

# **CITY OF FLINT, MICHIGAN**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended**

**June 30, 2013**



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

**Darnell Earley, ICMA-CM, MPA  
Emergency Manager**

**Gerald Ambrose  
Finance Director**

**Dayne Walling  
Mayor**

December 17, 2013

To the Emergency 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, 2013.

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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2013, 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. According to the Charter, legislative authority is vested in a City Council consisting of nine members elected from each of the nine wards in the City and serving a four-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving resolutions and appointing committees. The Mayor is an elected official who serves as the chief executive officer of the City for a four-year term of office (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. Under the Charter, 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.

However, on December 1, 2011, the Governor of the State of Michigan appointed an Emergency Manager for the City of Flint, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The appointed Emergency Financial Manager and Emergency 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.”

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. On March 28, 2013, a new Emergency Manager Law, Public Act 436 was passed, the Governor of the State of Michigan appointed another Emergency Manager.

The preparation and adoption of the FY13 budget were under the control of the Emergency Financial Manager for the first 9 months and transferred to the control of the Emergency Manager for the remaining fiscal year. Under the direction of these Emergency Managers, considerable progress has been made in reducing the City’s accumulated \$19.1 million General Fund deficit as of June 30, 2012. The General Fund deficit as of June 30, 2013, is now \$12.9 million. Further actions are underway to eliminate the remaining deficit and to return the operation of the City to its Charter-designated leaders.

The detail of the many difficult steps taken to achieve this deficit reduction and to put the City on a path the sustainable financial solvency can be found in the Financial and Operating Plan and subsequent updates and quarterly reports filed with the State Treasurer by the various Emergency Managers, located on the City of Flint web site.

### **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 are believed to have hit the bottom, declining from \$1.804 billion in 2002 to \$1.192 in 2011 and further declining to \$969.13 million in 2012. The rate of decline has ceased, and slight increases are projected over the next few years. While property values for Flint's ten largest employers are well below the 2009 value of \$279.7 million, the 2013 values of \$145.82 million are significantly decreased from \$169.64 million in 2012. The total number of employees for the ten largest taxpayers in the City did increase from 31,307 in 2012 to 32,773 in 2013. 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, but in 2013 it has improved. 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, 2013 Audited Financial Statements.

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

The Workers' Compensation function resides in the Human Resources department, which allows for a coordinated effort to minimize accident-related losses. Additional information on the City of Flint's risk management activities can be found in Section 16 of the Notes of the June 30, 2013 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 most non-public safety employees. Some employees participate in a defined contribution plan. Beginning in fiscal year 2013, however, new non-public safety employees will be enrolled in a hybrid plan.

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 1,592 retired employees receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2013, the City paid \$17 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$320 million at June 30, 2013. The City has made and continues to pursue changes in pension and retiree healthcare to due legacy costs, which are among the highest in the State of Michigan per



capita. For example, beginning in this fiscal year, new employees will not be eligible for retiree health care but will be enrolled in a retiree medical savings account. Additional information on the City of Flint's Retirement Plan can be found in Section 4 B of the Notes of the June 30, 2013 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, 2012. The City has now received this award eleven 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, 2013, 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. Most importantly, we would like to acknowledge the contributions and sacrifices made by taxpayers, employees, and the public necessary for the City of Flint to regain its financial solvency and to become an effective force in making Flint an attractive place to live, learn, visit and conduct business.

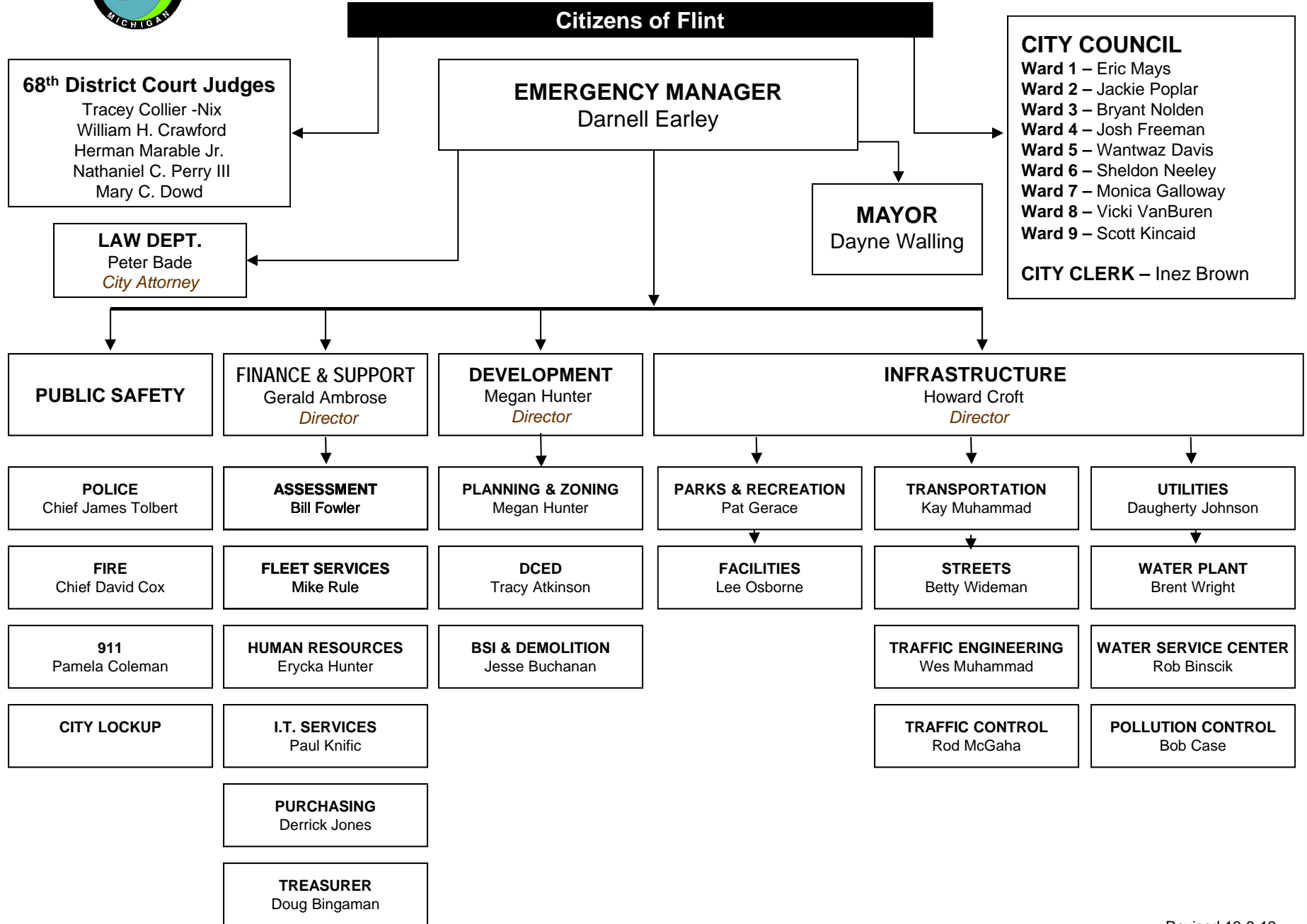
Respectfully submitted,

  
Jerry Ambrose,  
Finance Director

  
Antonio Brown,  
Deputy Finance Director



# CITY OF FLINT – ORGANIZATIONAL CHART



**CITY OF FLINT, MICHIGAN**  
**As of June 30, 2013**  
**Elected and City Officials**

**Emergency Financial Manager**

Edward J. Kurtz .....Appointed by Governor Snyder on August 9, 2012

**Elected Officials**

Dayne Walling ..... Elected Mayor November 2011

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

Claudia Croom..... 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  
Rob Bincsik.....Water Service Center Supervisor  
Douglas Bingaman.....City Treasurer  
Inez M. Brown.....City Clerk  
Michael K. Brown.....City Administrator  
Gerard Burnash..... Chief Operating Officer, Downtown Development Authority  
Robert Case ..... Water Pollution Control Supervisor  
Pamela Coleman ..... Emergency 911 Administrator  
David Cox .....Fire Chief  
Howard Croft..... Infrastructure & Development Director  
Daugherty Johnson III..... Utilities Admin/Water Service Center  
William Fowler ..... City Assessor  
Patrick Gerace..... Director of Parks & Forestry  
Erycka Hunter..... Director of Human Resources & Labor Relations  
..... & Human Relations Commission  
Derrick Jones ..... Purchasing Manager  
Paul Knific..... Information Technology Services Administrator  
Alvern Lock..... Chief of Police  
Jason Lorenz..... Communications Director  
Paula McGlown ..... 68th District Court Administrator  
Kay Muhammad ..... Transportation Director  
Michael Rule ..... Fleet & Yards Superintendent  
David Solis.....Planning & Development Director  
Brent Wright ..... Water Plant Supervisor



Government Finance Officers Association

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

Presented to

**City of Flint  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint (the "City") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hurley Medical Center, the Downtown Development Authority, the Economic Development Corporation, and the Flint Area Enterprise Community were not audited under *Government Auditing Standards*.

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

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

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

### ***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 as of June 30, 2013 and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 20 to the basic financial statements, the beginning net position/fund balance has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system schedules of funding progress and employer contributions, and the major fund budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

#### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, 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.

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the City of Flint, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

December 17, 2013

## **Management's Discussion and Analysis**



# City of Flint, Michigan

## Management's Discussion and Analysis

Following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2013 fiscal year, which began on July 1, 2012 and ended on June 30, 2013. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

The City provides a full range of municipal services, including police and fire protection, construction and maintenance of streets, sidewalks, and other infrastructure, maintenance and operation of water and sewer systems, maintenance of parks, and 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 2013, the City billed \$187.7 million in taxes, fees, and grants for governmental and business-type activities, and spent \$170.0 million to provide the services. During the course of the year, the City acquired capital assets totaling \$5.1 million in governmental activities and \$1.7 million in building improvements and equipment in business-type activities. At the end of the year, the assets of the City governmental and business-type activities totaled \$356.4 million and liabilities totaled \$238.6 million, for net position totaling \$117.8 million. However, net unrestricted net position totaled a negative \$150.1 million. The majority of the negative unrestricted net position reflects the \$158.9 million liability for unfunded retiree healthcare liabilities; the business-type activities reflected \$8.3 million in unrestricted net position.

On December 1, 2011, five months into fiscal year 2012, the governor of the state of Michigan placed the City of Flint into state receivership and appointed an emergency manager. This decision was based on the recommendation of a state appointed review team, whose recommendation was made in part because of a consistent deficit in the General Fund, the decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits.

Although there have been several changes since December 2011, in the laws providing for the appointment of an emergency manager, and there have been three different emergency managers since then, the City has remained under the control of a state appointed manager. These managers exercise direct control of the City's financial and operational matters and have been 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."

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

With the fiscal year 2012 half complete at the time the emergency manager was appointed, it was clear that significant long-term solutions to the City's financial condition could not be achieved in the remainder of that fiscal year. Addressing any significant reductions at that time would have required unthinkable reductions in the level of public safety and other essential City services, and would have been done in an atmosphere of crisis. As a result, it was determined to contain spending as much as possible for the balance of fiscal year 2012, while building a credible spending plan for fiscal year 2013 and laying the necessary groundwork for substantially reducing the City's cost base for fiscal year 2013 and beyond. Consequently, the fiscal year 2012 financial statements showed a \$19.2 million General Fund deficit, an increase of \$11.9 million.

Faced with an initial projected gap of more than \$25 million, the fiscal year 2013 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Reports submitted to the state treasurer detailed the 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, which is recorded in a separate public safety special revenue fund and the monies are restricted as such on the government-wide statement of net position, establishment of a special assessment district for street lighting, elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The efforts of the emergency managers and City staff were focused on assuring that, at the end of fiscal year 2013, expenses would not exceed revenues. This goal was more than achieved, as the financial statements as of June 30, 2013 show that revenues exceeded expenses in the General Fund by \$6.3 million. This will result in the City's accumulated \$19.2 million deficit as of June 30, 2012 being reduced to less than \$13 million as of June 30, 2013.

Additionally, the City's cash flow improved significantly. Cash flow in December 2011 was projected at approximately \$13 million in comparison to current cash on hand on as of June 30, 2013 in excess of \$43 million.

Finally, the actions taken to restructure healthcare benefits for current employees and retirees have had a significant impact on current costs and long-term liabilities. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, had the additional benefit of reducing the City's OPEB liabilities by more than \$500 million, as reflected in 2012 financial statements.

As spending patterns have been revised to be in accord with available revenues, it has also become possible to focus on additional efforts to reduce and quickly eliminate the accumulated deficit. A formal plan to eliminate the remaining deficit within the next few years will be submitted shortly to the Department of Treasury for consideration.

# **City of Flint, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Overview of the Financial Statements**

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

Table 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, Michigan's Government-wide and Fund Financial Statements**

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: the water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City employees
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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's finances, in a manner similar to a private sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, transportation, public works, parks and recreation, and community enrichment and development. The business-type activities of the City include the water system and sewer system.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate component units of Hurley Medical Center, Downtown Development Authority, Economic Development Corporation, Atwood Stadium Building Authority, and the Flint Area Enterprise Community, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 20-23 of this report.

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

# 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 maintains 20 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 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City 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 24-27 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and the Sewer Funds, both of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 28-31 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'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 32 and 33 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 37-88 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 89-95 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 supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 97-122 of this report.

### Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position (see Table 2). Total assets of the City are \$356.4 million. Total net position (total assets less total liabilities) is \$117.8 million, of which the largest portion of \$231.9 million reflects its net 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining portion of the City's total net position, \$36.0 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was \$150.1 million, which is down from 2012 deficit of \$178.6 million. There is no remaining balance of unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors. Net position is divided between governmental activities and business-type activities. Governmental activities show a \$158.4 million deficit in unrestricted net position. The \$158.4 million deficit results from the increase in the short-term and long-term liabilities, mainly \$129.6 million in postemployment healthcare liability, which increased by \$1.9 million in total from 2012.

