	84,624	83,063	83,176
Voters (at the polls or absentee)	23,529	46,512	13,204	32,243	24,386	48,869	10,397	25,573	15,787	N/A
Percent voting	26.6%	50.5%	14.5%	35.2%	27.2%	52.6%	12.2%	30.2%	19.0%	
68th District Court (Calendar Year):										
Number of new court cases	47,801	44,071	44,635	47,083	44,276	43,088	44,812	33,516	25,251	N/A
Police: (Calendar Year thru 2006/Fiscal Year beginning 2007)										
Physical arrests (fiscal year beg. 2007)	6,081	5,541	6,115	5,265	7,451	10,711	4,208	2,870	1,650	1,003
Traffic violations/misdemeanors/civil infractions (fiscal)	25,899	22,907	24,082	18,064	20,316	20,995	15,022	13,105	5,351	6,752
Investigations (fiscal year beg. 2007)	24,887	22,497	22,155	17,478	23,327	25,130	19,736	19,137	16,547	7,739
Fire (Calendar Year):										
Fire runs	4,526	3,944	2,945	2,867	3,154	3,487	3,031	3,191	3,111	3,553
Emergency medical runs	16,752	16,170	*3,751	4,633	3,834	4,233	2,413	3,562	3,861	3,095
Inspections	66	296	281	223	224	223	239	308	329	350
Public Works:										
Miles of streets resurfaced	13.36	11.81	18.07	51.39	49.56	33.37	22.79	25.16	113.50	6.82
Potholes repaired	906	1,348	832	678	715	835	850	725	750	725
Refuse Collection:										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	102,113	112,801	214,654	133,747	125,624	141,370	109,515	116,852	110,577	93,682
Parks and Recreation (Calendar Year):										
Recreation Centers - Senior & Youth Participants	N/A	610	683	1,091	1,483	1,407	2,974	5,690	3,326	2,318
Water:										
Number of customers billed	45,600	45,890	43,900	43,278	42,068	39,745	40,191	38,977	37,437	35,833
Total consumption (ccf)	13,426,910	13,297,217	13,610,901	12,258,619	11,516,460	12,120,350	10,844,801	10,027,390	10,140,906	9,649,847
Average consumption per user (ccf)	294	290	310	283	274	305	270	257	271	269
Wastewater (Calendar Year):										
Average daily sewage treatment - gallons	20,800,000	26,800,000	23,700,000	26,790,000	27,700,000	24,400,000	26,200,000	20,200,000	19,000,000	21,000,000

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

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

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

Operating Information - Schedule 19

CITY OF FLINT, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	9	9	8	8	6	6	6	7	9	10
Patrol units	88	88	88	88	105**	193	166	106	126	132
Fire:										
Stations	6	6	6	6	6	6	6	5	5	5
Fire response vehicles	16	16	16	17	18	18	18	15	15	14
Emergency response vehicles	9	7	4	4	3	3	3	5	5	5
Public Works:										
City Streets (miles):	509.31	509.33	507.60	508.60	508.60	508.39	508.39	508.39	508.39	508.39
Major streets	152.96	152.98	152.29	152.29	152.29	152.29	152.29	152.29	152.29	152.29
Local streets	356.35	356.35	355.31	356.31	356.31	356.10	356.10	356.10	356.10	356.10
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25
Streetlights	11,182	11,267	11,173	11,143	11,331	11,331	11,374	11,356	11,292	11,292
Traffic Signals/Beacons	274	274	274	275	276	277	277	273	273	277
Refuse Collection:										
Collection trucks in service	26	22	23	20*	20	20	22	23	23	23
Parks and Recreation:										
Acreage	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836
Developed parks/playgrounds	63	63	63	63	63	63	63	63	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	12	12
Community centers	6	6	6	6	6	5	5	5	5	4
Golf courses	4	4	4	4	4	4	4	4	4	2
Water:										
Water mains (miles)	540	540	540	540	540	540	540	540	540	540
Fire hydrants	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Storage capacity (gallons)	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
Sewer:										
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	350	350	350	350	350	350	350	350
Treatment capacity (gallons/day)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

Source: Various City Departments

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

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

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

Schedule 20
CITY OF FLINT, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM - COMPARATIVE SCHEDULE - ACTUARIAL VALUATIONS
(\$ amounts expressed in thousands)