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

Table 2-City of Flint's Net Position  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 32.1	\$ 48.6	\$ 32.5	\$ 49.9	\$ 64.6	\$ 98.5
Capital assets	166.7	155.5	110.1	102.4	276.8	257.9
<b>Total assets</b>	<b>\$ 198.8</b>	<b>\$ 204.1</b>	<b>\$ 142.6</b>	<b>\$ 152.3</b>	<b>\$ 341.4</b>	<b>\$ 356.4</b>
Long-term liabilities outstanding	\$ 160.9	\$ 160.5	\$ 52.7	\$ 50.9	\$ 213.6	\$ 211.4
Other liabilities	19.1	17.1	8.6	10.1	27.7	27.2
<b>Total liabilities</b>	<b>\$ 180.0</b>	<b>\$ 177.6</b>	<b>\$ 61.3</b>	<b>\$ 61.0</b>	<b>\$ 241.3</b>	<b>\$ 238.6</b>
<b>Net position:</b>						
Net investment in capital assets	\$ 164.5	\$ 153.3	\$ 84.2	\$ 78.6	\$ 248.7	\$ 231.9
Restricted	24.4	31.6	5.6	4.4	30.0	36.0
Unrestricted	(170.1)	(158.4)	(8.5)	8.3	(178.6)	(150.1)
<b>Total net position</b>	<b>\$ 18.8</b>	<b>\$ 26.5</b>	<b>\$ 81.3</b>	<b>\$ 91.3</b>	<b>\$ 100.1</b>	<b>\$ 117.8</b>

Business-type activities have \$91.3 million of total net position. Business-type activities do not encumber at year end and normally do not appropriate net position as part of the budget process.

**Governmental Activities** - Changes in net position (see Table 3) provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities increased by \$7.7 million. Revenues in 2013 were \$12.7 million higher than in 2012. This increase in revenue is mainly due to a public safety millage passed by the voters and increase in state grant revenues in 2013. The 2013 expenses were \$8.6 million lower than in 2012. The decrease in expenses was largely in part due to reduction in the cost of healthcare expenses.

**Business-type Activities** - Total net position increased by \$10.0 million in business-type activities. The main reason for the increase was due to the City increasing the water and sewer user rates in the latter part of fiscal year 2012. The increased rates, along with a delay in making budgeted capital improvements, have played a vital role in sustaining the fiscal year's budget.



# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

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

(in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 16.5	\$ 17.6	\$ 68.0	\$ 80.1	\$ 84.5	\$ 97.7
Operating grants and contributions	20.9	14.2	0.0	0.0	20.9	14.2
Capital grants and contributions	13.3	21.9	0.0	0.0	13.3	21.9
<b>General revenues:</b>						
Income taxes	14.8	14.7	0.0	0.0	14.8	14.7
Property taxes	14.3	21.7	0.0	0.0	14.3	21.7
State shared revenues	13.1	13.7	0.0	0.0	13.1	13.7
Other	1.9	3.7	0.3	0.1	2.2	3.8
<b>Total revenues</b>	<b>94.8</b>	<b>107.5</b>	<b>68.3</b>	<b>80.2</b>	<b>163.1</b>	<b>187.7</b>
<b>Expenses</b>						
Legislative	1.2	0.3	0.0	0.0	1.2	0.3
Judicial	3.7	5.1	0.0	0.0	3.7	5.1
General government	10.8	7.5	0.0	0.0	10.8	7.5
Public safety	49.1	43.0	0.0	0.0	49.1	43.0
Public works	26.0	23.0	0.0	0.0	26.0	23.0
Parks and recreation	4.5	2.9	0.0	0.0	4.5	2.9
Community development	14.7	20.0	0.0	0.0	14.7	20.0
Interest on long-term debt	1.4	1.0	0.0	0.0	1.4	1.0
Water	0.0	0.0	42.5	42.0	42.5	42.0
Sewer	0.0	0.0	25.3	25.2	25.3	25.2
<b>Total Expenses</b>	<b>111.4</b>	<b>102.8</b>	<b>67.8</b>	<b>67.2</b>	<b>179.2</b>	<b>170.0</b>
Transfers	3.0	3.0	(3.0)	(3.0)	0.0	0.0
<b>Changes in net position</b>	<b>(13.6)</b>	<b>7.7</b>	<b>(2.5)</b>	<b>10.0</b>	<b>(16.1)</b>	<b>17.7</b>
<b>Net position - Beginning - as restated</b>	<b>32.4</b>	<b>18.8</b>	<b>83.8</b>	<b>81.3</b>	<b>263.0</b>	<b>246.9</b>
<b>Net position - End</b>	<b>\$ 18.8</b>	<b>\$ 26.5</b>	<b>\$ 81.3</b>	<b>\$ 91.3</b>	<b>\$ 246.9</b>	<b>\$ 264.6</b>

### Analysis of Fund Financial Statements

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

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

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

The City's governmental funds show an operating surplus (or fund balance) of \$7.2 million as of June 30, 2013. This is a significant turnaround from the deficit of \$7.3 million. During the year, the City residents voted and approved a public safety millage that generated \$5.6 million to stabilize staffing for the police and fire departments. In addition, the energy company conducted a three-year audit of the City's streetlights bill; the results of the audit were a \$1 million credit back to the City. In 2012, the emergency manager ratified new changes to employee and retiree benefits that took full effect in fiscal year 2013. These changes resulted in a significant decrease in healthcare costs. The reduction in costs was credited back across all funds to departmental budgets.

The reduction of the \$19.2 million deficit for the General Fund in fiscal year 2012 to \$12.9 million in 2013 was a result of projecting a realistic budget and managing it. Managing the General Fund has been difficult due to significant reductions in property tax revenues, income tax revenues, and state-shared revenues. However, the emergency manager and his team took the necessary and difficult steps needed to reduce costs.

The remaining governmental funds have a fund balance of \$20.1 million, of which virtually all is invested in infrastructure and equipment or restricted for specific purposes. The largest fund balances among the governmental funds are the public safety, \$5.1 million, and local and major streets, \$4.5 million. Other special revenue funds are maintained primarily to demonstrate accountability. Federal and state laws place restrictions on how these funds can be spent.

State law requires the preparation of a deficit elimination plan for all fund deficits, unless current assets of the fund exceed current liabilities. While the past two deficit elimination plans have addressed deficits in the General Fund, Water Supply Fund, Downtown Development Authority, and Economic Development Authority, it will only be necessary for the City to address in the 2013 plan, the remaining \$12.9 million deficit in the General Fund. A plan is being prepared and will be submitted to the Department of Treasury when this report is filed. However, the Economic Development Corporation will be filing its own deficit elimination plan to address the \$148,895 deficit.

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

Total net position in the Water Fund is \$26.4 million, an increase of \$6.8 million from the previous year. Unrestricted net position is no longer negative. Net operating income is also improved from \$2.3 million to \$8.6 million. The positive change is attributable mostly to increases in rates. The Water Fund has a bond reserve account of \$2.4 million and an equipment reserve account of \$2.0 million.

Net position in the Sewer Fund is \$64.8 million, an increase of \$3.1 million from 2012. Net operating income was a positive \$6.8 million.

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.

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Assets and Debt Administration

**Capital Assets** - The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$257.9 million (net of accumulated depreciation), a net decrease of \$18.8 million. This net investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City's capital assets can be found in Note 6.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Land	\$ 14.3	\$ 14.3	\$ 0.8	\$ 0.8	\$ 15.1	\$ 15.1
Construction in progress	-	0.1	1.3	1.3	1.3	1.4
Building and system	5.8	5.4	33.7	31.4	39.5	36.8
Improvements other than buildings	4.2	3.8	3.9	3.6	8.1	7.4
Machinery and equipment	5.8	4.6	70.4	65.3	76.2	69.9
Roads and sidewalks	136.5	127.3	-	-	136.5	127.3
<b>Total</b>	<b>\$ 166.6</b>	<b>\$ 155.5</b>	<b>\$ 110.1</b>	<b>\$ 102.4</b>	<b>\$ 276.7</b>	<b>\$ 257.9</b>

The City governmental activities made major capital improvements during 2013:

- Streets and enhancement \$ 2.9 million
- Trails 0.1 million
- Signs and signals 0.7 million

Total capital improvements, as a result of governmental activities, were \$5.1 million. Depreciation was \$15.6 million.

The City's business-type activities also made very little capital improvements during 2013. 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).

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

**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 \$34.8 million in bonds and notes and compensated absences outstanding for governmental activities and \$24.4 million in bonds and notes and compensated absences outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 9.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
General Obligation Bonds	\$ 9.5	\$ 9.2	\$ -	\$ -	\$ 9.5	\$ 9.2
Revenue Bonds and Notes	-	-	25.9	23.8	25.9	23.8
Other Notes	21.4	20.8	-	-	21.4	20.8
Capital Leases	0.7	0.4	-	-	0.7	0.4
Accrued Annual and Sick Pay	5.3	4.4	0.6	0.6	5.9	5.0
<b>Total</b>	<b>\$ 36.9</b>	<b>\$ 34.8</b>	<b>\$ 26.5</b>	<b>\$ 24.4</b>	<b>\$ 63.4</b>	<b>\$ 59.2</b>

**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 the City. Prior ratings were withdrawn as the City's financial position led to consideration of the City being placed into receivership. Moody's Investors Service last rated the City's general obligation unlimited bonds at Ba1, with a stable outlook in February 2006.

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

### Economic Factors and Next Year's Budget and Rates

Flint and Genesee County are moving aggressively to restore our region's position as a center of innovation and entrepreneurship in the public and private sectors. Our new leadership is partnering to engage 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 are starting to be recognized for our growth and reinvention. Kiplinger referred to Flint in April 2011 *"For some particularly hard-hit metro areas, 2011 will bring a dramatic turnaround -- new investment by businesses, growth in the number of jobs, and a reblooming of hope."*

Our overall objective is to create a sustainable region with new jobs, strong neighborhoods, and great schools. This will be achieved through private and public collaboration and harnessing of the community's capacity for diversification, innovation, and entrepreneurship.

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

- Doubling export activity and generating new jobs
  - As GM truck and engine sales increase, a portion is destined for international markets
  - Area manufacturers have increased exporting in 2012-2013 with funding support from the Michigan State Trade Export Program (STEP)
- Increasing enrollments across our higher education institutions
  - The University of Michigan - Flint has achieved record enrollment in 2012 and 2013 with dramatic increases in international students
  - Kettering University, Mott Community College, and Baker College - Flint have received national recognition
- Attracting and retaining mobile talent and young families
  - Downtown Flint is reported as the fastest growing neighborhood in Genesee County
- Stabilizing property values and local tax revenues
- Reducing unemployment and poverty
  - Flint and Genesee County saw some of the fastest decline in unemployment in the state of Michigan in 2013
- Improving health outcomes, quality of life, and environmental sustainability
  - Commit to Fit is a growing Flint-based initiative that promotes "healthy habits."

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

*"Steady Job Growth Will Continue for Genesee, Lapeer, Livingston, Macomb, Oakland, St. Clair, and Shiawassee Counties"* according to the February 2013 economic forecast by the University of Michigan Institute for Research on Labor, Employment and the Economy. The report forecasted job growth of approximately 78,000 from 2013-2015 and highlighted the creation of 75,000 new jobs in the past three years. The study predicts new jobs in professional services and trade/transportation/utilities, as well as private education and health. Many of these positions will be within commute distance from Flint and Genesee County. The report also predicted 0.9 percent job growth per year for Flint and Genesee County.

Jobs and business opportunities are increasing because of the continued collaboration among our key economic sectors, governments, and non-profits. Despite the ongoing recession, last year the region created and retained 569 jobs through the direct efforts of the Flint and Genesee Chamber of Commerce, our lead economic development agency. In fact, public and private joint efforts have supported:

- More than \$1 billion in General Motors investment in the past three years
- Over \$500 million in new non-GM investment in the past three years
- Continuing investment in downtown Flint with announcements of more than \$200 million from 2011-2013, including over \$100 million in new higher education assets

Further, City 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 \$20 million for blight elimination from the U.S. Troubled Asset Relief Program, \$550,000 from EPA for Chevy in the Hole site clean-up and environmental remediation training at Mott Community College, and \$140,000 for a four-county regional CEDS plan. These combine with \$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 has restored some of its manufacturing strength while expanding its institutions of higher education and health care. Recently, 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, faculty, and professionals.

Flint and Genesee County have attracted strong new businesses such as Rassini Brakes, Senderra RX, Environmental Wood Solutions, and most recently, American Cast Iron Pipe, the last two of which are locating in the City. American has announced plans to build a facility on the northern portion of the former Buick City complex and create 60 new jobs.

# City of Flint, Michigan

## Management's Discussion and Analysis (Continued)

City of Flint staff have collaborated with the economic development team at the Flint and Genesee Chamber to support the growth of area businesses including: Powers Catholic High School (private), CFI Medical, Sustainable Environmental Technologies, McLaren Flint Proton Beam, McLaren Flint Laboratory, and Barrette Outdoor Living, as well as General Motors Truck Assembly and General Motors Flint Engine South.

Diplomat Specialty Pharmacy, the fastest growing firm of its type in the United States, continues to grow ahead of plans at their new corporate headquarters in Flint. Plans include the creation of 1,100 new jobs by 2016. The company produces, packages, and distributes pharmaceutical products to chronically ill patients across the country. Diplomat and the Insight Institute for Neurosurgery and Neuroscience acquired the entirety of the former GM Great Lakes Technology Center, a 1,000,000 square foot complex in Flint.

In health care, Genesys Health System recently established a new \$3 million clinic in downtown Flint with 10 new jobs and 60 transferred from a neighboring municipality. The main campus of Genesys continues to be a significant medical asset in Grand Blanc. Hurley Hospital established a new children's hospital and completed a \$30 million new emergency and trauma care facility. McLaren Health System expanded its destination medicine offerings by investing over \$78 million in a new proton beam cancer treatment facility and patient residence. All three hospitals are actively engaged in medical education and research activities at their facilities.

The Flint and Genesee Chamber of Commerce, formerly the Genesee Regional Chamber of Commerce, was tapped to lead tourism efforts in Flint and Genesee County in 2012. In order to expand community marketing to appeal to both investors and visitors, the Chamber led a market research project and developed a new campaign to shape the image of the area. The conclusion: Flint and Genesee need a partner brand that highlights the strengths of both. March 2013 marked the culmination of the Chamber's efforts to build a brand partnership between Flint and Genesee. They have created a campaign to market the region as a desirable destination for events, vacation, or business. "See *what's possible*" is a rallying cry that invites travelers and investors to see what the County has to offer. The campaign plays off the word "see" and features iconic destinations and human moments through compelling imagery.

**Budgets** - The placement of the City 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 health care
- 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 reopening the City's lockup
- 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
- Completed a five-year strategic plan and budget in conjunction with the City's fiscal year 2015 budget.

**Requests for Information** - This financial report is designed to provide a general overview of the City of Flint, Michigan'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 Position June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Pooled cash and investments (Note 3)	\$ 25,610,907	\$ 10,408,305	\$ 36,019,212	\$ -
Cash and cash equivalents (Note 4)	1,305,461	858,151	2,163,612	11,648,142
Investments (Note 4)	937,543	-	937,543	49,444,802
Receivables (net of allowance, where applicable) (Note 5):				
Property taxes receivable	1,461,019	-	1,461,019	-
Receivables from sales to customers on account	-	22,940,950	22,940,950	70,201,583
Accrued interest receivable	11,195	-	11,195	261,587
Accounts (net of allowance of \$85,376)	-	-	-	694,337
Other receivables	3,619,197	387	3,619,584	704,500
Due from other governmental units	8,798,817	109,866	8,908,683	-
Loan receivable	10,560,338	-	10,560,338	288,912
Due from component units (Note 7)	5,600,346	-	5,600,346	-
Internal balances (Note 7)	(9,948,800)	9,948,800	-	-
Inventory	169,903	1,136,255	1,306,158	5,223,959
Prepaid costs	84,152	-	84,152	2,757,869
Restricted assets (Note 10)	380,675	4,385,534	4,766,209	44,722,843
Investment in joint ventures	-	-	-	7,029,993
Other assets	-	70,654	70,654	3,619,977
Capital assets (Note 6):				
Assets not subject to depreciation	14,446,152	2,045,361	16,491,513	22,226,500
Assets subject to depreciation	141,078,393	100,399,785	241,478,178	107,823,304
Cash held with agent	-	-	-	550,000
<b>Total assets</b>	<b>204,115,298</b>	<b>152,304,048</b>	<b>356,419,346</b>	<b>327,198,308</b>

# City of Flint, Michigan

## Statement of Net Position (Continued) June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 4,569,703	\$ 5,613,046	\$ 10,182,749	\$ 19,583,965
Due to other governmental units	454,952	-	454,952	100,000
Due to primary government (Note 7)	-	-	-	9,866,795
Deposits and advances	559,723	580,684	1,140,407	32,600
Accrued liabilities and other	4,071,015	1,188,571	5,259,586	33,393,514
Unearned revenue (Note 5)	920,414	-	920,414	3,500
Other current liabilities	1,111,183	-	1,111,183	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	-	-	446,578
Claims payable - Current (Note 16)	854,776	-	854,776	3,779,561
Current portion of long-term debt (Note 9)	4,498,378	2,703,175	7,201,553	5,608,530
Due in more than one year:				
Claims payable (Note 16)	641,000	-	641,000	38,268,025
Net pension obligation	-	-	-	3,268,705
Net OPEB obligation (Note 12)	129,627,657	29,274,057	158,901,714	3,432,051
Long-term debt (Note 9)	30,319,787	21,675,336	51,995,123	102,540,405
<b>Total liabilities</b>	<b>177,628,588</b>	<b>61,034,869</b>	<b>238,663,457</b>	<b>220,324,229</b>
<b>Net Position</b>				
Net investment in capital assets	153,329,640	78,604,810	231,934,450	37,165,197
Restricted for:				
Roads	4,515,164	-	4,515,164	-
Capital projects	7,683,362	-	7,683,362	-
Street lighting	213,421	-	213,421	-
Revolving loan program	-	-	-	1,960,671
Police	1,299,438	-	1,299,438	-
Public safety	5,118,343	-	5,118,343	-
Community development	11,619,405	-	11,619,405	96,691
Parks and recreation	136,003	-	136,003	-
Economic development	555,643	-	555,643	-
Building inspection	400,968	-	400,968	-
Debt service	7,163	2,384,034	2,391,197	-
Capital replacement	-	2,001,500	2,001,500	-
Donor restricted and other	-	-	-	5,618,014
Unrestricted	(158,391,840)	8,278,835	(150,113,005)	62,033,506
<b>Total net position</b>	<b>\$ 26,486,710</b>	<b>\$ 91,269,179</b>	<b>\$ 117,755,889</b>	<b>\$ 106,874,079</b>

# City of Flint, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,533,423	\$ 10,652,009	\$ 776,454	\$ 3,818
Judicial	5,095,682	1,696,157	228,170	-
Public safety:				
Police	25,078,577	1,724,215	916,145	4,672,971
Fire	10,713,612	154,096	-	-
Building inspection	4,017,923	2,062,378	134,287	1,733,108
Emergency dispatch	3,230,298	1,301,826	13,763	-
Public works	5,543,366	940	-	-
Legislative	347,098	-	-	-
Community development	19,981,427	1,659	3,206,127	15,187,633
Parks and recreation	2,864,223	10,075	233,743	-
Transportation	17,434,875	64,085	8,704,549	274,530
Interest on long-term debt	1,021,815	-	-	-
Total governmental activities	102,862,319	17,667,440	14,213,238	21,872,060
Business-type activities:				
Water	42,089,874	49,903,868	-	99,240
Sewage Disposal Division	25,185,405	30,169,235	-	-
Total business-type activities	67,275,279	80,073,103	-	99,240
Total primary government	<u>\$ 170,137,598</u>	<u>\$ 97,740,543</u>	<u>\$ 14,213,238</u>	<u>\$ 21,971,300</u>
<b>Component units:</b>				
Downtown Development Authority	\$ 2,336,347	\$ 1,226,697	\$ -	\$ -
Atwood Stadium Building Authority	-	-	-	-
Economic Development Corporation	244,042	108,343	43,749	47,436
Flint Area Enterprise Community	334,967	-	12,876	-
Hurley Medical Center	374,396,459	372,503,295	-	-
Total component units	<u>\$ 377,311,815</u>	<u>\$ 373,838,335</u>	<u>\$ 56,625</u>	<u>\$ 47,436</u>
<b>General revenues:</b>				
Property taxes				
Income taxes				
State-shared revenue (unrestricted)				
Interest (unrestricted)				
Cable franchise fees (unrestricted)				
Other miscellaneous income (unrestricted)				
Gain on sale of fixed assets				
Total general revenues				
<b>Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position</b> - As restated - Beginning of year (Note 20)				
<b>Net Position</b> - End of year				

## Statement of Activities Year Ended June 30, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 3,898,858	\$ -	\$ 3,898,858	\$ -
(3,171,355)	-	(3,171,355)	-
(17,765,246)	-	(17,765,246)	-
(10,559,516)	-	(10,559,516)	-
(88,150)	-	(88,150)	-
(1,914,709)	-	(1,914,709)	-
(5,542,426)	-	(5,542,426)	-
(347,098)	-	(347,098)	-
(1,586,008)	-	(1,586,008)	-
(2,620,405)	-	(2,620,405)	-
(8,391,711)	-	(8,391,711)	-
(1,021,815)	-	(1,021,815)	-
(49,109,581)	-	(49,109,581)	-
-	7,913,234	7,913,234	-
-	4,983,830	4,983,830	-
-	12,897,064	12,897,064	-
(49,109,581)	12,897,064	(36,212,517)	-
-	-	-	(1,109,650)
-	-	-	-
-	-	-	(44,514)
-	-	-	(322,091)
-	-	-	(1,893,164)
-	-	-	(3,369,419)
21,722,352	-	21,722,352	412,068
14,674,274	-	14,674,274	-
13,667,182	-	13,667,182	-
445,325	945	446,270	(1,052,987)
1,084,668	-	1,084,668	-
1,203,070	52,537	1,255,607	968,221
1,046,990	-	1,046,990	-
53,843,861	53,482	53,897,343	327,302
2,990,000	(2,990,000)	-	-
7,724,280	9,960,546	17,684,826	(3,042,117)
18,762,430	81,308,633	100,071,063	109,916,196
<b>\$ 26,486,710</b>	<b>\$ 91,269,179</b>	<b>\$ 117,755,889</b>	<b>\$ 106,874,079</b>

# City of Flint, Michigan

## Governmental Funds Balance Sheet June 30, 2013

	General Fund	Federal Grants Fund	Public Improvement Fund	Nonmajor Funds	Total
<b>Assets</b>					
Cash and cash equivalents (Note 4)	\$ 441,848	\$ 214,420	\$ -	\$ 258,559	\$ 914,827
Investments (Note 4)	-	937,543	-	-	937,543
Receivables (Note 5):					
Property taxes receivable	868,389	-	184,192	408,438	1,461,019
Accrued interest receivable	-	-	-	11,195	11,195
Other receivables	3,585,149	7,400	-	24,372	3,616,921
Due from other governmental units	3,304,348	3,963,428	-	1,531,041	8,798,817
Notes and leases receivable	-	10,074,000	-	486,338	10,560,338
Due from component units net of allowance (Note 7)	148,895	550,000	4,901,451	-	5,600,346
Due from other funds (Note 7)	-	-	-	1,812,097	1,812,097
Restricted assets (Note 10)	-	380,675	-	-	380,675
Pooled cash and investments (Note 3)	642,400	-	2,767,994	11,328,814	14,739,208
<b>Total assets</b>	<b>\$ 8,991,029</b>	<b>\$ 16,127,466</b>	<b>\$ 7,853,637</b>	<b>\$ 15,860,854</b>	<b>\$ 48,832,986</b>
<b>Liabilities and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,873,197	\$ 951,137	\$ 3,517	\$ 877,964	\$ 3,705,815
Due to other governmental units	454,952	-	-	-	454,952
Due to other funds (Note 7)	6,312,097	2,492,039	-	26,556	8,830,692
Advances from other funds (Note 7)	10,800,000	-	-	-	10,800,000
Deposits and advances	-	-	-	559,723	559,723
Accrued liabilities and other	1,346,253	86,521	166,641	1,938,929	3,538,344
Deferred revenue (Note 5)	1,100,172	11,695,414	184,192	722,980	13,702,758
Other current liabilities	-	75,611	117	-	75,728
<b>Total liabilities</b>	<b>21,886,671</b>	<b>15,300,722</b>	<b>354,467</b>	<b>4,126,152</b>	<b>41,668,012</b>
<b>Fund Balances (Deficit)</b>					
Nonspendable - Long-term receivable	-	-	4,901,451	-	4,901,451
Restricted:					
Roads	-	-	-	4,515,164	4,515,164
Police	-	-	-	1,171,547	1,171,547
Debt service	-	-	-	7,163	7,163
Community development	-	826,744	-	-	826,744
Capital projects	-	-	2,597,719	-	2,597,719
Economic development	-	-	-	258,854	258,854
Parks and recreation	-	-	-	104,110	104,110
Building inspections	-	-	-	400,968	400,968
Public safety	-	-	-	5,063,475	5,063,475
Street lighting	-	-	-	213,421	213,421
Unassigned (deficit)	(12,895,642)	-	-	-	(12,895,642)
<b>Total fund balances (deficit)</b>	<b>(12,895,642)</b>	<b>826,744</b>	<b>7,499,170</b>	<b>11,734,702</b>	<b>7,164,974</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 8,991,029</b>	<b>\$ 16,127,466</b>	<b>\$ 7,853,637</b>	<b>\$ 15,860,854</b>	<b>\$ 48,832,986</b>

# City of Flint, Michigan

## **Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2013**

<b>Fund Balance Reported in Governmental Funds</b>	\$ 7,164,974
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	154,143,889
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	12,782,344
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(30,007,667)
Accrued interest related to governmental activities debt is not reported in the funds	(289,615)
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	(4,435,256)
Net postemployment benefit obligation is not due and payable in the current period and is not reported in the funds	(129,627,657)
Internal service funds are included as part of governmental activities	16,755,698
<b>Net Position of Governmental Activities</b>	<b><u>\$ 26,486,710</u></b>

# City of Flint, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended June 30, 2013

	General Fund	Federal Grants Fund	Public Improvement Fund	Nonmajor Governmental Funds	Total
<b>Revenue</b>					
Property taxes	\$ 6,011,342	\$ -	\$ 2,055,994	\$ 11,145,728	\$ 19,213,064
Income taxes	14,674,274	-	-	-	14,674,274
Licenses and permits	1,557,320	-	-	1,853,188	3,410,508
Federal grants	2,753,854	18,400,485	-	2,667,702	23,822,041
State revenue	16,003,433	33,703	-	8,224,888	24,262,024
Charges for services	11,406,946	1,209	-	186,379	11,594,534
Fines and forfeitures	2,291,325	-	-	124,323	2,415,648
Investment income (loss)	261,004	247,830	719,450	(13,366)	1,214,918
Other revenue	2,770,960	58,028	-	3,098,994	5,927,982
Total revenue	57,730,458	18,741,255	2,775,444	27,287,836	106,534,993
<b>Expenditures</b>					
Current:					
General government	7,999,801	-	-	-	7,999,801
Judicial - 68th District Court	4,955,003	-	-	-	4,955,003
Public safety:					
Police department	23,404,501	51,727	-	1,592,621	25,048,849
Combined public safety department	-	-	-	52,296	52,296
Fire	10,682,234	5,270,130	-	-	15,952,364
Building inspection	94,170	-	-	4,076,364	4,170,534
Emergency dispatch	3,141,130	-	-	-	3,141,130
Public works	-	-	-	5,515,322	5,515,322
Legislative	344,227	-	-	-	344,227
Community development	1,946,636	7,425,188	-	7,693	9,379,517
Parks and recreation	1,853,475	5,318,080	481,121	675,417	8,328,093
Transportation	861	-	-	9,769,670	9,770,531
Debt service:					
Principal	-	343,000	185,000	368,977	896,977
Interest on long-term debt	-	146,639	415,141	476,596	1,038,376
Total expenditures	54,422,038	18,554,764	1,081,262	22,534,956	96,593,020
<b>Excess of Revenue Over Expenditures</b>	3,308,420	186,491	1,694,182	4,752,880	9,941,973
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	100	-	-	-	100
Transfers in (Note 7)	2,990,000	-	-	2,528,457	5,518,457
Transfers out (Note 7)	(9,312)	-	(726,953)	(292,192)	(1,028,457)
Total other financing sources (uses)	2,980,788	-	(726,953)	2,236,265	4,490,100
<b>Net Change in Fund Balances</b>	6,289,208	186,491	967,229	6,989,145	14,432,073
<b>Fund Balances (Deficit) - As restated - Beginning of year (Note 20)</b>	(19,184,850)	640,253	6,531,941	4,745,557	(7,267,099)
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ (12,895,642)</u>	<u>\$ 826,744</u>	<u>\$ 7,499,170</u>	<u>\$ 11,734,702</u>	<u>\$ 7,164,974</u>

# 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, 2013**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 14,432,073</b>
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	5,063,828
Depreciation expense	(15,579,051)
Net book value of assets disposed of	(614,042)
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	462,816
Increase in net postemployment benefit obligation	(1,511,402)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	896,977
Change in accrued interest is not reported in the funds	7,269
Decrease 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	908,705
Internal service funds are included as part of governmental activities	3,657,107
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 7,724,280</u></b>