Continuation Indicators

Valuation Date December 31	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll
1970	\$ 30,743	\$ 42,944	71.6%	\$ 12,201	28.4%	\$ 24,771	49.3%
1975	65,805	110,317	59.7%	44,512	40.3%	46,861	95.0%
1980	137,253	220,412	62.3%	83,159	37.7%	69,971	118.8%
1985	265,158	359,784	73.7%	94,626	26.3%	92,155	102.7%
1990	431,974	472,366	91.4%	40,392	8.6%	121,143	33.3%
1995	619,272	671,095	92.3%	51,823	7.7%	137,808	37.6%
1996	663,380	736,842	90.0%	73,462	10.0%	133,943	54.8%
1997	744,457	781,300	95.3%	36,843	4.7%	139,817	26.4%
1998	806,153	820,142	98.3%	13,989	1.7%	153,425	9.1%
1999	849,487	837,540	101.4%	(11,947)	-1.4%	165,430	-7.2%
2000	880,406	887,022	99.3%	6,616	0.7%	160,047	4.1%
2001	906,960	892,262	101.6%	(14,698)	-1.6%	151,507	-9.7%
2002	871,274	955,306	91.2%	84,032	8.8%	146,558	57.3%
2003	822,813	981,884	83.8%	159,071	16.2%	148,997	106.8%
2004 *	803,420	971,686	82.7%	168,266	17.3%	150,429	111.9%
2005	784,271	985,338	79.6%	201,067	20.4%	148,319	135.6%
2006	782,098	1,023,599	76.4%	241,501	23.6%	146,634	164.7%
2007	801,533	1,071,781	74.8%	270,248	25.2%	157,012	172.1%
2008	790,384	1,104,888	71.5%	314,504	28.5%	165,730	189.8%
2008 (after MERS)	670,366	841,266	79.7%	170,900	20.3%	89,636	190.7%
2009	623,292	873,088	71.4%	249,796	28.6%	89,636	278.7%
2010	567,215	835,052	67.9%	267,837	32.1%	68,968	388.3%

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

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

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

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

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

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

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

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

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

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Emergency Manager, Honorable Mayor
and Members of City Council
City of Flint

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2012. We have 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. The financial statements of Hurley Medical Center, Downtown Development Authority, Economic Development Corporation, and the Flint Area Enterprise Community were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of City of Flint is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered the City of Flint's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be a significant deficiency.

To the Emergency Manager, Honorable Mayor
and Members of City Council
City of Flint

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See findings 2012-01 through 2012-04.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. See finding 2012-05.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Flint's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as finding No. 2012-6.

We also noted certain matters that we have reported to management of the City of Flint in a separate letter dated December 21, 2012.

The City of Flint's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Flint's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Emergency Manager, Honorable Mayor and the Members of City Council, others within the City, management, the State of Michigan, cognizant audit agency, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 21, 2012

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Section II - Financial Statement Audit Findings

Reference Number	Finding
2012-01	<p>Finding Type - Material Weakness</p> <p>Criteria - Bank reconciliations should be prepared and reviewed timely to identify errors or unusual reconciling items.</p> <p>Condition - Bank reconciliations were not prepared timely or reviewed throughout the year.</p> <p>Context - Bank reconciliations were not completed on a timely basis for the first six months of the City's fiscal year. While bank reconciliations were not prepared timely throughout the year, all bank reconciliations were completed by the time of the audit.</p> <p>Cause - Staffing constraints and turnover contributed to the difficulty in preparing and reviewing bank reconciliations in a timely manner.</p> <p>Effect - Untimely preparation and review of bank reconciliations increases the risk that errors or misappropriation can occur without being identified or resolved.</p> <p>Recommendation - The City should make it a priority to put internal control procedures in place to ensure the timely preparation and review of bank reconciliations.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will put a process in place to ensure monthly bank reconciliations are performed and reviewed.</p>

City of Flint

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Reference

Number

Finding

2012-02 **Finding Type** - Material Weakness

Criteria - Management should record all year end closing entries in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.

Condition - Adjusting journal entries were required in order to prepare the City's financial statements in accordance with GAAP. These entries related to adjusting land and property held for resale, pension contributions, and accrued interest. In addition, the City determined that a discretely presented component unit was previously misclassified as a blended component unit. A prior period adjustment was recorded to correct the component unit reporting.