# City of Flint, Michigan

## Proprietary Funds Statement of Net Position June 30, 2013

	Enterprise Funds			Governmental Activities
	Water Supply Division	Sewage Disposal Division	Total	Proprietary Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 858,151	\$ -	\$ 858,151	\$ 390,634
Receivables:				
Receivables from sales to customers on account	13,118,422	9,822,528	22,940,950	-
Other receivables	232	155	387	2,276
Due from other governmental units	-	109,866	109,866	-
Due from other funds (Note 7)	-	-	-	7,869,795
Inventory	506,621	629,634	1,136,255	169,903
Prepaid costs	-	-	-	84,152
Pooled cash and investments (Note 3)	3,452,162	6,956,143	10,408,305	10,871,699
Total current assets	17,935,588	17,518,326	35,453,914	19,388,459
Noncurrent assets:				
Restricted assets (Note 10)	4,385,534	-	4,385,534	-
Advances to other funds (Note 7)	1,000,000	9,800,000	10,800,000	-
Accrued interest receivable	-	70,654	70,654	-
Capital assets (Note 6):				
Assets not subject to depreciation	1,479,998	565,363	2,045,361	132,616
Assets subject to depreciation	43,845,546	56,554,239	100,399,785	1,248,040
Total noncurrent assets	50,711,078	66,990,256	117,701,334	1,380,656
Total assets	68,646,666	84,508,582	153,155,248	20,769,115
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,295,654	1,317,392	5,613,046	863,888
Due to other funds (Note 7)	-	851,200	851,200	-
Deposits and advances	580,684	-	580,684	-
Accrued liabilities and other	676,926	511,645	1,188,571	243,056
Other payables	-	-	-	1,035,455
Claims payable - Current (Note 16)	-	-	-	854,776
Current portion of long-term debt (Note 9)	2,428,178	274,997	2,703,175	179,854
Total current liabilities	7,981,442	2,955,234	10,936,676	3,177,029
Noncurrent liabilities:				
Claims payable (Note 16)	-	-	-	641,000
Net OPEB obligation (Note 12)	12,547,877	16,726,180	29,274,057	-
Long-term debt (Note 9)	21,675,336	-	21,675,336	195,388
Total noncurrent liabilities	34,223,213	16,726,180	50,949,393	836,388
Total liabilities	42,204,655	19,681,414	61,886,069	4,013,417
<b>Net Position</b>				
Net investment in capital assets	21,222,030	56,844,605	78,066,635	1,005,414
Restricted:				
Debt service	2,384,034	-	2,384,034	-
Capital replacement	2,001,500	-	2,001,500	-
Unrestricted	834,447	7,982,563	8,817,010	15,750,284
Total net position	<u>\$ 26,442,011</u>	<u>\$ 64,827,168</u>	<u>91,269,179</u>	<u>\$ 16,755,698</u>
			<u>\$ 91,269,179</u>	
<b>Net Position of Business-type Activities</b>				

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 Position Year Ended June 30, 2013

	Enterprise Funds			Governmental Activities
	Water Supply Division	Sewage Disposal Division	Total	Proprietary Internal Service Fund
<b>Operating Revenue</b>				
Charges for services	\$ 49,880,827	\$ 32,025,929	\$ 81,906,756	\$ 40,051,431
Other miscellaneous revenue	23,041	-	23,041	-
Total operating revenue	49,903,868	32,025,929	81,929,797	40,051,431
<b>Operating Expenses</b>				
Salaries, wages, and fringe benefits	10,599,599	13,958,050	24,557,649	3,258,387
Utilities	691,373	2,341,204	3,032,577	38,373
Equipment operation	628,541	699,565	1,328,106	496
Claims and settlements	-	-	-	998,036
Repair and maintenance	220,696	530,681	751,377	295,887
Supplies	934,097	986,642	1,920,739	1,516,507
Insurance	-	-	-	389,879
Professional services	605,606	1,408,472	2,014,078	2,779,794
Miscellaneous	749,641	1,278,943	2,028,584	16,848
Costs of materials or services rendered	23,308,800	-	23,308,800	25,731,269
Depreciation and amortization	3,563,937	3,974,076	7,538,013	832,674
Total operating expenses	41,302,290	25,177,633	66,479,923	35,858,150
<b>Operating Income</b>	8,601,578	6,848,296	15,449,874	4,193,281
<b>Nonoperating Revenue (Expenses)</b>				
Investment (loss) income	(7,689)	8,634	945	(28,855)
Interest expense	(787,584)	-	(787,584)	(54,309)
Miscellaneous expenses	-	(7,772)	(7,772)	-
(Loss) gain on disposal of capital assets	-	(1,856,694)	(1,856,694)	1,046,990
Miscellaneous revenue	52,537	-	52,537	-
Total nonoperating (expenses) revenue	(742,736)	(1,855,832)	(2,598,568)	963,826
<b>Income - Before contributions</b>	7,858,842	4,992,464	12,851,306	5,157,107
<b>Capital Contributions</b>	99,240	-	99,240	-
<b>Transfers Out (Note 7)</b>	(1,130,000)	(1,860,000)	(2,990,000)	(1,500,000)
<b>Change in Net Position</b>	6,828,082	3,132,464	9,960,546	3,657,107
<b>Net Position - Beginning of year</b>	19,613,929	61,694,704	81,308,633	13,098,591
<b>Net Position - End of year</b>	<u>\$ 26,442,011</u>	<u>\$ 64,827,168</u>	<u>\$ 91,269,179</u>	<u>\$ 16,755,698</u>

# City of Flint, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2013

	Enterprise Funds			Governmental
	Water Supply Division	Sewage Disposal Division	Total	Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 47,620,772	\$ 29,290,360	\$ 76,911,132	\$ 40,052,458
Payments to vendors	(26,829,143)	(5,023,121)	(31,852,264)	(30,654,128)
Payments to employees	(9,790,742)	(13,485,958)	(23,276,700)	2,370,631
Internal activity - Payments to other funds	(910,000)	(1,218,300)	(2,128,300)	-
Claims paid	-	-	-	(3,470,460)
Net cash provided by operating activities	10,090,887	9,562,981	19,653,868	8,298,501
<b>Cash Flows from Noncapital Financing Activities</b>				
Loans related to pooled cash received from other funds	(3,589,658)	-	(3,589,658)	-
Repayments of loans related to pooled cash made to other funds	-	714,681	714,681	-
Transfers to other funds	(1,130,000)	(1,860,000)	(2,990,000)	(1,500,000)
Repayments of loans from other funds	-	-	-	871,679
Payments received on long-term note receivable	-	-	-	130,000
Pooled cash receipts to other funds	-	-	-	1,940,634
Net cash (used in) provided by noncapital financing activities	(4,719,658)	(1,145,319)	(5,864,977)	1,442,313
<b>Cash Flows from Capital and Related Financing Activities</b>				
Receipt of capital grants	99,240	-	99,240	-
Proceeds from sales of capital assets	52,538	-	52,538	1,500,000
Purchase of capital assets	(147,462)	(1,552,815)	(1,700,277)	(132,615)
Principal paid on capital debt	(2,115,000)	-	(2,115,000)	(267,795)
Interest payments	(787,584)	-	(787,584)	(54,309)
Net cash (used in) provided by capital and related financing activities	(2,898,268)	(1,552,815)	(4,451,083)	1,045,281
<b>Cash Flows from Investing Activities - Investment (loss) income</b>	(7,689)	8,634	945	(28,855)
<b>Net Increase in Cash and Cash Equivalents</b>	2,465,272	6,873,481	9,338,753	10,757,240
<b>Cash and Cash Equivalents - Beginning of year</b>	6,230,575	82,662	6,313,237	505,093
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 8,695,847</u>	<u>\$ 6,956,143</u>	<u>\$ 15,651,990</u>	<u>\$ 11,262,333</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 858,151	\$ -	\$ 858,151	\$ 390,634
Restricted cash	4,385,534	-	4,385,534	-
Pooled cash	3,452,162	6,956,143	10,408,305	10,871,699
Total cash and cash equivalents	<u>\$ 8,695,847</u>	<u>\$ 6,956,143</u>	<u>\$ 15,651,990</u>	<u>\$ 11,262,333</u>

# City of Flint, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2013

	Enterprise Funds			Governmental
	Water Supply Division	Sewage Disposal Division	Total	Internal Service Fund
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income	\$ 8,601,578	\$ 6,848,296	\$ 15,449,874	\$ 4,193,281
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation and amortization	3,563,937	3,974,076	7,538,013	832,674
Changes in assets and liabilities:				
Receivables	(2,283,096)	(2,735,569)	(5,018,665)	827
Due from others	-	-	-	5,264,428
Inventories	(124,767)	-	(124,767)	27,216
Accounts payable	(538,158)	1,004,086	465,928	87,709
Estimated claims liability	-	-	-	(2,472,224)
Accrued and other liabilities	481,712	384,141	865,853	364,590
Customer deposits	62,536	-	62,536	-
Net postemployment benefit obligation	327,145	87,951	415,096	-
Net cash provided by operating activities	<b>\$ 10,090,887</b>	<b>\$ 9,562,981</b>	<b>\$ 19,653,868</b>	<b>\$ 8,298,501</b>

# City of Flint, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2013

	Pension and Benefit Trust Funds	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,124,296	\$ 1,277,180
Investments:		
U.S. government obligations	902,130	-
Agency securities	10,481,869	-
Corporate stocks	14,002,249	-
Corporate bonds	11,720,330	-
Receivables:		
Property taxes receivable	-	3,118,765
Accrued interest receivable	186,887	-
Other receivables	77,020	30
Pooled cash and investments	<u>1,828,785</u>	<u>1,404,766</u>
Total assets	40,323,566	<u><b>\$ 5,800,741</b></u>
<b>Liabilities</b>		
Accounts payable	675,057	\$ 639,685
Due to other governmental units	-	4,207,304
Deposits and advances	-	953,752
Deferred revenue	<u>86,756</u>	<u>-</u>
Total liabilities	<u>761,813</u>	<u><b>\$ 5,800,741</b></u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u><b>\$39,561,753</b></u>	

# City of Flint, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2013

	Pension and Benefit Trust Funds
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 3,173,659
Net increase in fair value of investments	23,543,255
Investment-related expenses	<u>(709,589)</u>
Net investment income	26,007,325
Contributions:	
Employer	25,682,439
Employee	<u>2,592,912</u>
Total contributions	<u>28,275,351</u>
Total additions	54,282,676
<b>Deductions</b>	
Benefit payments	37,825,250
Refunds of contributions	413,842
Administrative expenses	810,119
Transfer to MERS	<u>476,709,526</u>
Total deductions	<u>515,758,737</u>
<b>Net Decrease in Net Position Held in Trust</b>	(461,476,061)
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>501,037,814</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 39,561,753</u></u>

# City of Flint, Michigan

## Component Units Statement of Net Position June 30, 2013

	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
<b>Assets</b>						
Cash and cash equivalents (Note 4)	\$ 223,416	\$ 9,252	\$ 138,117	\$ 992,318	\$ 10,285,039	\$ 11,648,142
Investments	-	-	-	-	49,444,802	49,444,802
Receivables:						
Receivables from sales to customers on account	-	-	-	-	70,201,583	70,201,583
Accrued interest receivable	-	-	-	-	261,587	261,587
Accounts (net of allowance of \$85,376)	68,804	-	625,533	-	-	694,337
Other receivables	-	-	-	-	704,500	704,500
Notes and leases receivable	-	-	-	288,912	-	288,912
Inventory	-	-	-	-	5,223,959	5,223,959
Prepaid costs	24,979	-	10,788	-	2,722,102	2,757,869
Restricted assets (Note 10)	246,288	-	446,578	-	44,029,977	44,722,843
Investment in joint ventures	-	-	-	-	7,029,993	7,029,993
Land held for resale	-	-	-	19,800	3,600,177	3,619,977
Capital assets (net of depreciation) (Note 6)	14,364,097	-	873,379	1,100	114,811,228	130,049,804
Cash held with agent	-	-	550,000	-	-	550,000
Total assets	14,927,584	9,252	2,644,395	1,302,130	308,314,947	327,198,308
<b>Liabilities</b>						
Accounts payable	43,439	-	5,285	1,738	19,533,503	19,583,965
Due to other governmental units	100,000	-	-	-	-	100,000
Due to primary government	9,167,900	-	698,895	-	-	9,866,795
Deposits and advances	30,095	-	2,505	-	-	32,600
Accrued liabilities and other	9,229	-	-	-	33,384,285	33,393,514
Deferred revenue	3,500	-	-	-	-	3,500
Noncurrent liabilities:						
Due within one year:						
Payable from restricted assets	-	-	446,578	-	-	446,578
Claims payable - Current (Note 16)	-	-	-	-	3,779,561	3,779,561
Current portion of long- term debt (Note 9)	-	-	-	-	5,608,530	5,608,530
Due in more than one year:						
Claims payable (Note 16)	-	-	-	-	38,268,025	38,268,025
Other noncurrent liabilities	-	-	-	-	3,268,705	3,268,705
Net OPEB obligation	-	-	-	-	3,432,051	3,432,051
Long-term debt (Note 9)	-	-	-	-	102,540,405	102,540,405
Total liabilities	9,354,163	-	1,153,263	1,738	209,815,065	220,324,229
<b>Net Position</b>						
Net investment in capital assets	5,449,874	-	873,379	1,100	30,840,844	37,165,197
Restricted:						
Community development	-	-	-	96,691	-	96,691
Revolving loan program	-	-	759,105	1,201,566	-	1,960,671
Donor restricted and other	-	-	-	-	5,618,014	5,618,014
Restricted for grants	37,837	-	-	-	-	37,837
Unrestricted	85,710	9,252	(141,352)	1,035	62,041,024	61,995,669
Total net position	\$ 5,573,421	\$ 9,252	\$ 1,491,132	\$ 1,300,392	\$ 98,499,882	\$ 106,874,079

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

# City of Flint, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority:				
Governmental activities -				
Development administration	\$ 306,725	\$ -	\$ -	\$ -
Business-type activities - Parking	2,029,622	1,226,697	-	-
Atwood Stadium Building Authority	-	-	-	-
Economic Development Corporation	244,042	152,092	-	47,436
Flint Area Enterprise Community	334,967	-	12,876	-
Hurley Medical Center	374,396,459	372,503,295	-	-
Total component units	<u>\$ 377,311,815</u>	<u>\$ 373,882,084</u>	<u>\$ 12,876</u>	<u>\$ 47,436</u>
General revenues:				
Property taxes				
Unrestricted investment earnings				
Unrestricted other revenues				
Total general revenues				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				



**Component Units  
Statement of Activities  
Year Ended June 30, 2013**

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
\$ (306,725)	\$ -	\$ -	\$ -	\$ -	\$ (306,725)
(802,925)	-	-	-	-	(802,925)
-	-	-	-	-	-
-	-	(44,514)	-	-	(44,514)
-	-	-	(322,091)	-	(322,091)
-	-	-	-	(1,893,164)	(1,893,164)
(1,109,650)	-	(44,514)	(322,091)	(1,893,164)	(3,369,419)
412,068	-	-	-	-	412,068
300	-	39,756	70,432	(1,163,475)	(1,052,987)
25,027	-	2,165	1,882	939,147	968,221
437,395	-	41,921	72,314	(224,328)	327,302
(672,255)	-	(2,593)	(249,777)	(2,117,492)	(3,042,117)
6,245,676	9,252	1,493,725	1,550,169	100,617,374	109,916,196
<b>\$ 5,573,421</b>	<b>\$ 9,252</b>	<b>\$ 1,491,132</b>	<b>\$ 1,300,392</b>	<b>\$ 98,499,882</b>	<b>\$ 106,874,079</b>

### **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. During the year ended June 30, 2013, the board was disbanded and the investments in FERS were transferred out to Municipal Employees' Retirement Systems (MERS). The FERS fund was closed and MERS will not take on the fiduciary responsibility of the plan.

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

#### **Discretely Presented Component Units**

The 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.

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

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

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

The Flint Area Enterprise Community (FAEC) is a non-profit organization, established under state law. FAEC is responsible for coordinating and implementing a strategic plan to advocate and develop business and community development in a federally designated zone that includes portions of Mt. Morris Township and the City of Flint. The City appoints a majority of the board of directors, provides the majority of its funding for operations, and any assets remaining at the cessation of its operating activities would be returned to the City of Flint. The FAEC is presented as a governmental activity. The FAEC plans to cease operations during the fiscal year ending 2014. They are currently working with the State to determine which organization will take over the loans.

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

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

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		

#### Government-wide and Fund Financial Statements

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

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

#### **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 position 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.

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.

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

The government reports the following major proprietary fund:

- 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 five different funds utilized to pay retirement, death, and healthcare benefits for the City of Flint and Hurley Medical Center retirees. These funds accumulate resources for pension and healthcare benefits financed by both employer and employee contributions.
- 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 position and statement of activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the 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 position 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, and 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.

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

#### Property Tax Revenue

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

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

The 2013 taxable valuation of the City totaled \$968 million. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	7.5	\$ 6,000,349
Public improvement	2.5	2,055,994
Parks and recreation	.5	406,560
Public safety	6.0	5,130,137
Neighborhood police	2.0	1,644,638
Total	<u>18.5</u>	<u>\$ 15,237,678</u>

#### **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, 2013, 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, Sewage Disposal Division, Major Streets Fund, Local Streets Fund, Neighborhood Policing Fund, Building Department Fund, Data Processing Fund, Fringe Benefits Fund, Central Maintenance Garage Fund, and Self-insurance Fund to report the interfund receivable. Accordingly, the above-mentioned funds' pooled cash and investment balance, 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 the purpose of the statement of cash flows, pooled cash and investments have been considered as cash and cash equivalents.

#### **Investments**

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

#### **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.



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

#### **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.

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 and debt service 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.

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

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.

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.

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

#### **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 position. 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.

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 Healthcare Benefits**

The City offers both pension and retiree healthcare 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 emergency manager

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

- 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.

#### **Use of Estimates**

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

#### **Hurley Medical Center - Cost-based Reimbursement**

Patient accounts receivable at June 30, 2013 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 \$41,300,000 for 2013.

#### **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 79 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, 2013.

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.

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

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:

- On April 24, 2012, the emergency manager signed Order No. 17, adopting the operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included expenditures and the means of financing them for the General and Special Revenue Funds (these funds are required to have budgets per Michigan law). Informational summaries of projected revenue and expenditures/expenses were provided for all City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

Department heads are authorized to transfer budgeted amounts with departmental appropriation accounts, except those that affect salaries and wages accounts, and revisions that alter the total expenditures of any budgetary level (as indicated above) were to be approved by the emergency manager and the State of Michigan Department of Treasury.

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.

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

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

#### 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):

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Amended Budget</u>
Public Improvement Fund - Parks and recreation	\$ 230,000	\$ 481,121	\$ 251,121

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

#### Fund Deficits

The City has accumulated over several years an unassigned fund balance in the following funds:

	<u>Unassigned Fund Balance Deficit</u>
Primary government - General Fund	\$ 12,895,642
Component unit - Downtown Development Authority	361,674

The deficit in these funds 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."

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 3 - Pooled Cash and Investments (Continued)

The pooled cash and investments account at June 30, 2013 is comprised of the following:

Cash deposits and restricted cash	\$ 25,455,778
Investments	<u>18,182,519</u>
Total	<u>\$ 43,638,297</u>

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, 2013 is as follows:

	<u>Pooled Cash and Investments</u>
General Fund	\$ 642,400
Special Revenue Funds:	
Major Streets Fund	1,553,341
Local Streets Fund	175,753
Federal Grants Fund	-
Public Safety Fund	5,314,276
Neighborhood Policing Fund	277,207
Street Light Fund	674,949
EDA Revolving Loan Fund	405
Atwood Stadium Fund	6,788
Parks and Recreation	178,910
Senior Citizen Center	-
City Park Fund	8,399
Longway Fund	9,371
Building Department Fund	452,019
Garbage Fund	1,161,642
Public Improvement	2,767,994
State Act 251 Forfeitures	1,508,591
Debt Service Funds:	
Windmill Place Debt Service Fund	6,520
Buick City Debt Service Fund	643
Enterprise Funds:	
Water Supply Division Fund	7,837,696
Sewer Fund	6,956,143
Internal Service Funds:	
Fringe Benefit Fund	5,931,959
Central maintenance garage	1,302,047
Self-insurance	1,835,382
Data processing	1,802,311
Pension Trust Fund - Retiree Health Care Fund	1,828,785
Agency funds:	
County EDA	-
Miscellaneous agency funds	<u>1,404,766</u>
Total	<u>\$ 43,638,297</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, whose funds are now with MERS as of June 30, 2013, and the 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, 2013.

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.

No single investment of the City exceeded 5 percent of the investment portfolio at June 30, 2013.

#### **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 \$34,584,584 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:

Investment Type	Carrying Value	How Held
Primary government:		
U.S. government or agency bonds	\$ 3,753,392	Counterparty trust dept.
Corporate bonds	6,190,632	Counterparty trust dept.
Mutual funds	13,512	Counterparty
Fiduciary fund - Corporate stocks	558,778	Counterparty trust dept.
Component unit:		
U.S. government or agency bonds	55,025,765	Counterparty trust dept.
Corporate stocks	13,443,471	Counterparty trust dept.
Corporate bonds	11,783,330	Counterparty trust dept.
Repurchase agreements	14,135	Counterparty
Mutual funds	342,349	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, 2013, the following securities were subject to interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
<b>Primary Government</b>		
U.S. government or agency bonds	\$ 3,753,392	2.24
Corporate bonds	6,190,632	0.06
Money market funds	<u>4,025,594</u>	< 1 year
Total	<u>\$ 13,969,618</u>	
<b>Component Units</b>		
U.S. government agency securities	\$ 55,025,765	3.72
GNMA pool	34,796	7.90
U.S. government CMOs	21,664,881	23.18
Corporate bonds	11,783,330	3.84
Money market funds	30,146,068	< 1 year
Repurchase agreement	<u>14,135</u>	< 1 year
Total	<u>\$ 118,668,975</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, 2013

### Note 4 - Deposits and Investments (Continued)

As of June 30, 2013, the following are credit quality ratings of the City's debt securities obtained from the Standard & Poor's rating system:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. government bonds	\$ 883,623	AAA	S&P
U.S. government bonds	2,869,769	AA+	S&P
Corporate bonds	6,190,632	A1	S&P
Mutual funds	13,512	AAA/AA	S&P
Fixed income	73,947	AAA/AA	S&P
Money market	524,359	A1/A2	S&P
Money market	60,396	AAA	S&P
Money market	3,366,893	AAA/AA	S&P
Total	<u>\$ 13,983,131</u>		
<b>Component Units</b>			
U.S. agency bonds	\$ 5,677,688	AAA	Fitch
U.S. government CMOs	21,664,881	Not Rated	Not Rated
Corporate bonds	586,593	AAA	S&P
Corporate bonds	4,181,609	AA+/A-	S&P
Corporate bonds	5,473,295	BBB+/B-	S&P
Corporate bonds	297,104	CCC+/CCC	S&P
Corporate bonds	1,244,729	Not Rated	Not Rated
Money market funds	30,146,068	Not Rated	Not Rated
Repurchase agreement	14,135	Not Rated	Not Rated
Total	<u>\$ 69,286,102</u>		

### 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. During fiscal year 2013, prior to the System's assets being transferred to MERS, the System was participating in the securities lending program. As of June 30, 2013, the System is using MERS as the custodian and therefore no longer participates in the securities lending program.

### 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. 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 \$493,243 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 no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

Credit risk:

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

	<u>Fair Value</u>	<u>Rating</u>
Investment - Money market	\$ 238,354	Not Available

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### 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:

	General Fund	Federal Grants Fund	Public Improvement Fund	Nonmajor, Internal Service, Fiduciary Funds, and Agency Funds	Total	Water Supply	Sewage Disposal	Total	Component Unit - Hurley Medical Center
Receivables:									
Property taxes receivable	\$ 2,767,533	\$ -	\$ 184,192	\$ 3,527,203	\$ 6,478,928	\$ -	\$ -	\$ -	\$ -
Receivables from sales to customers on account	-	-	-	-	-	14,054,422	10,597,528	24,651,950	70,201,583
Accrued interest receivable	-	-	-	198,082	198,082	-	-	-	261,587
Gross receivables - Other receivables	4,114,790	7,400	-	103,698	4,225,888	232	155	387	704,500
Due from other governmental units	3,304,348	3,963,428	9,167,900	1,531,041	17,966,717	-	109,866	109,866	-
Notes and leases	-	10,074,000	-	486,338	10,560,338	-	-	-	-
Less allowance for uncollectibles	(2,428,785)	-	(4,266,449)	-	(6,695,234)	(936,000)	(775,000)	(1,711,000)	-
Net receivables	\$ 7,757,886	\$ 14,044,828	\$ 5,085,643	\$ 5,846,362	\$ 32,734,719	\$ 13,118,654	\$ 9,932,549	\$ 23,051,203	\$ 71,167,670

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)	\$ 870,717	\$ -	\$ 870,717
Delinquent property taxes receivable	592,721	-	592,721
Long-term notes receivable	10,370,789	-	10,370,789
Grant receivable	948,117	-	948,117
Grant receipts prior to meeting all eligibility requirements	-	920,414	920,414
Total	\$ 12,782,344	\$ 920,414	\$ 13,702,758

### Note 6 - Capital Assets

Capital asset activity of the City's governmental and business-type activities for the year was as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013	
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 14,313,536	\$ -	\$ -	\$ 14,313,536	
Construction in progress	-	132,616	-	132,616	
Subtotal	14,313,536	132,616	-	14,446,152	
Capital assets being depreciated:					
Roads and sidewalks	369,668,151	3,900,775	(161,026)	373,407,900	
Buildings and improvements	22,958,138	46,750	-	23,004,888	
Machinery and equipment	32,643,402	983,687	(3,330,492)	30,296,597	
Land improvements	14,605,010	-	-	14,605,010	
Subtotal	439,874,701	4,931,212	(3,491,518)	441,314,395	
Accumulated depreciation:					
Roads and sidewalks	233,169,408	13,113,510	(161,025)	246,121,893	
Buildings and improvements	17,146,379	446,904	-	17,593,283	
Machinery and equipment	26,817,971	1,558,925	(2,716,451)	25,660,445	
Land improvements	10,400,669	459,712	-	10,860,381	
Subtotal	287,534,427	15,579,051	(2,877,476)	300,236,002	
Net capital assets being depreciated	152,340,274	(10,647,839)	(614,042)	141,078,393	
Net capital assets	\$ 166,653,810	\$ (10,515,223)	\$ (614,042)	\$ 155,524,545	
<b>Business-type Activities</b>					
	Balance July 1, 2012	Reclassification	Additions	Disposals	Balance June 30, 2013
Capital assets not being depreciated:					
Land	\$ 762,394	\$ -	\$ -	\$ -	\$ 762,394
Construction in progress	1,336,668	(53,701)	-	-	1,282,967
Subtotal	2,099,062	(53,701)	-	-	2,045,361
Capital assets being depreciated:					
Buildings and improvements	58,270,369	53,701	22,061	(55,979)	58,290,152
Machinery and equipment	236,967,195	-	1,678,217	(10,129,805)	228,515,607
Land improvements	5,406,197	-	-	-	5,406,197
Subtotal	300,643,761	53,701	1,700,278	(10,185,784)	292,211,956
Accumulated depreciation:					
Buildings and improvements	24,608,545	-	2,284,687	(17,284)	26,875,948
Machinery and equipment	166,468,474	-	5,052,420	(8,311,804)	163,209,090
Land improvements	1,528,505	-	198,628	-	1,727,133
Subtotal	192,605,524	-	7,535,735	(8,329,088)	191,812,171
Net capital assets being depreciated	108,038,237	53,701	(5,835,457)	(1,856,696)	100,399,785
Net capital assets	\$ 110,137,299	\$ -	\$ (5,835,457)	\$ (1,856,696)	\$ 102,445,146

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets (Continued)

Component Units	Balance July 1, 2012	Additions	Disposals and Transfers	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 10,423,314	\$ 20,000	\$ (803,734)	\$ 9,639,580
Construction in progress	7,614,005	16,885,070	(11,912,155)	12,586,920
Subtotal	18,037,319	16,905,070	(12,715,889)	22,226,500
Capital assets being depreciated:				
Buildings and improvements	175,900,564	3,166,411	(5,182,663)	173,884,312
Machinery and equipment	104,605,413	8,809,611	(7,103,721)	106,311,303
Vehicles	354,355	-	(18,304)	336,051
Office furnishings	1,085,861	42,108	(3,499)	1,124,470
Land improvements	13,153,256	206,602	(552,109)	12,807,749
Leasehold improvements	6,957,930	54,187	(219,992)	6,792,125
Subtotal	302,057,379	12,278,919	(13,080,288)	301,256,010
Accumulated depreciation:				
Buildings and improvements	117,622,455	4,972,961	(5,049,963)	117,545,453
Machinery and equipment	61,459,816	10,995,528	(6,790,713)	65,664,631
Vehicles	262,273	34,988	(18,304)	278,957
Office furnishings	440,836	80,041	(3,441)	517,436
Land improvements	3,393,980	370,190	(552,109)	3,212,061
Leasehold improvements	6,385,440	57,489	(228,761)	6,214,168
Subtotal	189,564,800	16,511,197	(12,643,291)	193,432,706
Net capital assets being depreciated	112,492,579	(4,232,278)	(436,997)	107,823,304
Net capital assets	\$ 130,529,898	\$ 12,672,792	\$ (13,152,886)	\$ 130,049,804