Context - All of these entries relate to adjustments that are made once a year during the year end closing process. These adjustments do not affect the integrity of the day-to-day internal financial statements.

Cause - The City did not identify the above described journal entries prior to the start of the audit.

Effect - Auditor proposed journal entries were recorded. In addition, the City determined that a discretely presented component unit was previously misclassified as a blended component unit.

Recommendation - The City should implement procedures to ensure that all appropriate journal entries are made and independently reviewed prior to the start of the audit.

Views of Responsible Officials and Planned Corrective Actions - The City will ensure a process is in place to prepare and review year end adjustments.

City of Flint

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2012-03	<p>Finding Type - Material Weakness</p> <p>Criteria - Generally accepted accounting principles require that revenues and expenditures be recorded in the period in which they are incurred.</p> <p>Condition - The City did not originally accrue accounts payable and expenditures and the related accounts receivable and revenue or deferred revenue for certain grants where reimbursement was received after the 60-day availability period.</p> <p>Context - The City participates in reimbursement based grants. In some instances, there is a significant delay between when grant expenditures are incurred and when the funds are requested for reimbursement. This results in the reimbursement being received by the City outside of the 60-day period of availability. During the audit, instances were identified when accounts payable/expense and receivable/deferred revenue were not originally recorded in the proper period for reimbursements received after the period of availability.</p> <p>Cause - Auditor proposed adjustments were recorded and related to recording additional accounts payable, expenditures, accounts receivable, revenue and deferred revenue were identified.</p> <p>Effect - Accounts payable and expenditures as well as accounts receivable, revenue and deferred revenue for certain reimbursement based grants were originally understated.</p> <p>Recommendation - We recommend that the City review grant reimbursements received after the period of availability to ensure they are properly recorded.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will ensure a process is in place to review grant accrual items related to accounts payable and expenditures, as well as accounts receivable, revenue, and deferred revenue.</p>

City of Flint

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2012-04	<p>Finding Type - Material Weakness</p> <p>Criteria - Management should record all year end closing entries in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.</p> <p>Condition - During our audit procedures we determined that the Water Supply Division Fund fixed asset activity for the current year was incorrectly recorded.</p> <p>Context - Auditor proposed entries were required to correct gains and losses on fixed asset disposals as well as construction in progress and disposal of assets.</p> <p>Cause - The City did not identify that fixed asset inventory schedules were not in agreement with the amounts recorded in the general ledger.</p> <p>Effect - Auditor proposed entries were required to correct fixed asset activity.</p> <p>Recommendation - We recommend that the City review all fixed asset reconciliations obtained from the departments and ensure the change in fixed asset activity agrees to the general ledger prior to start of the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will ensure a process is in place to review capital asset activity along with related journal entries.</p>

City of Flint

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2012-05	<p>Finding Type - Significant Deficiency</p> <p>Criteria - Enterprise fund usage rates charged to customers should agree to the formally adopted rate structure.</p> <p>Condition - During our audit procedures we determined that residents were undercharged by \$.009 per unit for sewer usage for the month of June.</p> <p>Context - The cumulative amount undercharged is not significant.</p> <p>Cause - The City did not have a control to identify that the usage rate programmed into the billing system was incorrect.</p> <p>Effect - User rates charged for sewage disposal were incorrect.</p> <p>Recommendation - We recommend that a control be implemented to review the billing registers to ensure correct rates are being used.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will ensure a process is in place to review billing registers to ensure correct rates are being used.</p>

City of Flint

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2012-06	<p>Finding Type - Material Noncompliance with Laws and Regulations</p> <p>Criteria - Major and Local Street Funds have restricted revenue derived from Act 51 monies and cannot be used to provide resources for interfund borrowings in accordance with State law.</p> <p>Condition - As a part of the pooled cash process, the General Fund borrowed \$500,000 from the Major Street Fund and \$1,059,914 from the Local Street Fund at June 30, 2012 to eliminate negative equity in pooled cash.</p> <p>Context - Interfund borrowing is necessary to cover cash flow shortages in the General Fund.</p> <p>Cause - The General Fund is in a deficit position and experiences cash flow shortages. There are no other funds with available pooled cash to borrow from.</p> <p>Effect - The City was not in compliance with State law.</p> <p>Recommendation - The City should consider external financing to avoid borrowing from restricted funds in order to comply with State law.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will ensure a process is in place to review interfund borrowings for legality.</p>