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

#### Governmental activities:

General government	\$ 953,072
Police	677,967
Judicial	35,763
Fire	60,160
Transportation	13,130,326
Emergency dispatch	77,289
Parks and recreation	572,517
Public works	5,313
Community enrichment and development	66,644
Total governmental activities	<u>\$ 15,579,051</u>



# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets (Continued)

Business-type activities:		
Sewer		\$ 3,971,796
Water		<u>3,563,939</u>
	Total business-type activities	<u>\$ 7,535,735</u>
Component unit activities:		
Downtown Development Authority		\$ 358,474
Hurley Medical Center		16,109,516
Flint Area Enterprise Community		3,954
Economic Development Corporation		<u>39,253</u>
	Total component unit activities	<u>\$ 16,511,197</u>

### Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
Nonmajor governmental funds	General Fund	\$ 1,812,097
Internal service funds	General Fund	4,500,000
	Federal Grant Fund	2,492,039
	Nonmajor governmental funds	26,556
	Sewage Disposal Division Fund	<u>851,200</u>
	Total internal service funds	<u>7,869,795</u>
	Total	<u>\$ 9,681,892</u>
Receivable Fund	Payable Fund	Amount
<b>Advances from/to Other Funds</b>		
Sewage Disposal Division Fund	General Fund	\$ 9,800,000
Water Supply Division Fund	General Fund	<u>1,000,000</u>
	Total	<u>\$ 10,800,000</u>

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

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

Receivable Fund	Payable Entity	Amount
<b>Due to/from Primary Government and Component Units</b>		
Public Improvement Fund	Component unit - DDA (1)	\$ 9,167,900
General Fund	Component unit - EDC (1)	148,895
Federal Grants Fund	Component unit - EDC	550,000
	Total	<u>\$ 9,866,795</u>

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

The advances were created through negative pooled cash in other funds.

(1) The borrowings between primary government and component units are due to parking debt funding (DDA) and ineligible grant costs (EDC). At June 30, 2013, there was an allowance related to the due from DDA of \$4,266,449, which reduces the total due from DDA to a net amount of \$4,901,451.

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

Fund Transferred to	Fund Transferred from	Amount
General Fund	Sewage Disposal Division Fund (2)	\$ 1,860,000
	Water Supply Division Fund (2)	1,130,000
	Total General Fund	2,990,000
Nonmajor governmental funds	General Fund (3)	9,312
	Public Improvement Fund (4)	726,953
	Internal Service Funds (5)	1,500,000
	Nonmajor governmental funds (6)	292,192
	Total nonmajor governmental funds	<u>2,528,457</u>
	Total	<u>\$ 5,518,457</u>

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

- (2) The transfers from the Sewer and Water Funds to the General Fund represent return on equity.
- (3) Transfers between funds were primarily for operating purposes or to cover operating deficits.
- (4) 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.
- (5) The transfer from the Central Maintenance Garage Fund to the Garbage Collection Fund was to transfer the proceeds received to the Garbage Collection Fund, which was related to the sale of City garbage trucks.
- (6) Transfers between funds were primarily for operating purposes. The transfer from the Major Streets Fund to the Local Streets Fund is allowable per Act 51.

### 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 \$1,108,489.

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, 2013:

Years Ending June 30	Amount
2014	\$ 194,011
2015	151,834
2016	<u>52,061</u>
Total future minimum lease payments	397,906
Less amount representing interest	<u>(22,662)</u>
Long-term obligation under capital leases	<u>\$ 375,244</u>

### 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>
2014	\$ 1,784,585
2015	1,714,104
2016	1,687,311
2017	1,621,160
2018	1,200,735
Thereafter	<u>2,205,193</u>
Total minimum payments required	<u>\$ 10,213,088</u>

Rental expense for all operating leases for the year ended June 30, 2013 was \$2,086,648.

### Note 9 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received. 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. 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 debt activity for the year ended June 30, 2013 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Section 108 loan	\$ 754,000	\$ -	\$ 150,000	\$ 604,000	\$ 150,000
Section 108 loan - 500 Block	3,840,000	-	-	3,840,000	295,000
Section 108 loan - Ok Industries	106,000	-	21,000	85,000	21,000
Section 108 loan - Guaranteed Funds	5,105,000	-	75,000	5,030,000	75,000
Section 108 loan - W. Carpenter Rd. General Obligation Capital Improvement Bonds	1,681,000	-	97,000	1,584,000	98,000
Local Government Loan Program	9,490,000	-	260,000	9,230,000	275,000
Total governmental activities	8,000,000	-	185,000	7,815,000	195,000
SIB 3rd Avenue Reconstruction loan	1,928,642	-	108,977	1,819,665	109,523
Total bonds payable	30,904,642	-	896,977	30,007,665	1,218,523
Accumulated compensated absences	5,343,961	2,241,542	3,150,247	4,435,256	3,100,000
Capital lease - Telephone equipment	140,226	-	104,131	36,095	36,092
Capital lease - Equipment	27,212	-	21,622	5,590	5,592
Capital lease - Dell equipment	475,601	-	142,042	333,559	138,171
Total governmental activities	<u>\$ 36,891,642</u>	<u>\$ 2,241,542</u>	<u>\$ 4,315,019</u>	<u>\$ 34,818,165</u>	<u>\$ 4,498,378</u>

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 Neighborhood Policing Fund.

### Note 9 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Enterprise funds:					
2001 MMBA Drinking Water Revolving Fund Revenue Bonds	\$ 3,303,994	\$ -	\$ 375,000	\$ 2,928,994	\$ 385,000
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4,110,000	-	410,000	3,700,000	425,000
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	5,196,408	-	465,000	4,731,408	475,000
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	13,344,934	-	865,000	12,479,934	880,000
Total business-type activities	25,955,336	-	2,115,000	23,840,336	2,165,000
Accumulated compensated absences	625,603	602,670	690,098	538,175	538,175
Total business-type activities	<u>\$ 26,580,939</u>	<u>\$ 602,670</u>	<u>\$ 2,805,098</u>	<u>\$ 24,378,511</u>	<u>\$ 2,703,175</u>
<b>Component Unit Activities</b>					
Bonds payable:					
Series 1998A	\$ 9,705,000	\$ -	\$ 7,825,000	\$ 1,880,000	\$ 915,000
Series 1998B	15,235,000	-	13,330,000	1,905,000	600,000
Series 2003	25,590,000	-	18,080,000	7,510,000	2,360,000
Series 2010	34,715,000	-	500,000	34,215,000	500,000
Series 2011	4,706,476	-	597,541	4,108,935	678,530
Series 2013A	-	21,940,000	-	21,940,000	-
Series 2013B	-	36,590,000	-	36,590,000	555,000
Total	89,951,476	58,530,000	40,332,541	108,148,935	5,608,530
Unamortized bond discount	(1,852,720)	1,642,640	-	(210,080)	-
Total component unit activities	<u>\$ 88,098,756</u>	<u>\$ 60,172,640</u>	<u>\$ 40,332,541</u>	<u>\$ 107,938,855</u>	<u>\$ 5,608,530</u>

Annual debt service requirements to maturity for the above bonds and note 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
2014	\$ 1,398,378	\$ 1,210,607	\$ 2,608,985	\$ 2,165,000	\$ 585,008	\$ 2,750,008	\$ 5,608,530	\$ 5,684,695	\$ 11,293,225
2015	1,383,769	1,169,308	2,553,077	2,220,000	530,571	2,750,571	5,307,431	5,391,722	10,699,153
2016	1,332,096	1,125,420	2,457,516	2,275,000	474,821	2,749,821	5,792,648	5,075,542	10,868,190
2017	1,345,175	1,082,110	2,427,285	2,335,000	417,633	2,752,633	6,079,156	4,846,484	10,925,640
2018	1,234,731	1,041,391	2,276,122	2,395,000	358,946	2,753,946	6,282,010	4,610,130	10,892,140
2019-2023	6,658,093	4,572,001	11,230,094	9,825,402	910,457	10,735,859	24,519,160	19,158,696	43,677,856
2024-2028	9,774,412	3,128,164	12,902,576	2,624,934	70,435	2,695,369	15,020,000	15,017,750	30,037,750
2029-2033	5,613,032	1,249,053	6,862,085	-	-	-	13,680,000	10,808,344	24,488,344
2034-2038	1,643,223	152,850	1,796,073	-	-	-	17,185,000	5,610,282	22,795,282
2039-2041	-	-	-	-	-	-	8,675,000	315,450	8,990,450
Total	<u>\$ 30,382,909</u>	<u>\$ 14,730,904</u>	<u>\$ 45,113,813</u>	<u>\$ 23,840,336</u>	<u>\$ 3,347,871</u>	<u>\$ 27,188,207</u>	<u>\$ 108,148,935</u>	<u>\$ 76,519,095</u>	<u>\$ 184,668,030</u>

### Note 9 - Long-term Debt (Continued)

#### Future Revenues Pledged for Debt Payments

**Revenue Bond** - The City has pledged substantially all revenue of the Water and Sewer 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 are \$23,840,336 and \$3,347,872, respectively. During the current year, net revenues of the system were \$12,165,515 and State revenue-sharing revenues were \$13,667,182, as compared to the annual debt requirements of \$2,165,000 of principal and \$585,008 of interest.

**Revenues Pledged in Connection with Component Unit Debt** - The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City's state-shared revenues. The bonds issued during 2008 in the amount of \$10,000,000 were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2013, principal and interest to be paid on the bonds total \$14,513,756. During the current year, the net loss from the parking operations was \$16. Cash flow projections indicate that the DDA's annual debt service to the City for repayment of the bonds will not coincide with the City's annual debt service obligation. During the current year, the City has forgiven payment made by the City on behalf of the DDA.

**Section 108 Loans** - The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the programs are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Programs were \$3,660,688 as compared to the annual debt requirements of \$328,507.

**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, 2013

### 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, 2012		\$ 918,943,232
Legal debt limit (7 percent of assessed valuation)		64,326,026
Total bonded debt at June 30, 2013	\$ 140,194,271	
Less debt not subject to limitation under City charter and state statute:		
Revenue bonds and notes	130,964,271	
Debt subject to limitation		9,230,000
Unused debt limitation	<u>\$ -</u>	<u>\$ 55,096,026</u>

### Note 10 - Restricted Assets

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

	Governmental Activities	Business-type Activities	Component Units
Section 108 business loan proceeds	\$ 380,675	\$ -	\$ -
Equipment replacement and improvement	-	-	875,092
Self insurance	-	-	16,338,354
Revenue bond indenture held by trustee	-	-	26,816,531
Unspent bond proceeds	-	-	692,866
Revenue bond equipment replacement account - Pooled cash	-	2,001,500	-
Debt service reserve - Pooled cash	-	2,384,034	-
Total restricted assets	<u>\$ 380,675</u>	<u>\$ 4,385,534</u>	<u>\$ 44,722,843</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

During the first three months of the fiscal year, 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 Northern Trust. Employees who retire at or after age 55 (age 60 for certain Hurley Medical Center employees) with 10 years of credited service (eight 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 (five 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.

Beginning in October 2012, the City closed out the single-employer plan and transferred approximately \$270 million of assets to the Michigan Municipal Employees' Retirement System (MERS or the "System"), an agent multiple-employer defined benefit pension plan that covers substantially all employees of the City. The new System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

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.

### **Note 11 - Retirement Plans (Continued)**

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.

During the current year, all assets from FERS were transferred to the Municipal Employees' Retirement System (MERS), which at June 30, 2013 is the sole administrator of the plan. MERS is a multiple-employer retirement agent. MERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Membership in the plan at June 30, 2011, the latest date this data was tested in an actuarial valuation, was comprised of 1,276 active plan members, 223 inactive vested members, and 2,894 retirees and beneficiaries receiving payments.

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 \$3,018,836 of pension contributions withheld from employees during the year ended June 30, 2013. During 2013, employer contributions rates ranged from 12.23 percent to 59.98 percent of covered payroll. Employer contributions are based on an actuarial valuation performed as of June 30, 2011. The employer contribution for the year was \$14,909,789, which agreed to the annual required contribution. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 11 - Retirement Plans (Continued)

#### 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:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net Pension Obligation
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	-
6/30/13	6/30/11	14,909,789	100.0	-

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

Funding status and funding progress:

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Liability Individual Entry Age (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
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
6/30/11	506,504	829,380	322,876	61.1	63,063	512.0

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.

### Note 11 - Retirement Plans (Continued)

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

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. The annual contribution rate for MERS payroll used by the Medical Center in 2012 was 12.23 percent, which is based on the same rate it contributes to FERS.

As of June 30, 2013, \$3,268,705 of the net pension obligation represents pension cost from the years 2011, 2012, and 2013 that has not yet been remitted to MERS.

During the current year, all assets from FERS were transferred to MERS, which at June 30, 2013 is the sole administrator of the plan.

The net pension obligation at June 30, 2013 consists solely of amounts owed by Hurley Medical Center.

Annual pension cost and net pension obligation:

Annual required contribution/annual pension cost	\$ 12,682,496
Contributions made	(10,412,640)
**Write-off of excess liability	<u>(5,505,093)</u>
Decrease in net pension obligation	(3,235,237)
Net pension obligation - Beginning of year	<u>6,503,942</u>
Net pension obligation - End of year	<u>\$ 3,268,705</u>

\*\* During the transition from FERS to MERS, the liability was determined by the actuary not to be needed and written off.

### Note 11 - Retirement Plans (Continued)

#### 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		
	2013	2012	2011
Annual pension costs	\$ 12,682,496	\$ 11,808,875	\$ 6,059,456
Percentage of pension costs contributed	82.1 %	91.5 %	156.0 %
Net pension obligation	\$ 3,268,705	\$ 6,503,942	\$ 5,505,003

#### 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, 2013 is four 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, 2013 was \$64,149 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 position available for pension benefits at June 30, 2013 was \$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, 2013 were \$63,429, 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, 2013 were \$33,473,833 and \$253,714, respectively.

### Note 11 - Retirement Plans (Continued)

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 \$89, resulting in an employer contribution of \$8 and employee contribution of \$6.

#### 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 \$33,473,833. The current year contribution was calculated based on covered payroll of \$2,684,880, resulting in an employer contribution of \$160,112 and employee contributions of \$252,918.

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 \$33,473,833. The current year contribution was calculated based on covered payroll of \$1,302,083, resulting in an employer contribution of \$141,805 and employee contributions of \$70,796.

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 \$1,179,735.

### 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' contribution to the 401(k) plan was \$32,837. 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' contribution to the 403(b) plan amounted to \$273,651.

#### 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, now MERS, 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 retire 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, 2013, 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 position available for pension benefits at June 30, 2013 was \$0.

#### Retiree Death Benefits Plan

The City provides postretirement death benefits to certain retirees who retired after July 1, 1978, under the terms of collective bargaining agreements with two employee unions. If the retiree was a member of one of the bargaining units at the time of retirement, his or her designated beneficiary will receive a death benefit at the time of the retiree's death. The death benefit ranges from \$2,500 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 676 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2013 were \$0. Net position available for benefits, reported at fair value, was \$503,076 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2013, death benefits of \$71,000 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 healthcare benefits above the capped level provided by the City's defined benefit retiree healthcare benefit plan.

During the year ended June 30, 2013, plan members contributed \$147,311. Net position available for benefits was \$14,237 at June 30, 2013. A total of \$300,000 benefit payments were made during 2013.

### **Note 12 - Other Postemployment Benefits**

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses through the Retiree Health Care Trust Fund. Benefits are provided to public safety and general employees. Currently, the plan has 2,339 members, including 506 employees in active service, 0 terminated employees not yet receiving benefits, and 1,833 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, 2013

### Note 12 - Other Postemployment Benefits (Continued)

**Funding Progress** - For the year ended June 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 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 29 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 21,789,244
Interest on the prior year's net OPEB obligation	6,671,460
Less adjustment to the annual required contribution	<u>(9,518,192)</u>
Annual OPEB cost	18,942,512
Amounts contributed - Payments of current premiums	<u>(17,016,014)</u>
Increase in net OPEB obligation	1,926,498
OPEB obligation - Beginning of year	<u>156,975,216</u>
OPEB obligation - End of year	<u>\$ 158,901,714</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	92.4	156,975,216
6/30/13	18,942,499	89.8	158,901,714

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
7/1/12	\$ 166,903	\$ 320,180,757	\$ 320,013,854	0.1	\$ -	-
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

\* For actuarial valuation date 7/1/12, the annual required contribution calculation is based on a flat dollar amount.

### **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, 2012 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, an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after nine years, and an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage dollar on a closed basis. The remaining amortization period at July 1, 2012 was 29 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'		Retiree Health		Hurley Medical
	Retirement System	Death Benefit	Care	VEBA	Center Retiree Benefit Trust Fund
<b>Statement of Net Position</b>					
Investments	\$ -	\$ 558,778	\$ -	\$ -	\$ 37,342,561
Other assets	-	15,298	1,905,805	314,237	186,887
Liabilities	-	71,000	390,813	-	-
Net position	<u>\$ -</u>	<u>\$ 503,076</u>	<u>\$ 1,514,992</u>	<u>\$ 314,237</u>	<u>\$ 37,529,448</u>
<b>Statement of Changes in Net Position</b>					
Investment income	\$ 23,116,572	\$ 80,273	\$ -	\$ 23	\$ 2,810,457
Contributions	6,028,559	-	18,356,884	147,311	5,898,301
Benefit payments	16,695,639	71,000	17,016,014	300,000	5,898,301
Other deductions	477,123,368	108	810,011	-	-
Net change in net position	<u>\$ (464,673,876)</u>	<u>\$ 9,615</u>	<u>\$ 530,859</u>	<u>\$ (152,666)</u>	<u>\$ 2,810,457</u>

### Note 14 - Hurley Medical Center Other Postemployment Benefits

Effective for retirements on or after July 1, 1983, Hurley Medical Center (the "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 insurance premiums to eligible retirees and their spouses through the Retiree Health Benefit Plan (the "Plan"). Retirees receive full or partial health insurance coverage depending on the employee's date of employment and union affiliation. During 2007, the Plan was frozen to new participants. During the year ended June 30, 2010, the Plan was amended to eliminate the full coverage benefits to those eligible employees. Eligible retirees prior to December 31, 2009 were grandfathered into the Plan with full health insurance benefits. The number of participants was 508 and 514 in June 30, 2013 and 2012, respectively.

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

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

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

**Annual Pension Cost and Net Pension Obligation**

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
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	-
6/30/13	7,011,793	51	3,432,051

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

	June 30	
	2011	2009
Actuarial value of assets	\$ 28,182,766	\$ 17,143,602
Actuarial accrued liability (AAL) (entry age)	\$ 90,042,892	\$ 88,341,116
Unfunded AAL (UAAL)	\$ 61,860,126	\$ 71,197,514
Funded ratio	31.3 %	19.4 %
Covered payroll	\$ 119,888,970	\$ 119,888,970
UAAL as a percentage of covered payroll	51.6 %	59.4 %

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

### **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 ineligible grant expenses refunded to the grantor by the City during the year ended June 30, 2013 was \$91,246, which includes no amounts still owed.

### **Note 15 - Significant Contingent Liabilities (Continued)**

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, 2013 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, 2013 was not material.

The City pays unemployment claims on a reimbursement basis. The amount of estimated claims payable at June 30, 2013 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, 2013, the City paid out \$4,376,750 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 \$16,482,044 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, 2013 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, 2013, there were 676 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 (the "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, 2013.

The Downtown Development Authority (DDA) 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 (FAEC) 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 per occurrence annually with excess claims-made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

Professional liability for claims is reported in accrued expenses, both current and long term, on the statement of net position. The carrying amount of the insurance trust assets (at market) amounted to \$16,338,470 at June 30, 2013.

**Note 16 - Risk Management (Continued)**

**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.

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	
	2013	2012	2013	2012
Unpaid claims -				
Beginning of year	\$ 3,968,000	\$ 5,768,000	\$ 36,699,882	\$ 34,883,169
Estimated claims				
incurred, including				
changes in estimates	(1,493,470)	(738,075)	-	-
Increase in claims				
liability	-	-	11,204,087	6,949,535
Defense costs and other				
fund expenses	-	-	(2,070,833)	(1,884,655)
Excess insurance				
premium payments	-	-	(1,088,550)	(1,205,667)
Claim payments	(978,754)	(1,061,925)	(2,697,000)	(2,042,500)
Estimated liability -				
End of year	<u>\$ 1,495,776</u>	<u>\$ 3,968,000</u>	<u>\$ 42,047,586</u>	<u>\$ 36,699,882</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, 2013 amounted to \$17,539,750, 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, 2013 totaled \$445,644.

As of June 30, 2013, the Medical Center had accounts receivable from HHS of \$1,025,291 and accounts payable to HHS of \$295,985.

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, 2013 amounted to \$0. There were no accounts receivable from Hurley/Binson's Medical Equipment at June 30, 2013. 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 March 2012, the GASB issued 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 Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to 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 note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 19 - Subsequent Events

Effective October 1, 2013, the City entered into a contract with the Karegnondi Water Authority (KWA) to provide water treatment services to the authority. As part of this agreement and in order to handle the capacity that this new system will bring, the City will need to make approximately \$7 million worth of upgrades to their current water plant and treatment facility.

Effective August 1, 2013, the City entered into an agreement with the KWA and Genesee County to issue debt to acquire, construct, and operate a water supply system. The debt will not exceed \$300,000,000. The City's share of the debt is 34.2 percent or an amount not to exceed \$102,600,000. As of the date of the audit report, the debt has not been issued.

The City is also a voting member of the KWA. The City joined the KWA in 2013 based on the expectation that the purchase of water for the City will be more economical in the future than continuing to purchase water from its current supplier, the Detroit Water and Sewer Department.

### Note 20 - Prior Period Adjustment

The governmental activities net position and public improvement fund fund balance at June 30, 2012 have been restated in order to record a receivable and corresponding allowance for the due from component unit from the DDA and reverse the previously reported expense related to the payment of related proceeds to the DDA, which decreased the expense recognized in the Public Improvement Fund, and had a net decrease on the net position for governmental activities. The effect of this correction is noted below as follows:

	Governmental Activities	Public Improvement Fund
Net position/fund balance - June 30, 2012 - As previously reported	\$ 23,028,879	\$ 1,630,490
Adjustment to record receivable net of allowance for the due from component unit (DDA)	-	4,901,451
Adjustment to record allowance for the due from component unit (DDA)	<u>(4,266,449)</u>	<u>-</u>
Net position/fund balance - June 30, 2012 - As restated	<u>\$ 18,762,430</u>	<u>\$ 6,531,941</u>

# City of Flint, Michigan

## Notes to Financial Statements June 30, 2013

### Note 20 - Prior Period Adjustment (Continued)

The effect on the change in net position/fund balance of the prior year is as follows:

	<u>Governmental Activities</u>	<u>Public Improvement Fund</u>
Change in net position/fund balance - June 30, 2012 - As previously reported	\$ (13,607,341)	\$ (1,198,804)
Adjustment to record receivable net of allowance for the due from component unit (DDA)	-	4,901,451
Adjustment to record allowance for the due from component unit (DDA)	<u>(4,266,449)</u>	<u>-</u>
Change in net position/fund balance - June 30, 2012 - As restated	<u>\$ (17,873,790)</u>	<u>\$ 3,702,647</u>

## **Required Supplemental Information**

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# City of Flint, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,725,000	\$ 5,725,000	\$ 6,011,342	\$ 286,342
Income taxes	14,950,000	15,300,000	14,674,274	(625,726)
Licenses and permits	1,287,931	1,711,931	1,557,320	(154,611)
Federal grants	594,324	3,446,602	2,753,854	(692,748)
State revenue	13,497,585	15,125,175	16,003,433	878,258
Charges for services	11,944,463	11,577,463	11,406,946	(170,517)
Fines and forfeitures	1,394,611	1,537,814	2,291,325	753,511
Interest	133,400	133,400	261,004	127,604
Other revenue	3,512,942	622,396	2,770,960	2,148,564
Total revenue	53,040,256	55,179,781	57,730,458	2,550,677
<b>Expenditures</b>				
Current:				
General government:				
Mayor's office	185,579	206,579	212,219	(5,640)
Finance	4,900,717	5,009,152	4,595,171	413,981
Human relations	40,103	40,103	22,613	17,490
City clerk	847,899	977,906	947,225	30,681
Law office	1,053,359	1,053,359	1,061,401	(8,042)
Human resources	736,929	770,463	687,863	82,600
Office of the ombudsman	-	28,577	27,837	740
City administrator	711,982	614,482	445,472	169,010
Total general government	8,476,568	8,700,621	7,999,801	700,820
Judicial - 68th District Court	5,358,477	5,358,479	4,955,003	403,476
Public safety:				
Police department	20,771,119	24,300,987	23,404,501	896,486
Fire	11,913,248	11,962,638	10,682,234	1,280,404
Building inspection	99,120	100,120	94,170	5,950
Emergency dispatch	3,314,413	3,314,413	3,141,130	173,283
Total public safety	36,097,900	39,678,158	37,322,035	2,356,123
Legislative - City council	352,899	352,899	344,227	8,672
Community development	1,890,694	2,062,972	1,946,636	116,336
Parks and recreation	1,994,216	1,966,574	1,853,475	113,099
Transportation	2,850,000	1,474	861	613
Total expenditures	57,020,754	58,121,177	54,422,038	3,699,139
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,980,498)	(2,941,396)	3,308,420	6,249,816
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	2,500	2,500	100	(2,400)
Transfers in	4,077,998	4,077,998	2,990,000	(1,087,998)
Transfers out	-	(40,000)	(9,312)	30,688
Total other financing sources	4,080,498	4,040,498	2,980,788	(1,059,710)
<b>Net Change in Fund Balance</b>	100,000	1,099,102	6,289,208	5,190,106
<b>Fund Balance (Deficit) - Beginning of year</b>	(19,184,850)	(19,184,850)	(19,184,850)	-
<b>Fund Balance (Deficit) - End of year</b>	<b>\$ (19,084,850)</b>	<b>\$ (18,085,748)</b>	<b>\$ (12,895,642)</b>	<b>\$ 5,190,106</b>

# City of Flint, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Federal Grants Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 28,483,591	\$ 17,215,927	\$ 18,400,485	\$ 1,184,558
State revenue	300,000	687,233	33,703	(653,530)
Charges for services	14,625	14,625	1,209	(13,416)
Interest	370,541	370,541	247,830	(122,711)
Other revenue - Local revenue	22,463	64,096	58,028	(6,068)
Total revenue	29,191,220	18,352,422	18,741,255	388,833
<b>Expenditures</b>				
Current:				
Public safety	4,455,926	5,387,004	5,321,857	65,147
Community development	15,154,977	6,977,213	7,425,188	(447,975)
Parks and recreation	7,887,396	5,302,715	5,318,080	(15,365)
Debt service	494,957	494,957	489,639	5,318
Total expenditures	27,993,256	18,161,889	18,554,764	(392,875)
<b>Net Change in Fund Balance</b>	1,197,964	190,533	186,491	(4,042)
<b>Fund Balance - Beginning of year</b>	640,253	640,253	640,253	-
<b>Fund Balance - End of year</b>	<u>\$ 1,838,217</u>	<u>\$ 830,786</u>	<u>\$ 826,744</u>	<u>\$ (4,042)</u>



# City of Flint, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Capital Project Fund Public Improvement Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,930,400	\$ 1,930,400	\$ 2,055,994	\$ 125,594
Interest	389,480	389,480	719,450	329,970
Total revenue	2,319,880	2,319,880	2,775,444	455,564
<b>Expenditures</b>				
Current - Parks and recreation	230,000	230,000	481,121	(251,121)
Debt service	1,147,953	1,147,953	600,141	547,812
Total expenditures	1,377,953	1,377,953	1,081,262	296,691
<b>Transfers Out</b>	(726,953)	(726,953)	(726,953)	-
<b>Net Change in Fund Balance</b>	214,974	214,974	967,229	752,255
<b>Fund Balance - Beginning of year (as adjusted)</b>	6,531,941	6,531,941	6,531,941	-
<b>Fund Balance - End of year</b>	<u>\$ 6,746,915</u>	<u>\$ 6,746,915</u>	<u>\$ 7,499,170</u>	<u>\$ 752,255</u>

# City of Flint, Michigan

## Required Supplemental Information Analysis of Funding Progress Year Ended June 30, 2013

### 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
6/30/06	\$ 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
6/30/11	506,504	829,380	322,876	61.1	63,063	512.0

The actuarial methods used to determine the actuarial accrued liability were 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, fire, and Hurley. 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 *
6/30/08	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	-
6/30/13	6/30/11	14,909,789	100.0	-

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

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

# City of Flint, Michigan

## Required Supplemental Information Analysis of Funding Progress (Continued) Year Ended June 30, 2013

### 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>
6/30/08	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
6/30/13	6/30/10	12,682,496	82.1	3,268,705

# **City of Flint, Michigan**

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## **Note to Required Supplemental Information Year Ended June 30, 2013**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and special revenue funds. All annual appropriations lapse at fiscal year end.

## **Other Supplemental Information**

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## 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 Fund 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 assessment allowed to provide garbage and compost collection services.

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

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

# City of Flint, Michigan

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## **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, Michigan

## Special Revenue Funds

	Major Streets Fund	Local Streets Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
<b>Assets</b>								
Cash and cash equivalents	\$ 60	\$ -	\$ -	\$ -	\$ 258,449	\$ -	\$ -	\$ -
Receivables:								
Property taxes receivable	-	-	127,798	-	-	-	31,870	-
Accrued interest receivable	-	-	-	-	11,195	-	-	-
Other receivables	24,372	-	-	-	-	-	-	-
Due from other governmental units	1,129,643	305,254	-	48,703	-	-	-	47,441
Notes and leases receivable	-	-	-	-	486,338	-	-	-
Due from other funds	500,000	1,059,914	142,183	-	-	-	-	-
Pooled cash and investments	1,553,341	175,753	277,207	1,508,591	405	6,788	178,910	-
<b>Total assets</b>	<b>\$ 3,207,416</b>	<b>\$ 1,540,921</b>	<b>\$ 547,188</b>	<b>\$ 1,557,294</b>	<b>\$ 756,387</b>	<b>\$ 6,788</b>	<b>\$ 210,780</b>	<b>\$ 47,441</b>
<b>Liabilities</b>								
Accounts payable	\$ 80,292	\$ 9,827	\$ 973	\$ 50,299	\$ -	\$ -	\$ 69,366	\$ 15,636
Due to other funds	-	-	-	-	-	-	-	26,556
Deposits and advances	25	-	-	559,698	-	-	-	-
Accrued liabilities and other	78,438	47,095	194,074	-	200,744	-	34,022	1,196
Deferred revenue	17,496	-	127,891	-	296,789	-	31,893	-
<b>Total liabilities</b>	<b>176,251</b>	<b>56,922</b>	<b>322,938</b>	<b>609,997</b>	<b>497,533</b>	<b>-</b>	<b>135,281</b>	<b>43,388</b>
<b>Fund Balances - Restricted</b>								
Roads	3,031,165	1,483,999	-	-	-	-	-	-
Police	-	-	224,250	947,297	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	258,854	-	-	-
Parks and recreation	-	-	-	-	-	6,788	75,499	4,053
Building inspections	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,031,165</b>	<b>1,483,999</b>	<b>224,250</b>	<b>947,297</b>	<b>258,854</b>	<b>6,788</b>	<b>75,499</b>	<b>4,053</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,207,416</b>	<b>\$ 1,540,921</b>	<b>\$ 547,188</b>	<b>\$ 1,557,294</b>	<b>\$ 756,387</b>	<b>\$ 6,788</b>	<b>\$ 210,780</b>	<b>\$ 47,441</b>



**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013**

Special Revenue Funds						Debt Service Funds			Total Nonmajor Governmental Funds
City Park	Longway Park	Building Department	Garbage Collection	Street Light	Public Safety	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	
\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,559
-	-	166	193,736	-	54,868	-	-	-	408,438
-	-	-	-	-	-	-	-	-	11,195
-	-	-	-	-	-	-	-	-	24,372
-	-	-	-	-	-	-	-	-	1,531,041
-	-	-	-	-	-	-	-	-	486,338
-	-	110,000	-	-	-	-	-	-	1,812,097
8,399	9,371	452,019	1,161,642	674,949	5,314,276	-	6,520	643	11,328,814
<b>\$ 8,399</b>	<b>\$ 9,371</b>	<b>\$ 562,235</b>	<b>\$ 1,355,378</b>	<b>\$ 674,949</b>	<b>\$ 5,369,144</b>	<b>\$ -</b>	<b>\$ 6,520</b>	<b>\$ 643</b>	<b>\$ 15,860,854</b>
\$ -	\$ -	\$ 118,016	\$ 333,136	\$ 200,419	\$ -	\$ -	\$ -	\$ -	\$ 877,964
-	-	-	-	-	-	-	-	-	26,556
-	-	-	-	-	-	-	-	-	559,723
-	-	43,085	828,365	261,109	250,801	-	-	-	1,938,929
-	-	166	193,877	-	54,868	-	-	-	722,980
-	-	161,267	1,355,378	461,528	305,669	-	-	-	4,126,152
-	-	-	-	-	-	-	-	-	4,515,164
-	-	-	-	-	-	-	-	-	1,171,547
-	-	-	-	-	-	-	6,520	643	7,163
-	-	-	-	-	-	-	-	-	258,854
8,399	9,371	-	-	-	-	-	-	-	104,110
-	-	400,968	-	-	-	-	-	-	400,968
-	-	-	-	-	5,063,475	-	-	-	5,063,475
-	-	-	-	213,421	-	-	-	-	213,421
8,399	9,371	400,968	-	213,421	5,063,475	-	6,520	643	11,734,702
<b>\$ 8,399</b>	<b>\$ 9,371</b>	<b>\$ 562,235</b>	<b>\$ 1,355,378</b>	<b>\$ 674,949</b>	<b>\$ 5,369,144</b>	<b>\$ -</b>	<b>\$ 6,520</b>	<b>\$ 643</b>	<b>\$ 15,860,854</b>

# City of Flint, Michigan

## Special Revenue Funds

	Major Streets Fund	Local Streets Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
<b>Revenue</b>								
Property taxes	\$ -	\$ -	\$ 1,644,638	\$ -	\$ -	\$ -	\$ 406,560	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Federal grants	-	280,760	-	48,703	-	-	-	-
State revenue	6,340,878	1,843,611	-	-	-	-	40,399	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	124,323	-	-	-	-
Investment (loss) income	(4,199)	(475)	(749)	(4,078)	15,388	(18)	(484)	-
Other revenue	9,139	-	-	-	26,319	-	2,290	198,719
<b>Total revenue</b>	<b>6,345,818</b>	<b>2,123,896</b>	<b>1,643,889</b>	<b>168,948</b>	<b>41,707</b>	<b>(18)</b>	<b>448,765</b>	<b>198,719</b>
<b>Expenditures</b>								
Current:								
Public safety:								
Police department	-	-	1,419,639	172,982	-	-	-	-
Combined public safety department	-	-	-	-	-	-	-	-
Building inspection	-	-	-	-	-	-	-	-
Public works - Rubbish disposal	-	-	-	-	-	-	-	-
Community development - Other community and economic development	-	-	-	-	7,693	-	-	-
Parks and recreation	-	-	-	-	-	-	447,756	227,661
Transportation	4,770,650	2,349,914	-	-	-	-	-	-
Debt service:								
Principal	108,977	-	-	-	-	-	-	-
Interest on long-term debt	9,643	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,889,270</b>	<b>2,349,914</b>	<b>1,419,639</b>	<b>172,982</b>	<b>7,693</b>	<b>-</b>	<b>447,756</b>	<b>227,661</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,456,548</b>	<b>(226,018)</b>	<b>224,250</b>	<b>(4,034)</b>	<b>34,014</b>	<b>(18)</b>	<b>1,009</b>	<b>(28,942)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	292,192	-	-	-	-	-	-
Transfers out	(292,192)	-	-	-	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(292,192)</b>	<b>292,192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,164,356</b>	<b>66,174</b>	<b>224,250</b>	<b>(4,034)</b>	<b>34,014</b>	<b>(18)</b>	<b>1,009</b>	<b>(28,942)</b>
<b>Fund Balances - Beginning of year</b>	<b>1,866,809</b>	<b>1,417,825</b>	<b>-</b>	<b>951,331</b>	<b>224,840</b>	<b>6,806</b>	<b>74,490</b>	<b>32,995</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,031,165</b>	<b>\$ 1,483,999</b>	<b>\$ 224,250</b>	<b>\$ 947,297</b>	<b>\$ 258,854</b>	<b>\$ 6,788</b>	<b>\$ 75,499</b>	<b>\$ 4,053</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2013**

Special Revenue Funds						Debt Service Funds			Total Nonmajor Governmental Funds
City Park	Longway Park	Building Department	Garbage Collection	Street Light	Public Safety	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	
\$ -	\$ -	\$ -	\$ 3,964,393	\$ -	\$ 5,130,137	\$ -	\$ -	\$ -	\$ 11,145,728
-	-	1,852,248	940	-	-	-	-	-	1,853,188
-	-	2,338,239	-	-	-	-	-	-	2,667,702
-	-	-	-	-	-	-	-	-	8,224,888
-	-	186,379	-	-	-	-	-	-	186,379
-	-	-	-	-	-	-	-	-	124,323
(23)	(25)	(1,222)	(3,115)	-	(14,366)	-	-	-	(13,366)
-	-	-	-	2,862,527	-	-	-	-	3,098,994
(23)	(25)	4,375,644	3,962,218	2,862,527	5,115,771	-	-	-	27,287,836
-	-	-	-	-	-	-	-	-	1,592,621
-	-	-	-	-	52,296	-	-	-	52,296
-	-	4,076,364	-	-	-	-	-	-	4,076,364
-	-	-	5,515,322	-	-	-	-	-	5,515,322
-	-	-	-	-	-	-	-	-	7,693
-	-	-	-	-	-	-	-	-	675,417
-	-	-	-	2,649,106	-	-	-	-	9,769,670
-	-	-	-	-	-	260,000	-	-	368,977
-	-	-	-	-	-	466,953	-	-	476,596
-	-	4,076,364	5,515,322	2,649,106	52,296	726,953	-	-	22,534,956
(23)	(25)	299,280	(1,553,104)	213,421	5,063,475	(726,953)	-	-	4,752,880
-	-	-	1,509,312	-	-	726,953	-	-	2,528,457
-	-	-	-	-	-	-	-	-	(292,192)
-	-	-	1,509,312	-	-	726,953	-	-	2,236,265
(23)	(25)	299,280	(43,792)	213,421	5,063,475	-	-	-	6,989,145
8,422	9,396	101,688	43,792	-	-	-	6,520	643	4,745,557
<b>\$ 8,399</b>	<b>\$ 9,371</b>	<b>\$ 400,968</b>	<b>\$ -</b>	<b>\$ 213,421</b>	<b>\$ 5,063,475</b>	<b>\$ -</b>	<b>\$ 6,520</b>	<b>\$ 643</b>	<b>\$ 11,734,702</b>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major Streets Fund Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State revenue	\$ 6,399,412	\$ 6,499,412	\$ 6,340,878	\$ (158,534)
Investment income (loss)	200	200	(4,199)	(4,399)
Other revenue - Local revenue	-	9,139	9,139	-
Total revenue	6,399,612	6,508,751	6,345,818	(162,933)
<b>Expenditures</b>				
Current - Transportation	6,086,836	6,248,808	4,770,650	1,478,158
Debt service	118,624	118,620	118,620	-
Total expenditures	6,205,460	6,367,428	4,889,270	1,478,158
<b>Transfers Out</b>	(292,192)	(292,192)	(292,192)	-
<b>Net Change in Fund Balance</b>	(98,040)	(150,869)	1,164,356	1,315,225
<b>Fund Balance - Beginning of year</b>	1,866,809	1,866,809	1,866,809	-
<b>Fund Balance - End of year</b>	<u>\$ 1,768,769</u>	<u>\$ 1,715,940</u>	<u>\$ 3,031,165</u>	<u>\$ 1,315,225</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Streets Fund Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 400,000	\$ 116,079	\$ 280,760	\$ 164,681
State revenue	1,815,765	1,815,765	1,843,611	27,846
Investment income (loss)	100	100	(475)	(575)
Total revenue	2,215,865	1,931,944	2,123,896	191,952
<b>Expenditures - Current - Transportation</b>	2,707,530	2,422,703	2,349,914	72,789
<b>Excess of Expenditures Over Revenue</b>	(491,665)	(490,759)	(226,018)	264,741
<b>Other Financing Sources -</b>				
Transfers in	292,192	292,192	292,192	-
<b>Net Change in Fund Balance</b>	(199,473)	(198,567)	66,174	264,741
<b>Fund Balance - Beginning of year</b>	1,417,825	1,417,825	1,417,825	-
<b>Fund Balance - End of year</b>	<u>\$ 1,218,352</u>	<u>\$ 1,219,258</u>	<u>\$ 1,483,999</u>	<u>\$ 264,741</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Neighborhood Policing Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,544,000	\$ 1,544,000	\$ 1,644,638	\$ 100,638
Investment loss	-	-	(749)	(749)
Total revenue	1,544,000	1,544,000	1,643,889	99,889
<b>Expenditures</b> - Current - Public safety - Police department	1,544,000	1,544,000	1,419,639	124,361
<b>Net Change in Fund Balance</b>	-	-	224,250	224,250
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,250</u>	<u>\$ 224,250</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - State Act 25 I - Forfeitures Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 48,703	\$ 48,703
Fines and forfeitures	150,000	150,000	124,323	(25,677)
Investment loss	-	-	(4,078)	(4,078)
Total revenue	150,000	150,000	168,948	18,948
<b>Expenditures</b> - Current - Public safety - Police department	210,472	290,473	172,982	117,491
<b>Net Change in Fund Balance</b>	(60,472)	(140,473)	(4,034)	136,439
<b>Fund Balance</b> - Beginning of year	951,331	951,331	951,331	-
<b>Fund Balance</b> - End of year	<u>\$ 890,859</u>	<u>\$ 810,858</u>	<u>\$ 947,297</u>	<u>\$ 136,439</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - EDA Revolving Loan Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 21,900	\$ 21,900	\$ 15,388	\$ (6,512)
Principal payments	24,000	24,000	26,319	2,319
Total revenue	45,900	45,900	41,707	(4,193)
<b>Expenditures</b> - Current - Community development	265,900	265,900	7,693	258,207
<b>Net Change in Fund Balance</b>	(220,000)	(220,000)	34,014	254,014
<b>Fund Balance</b> - Beginning of year	224,840	224,840	224,840	-
<b>Fund Balance</b> - End of year	<u>\$ 4,840</u>	<u>\$ 4,840</u>	<u>\$ 258,854</u>	<u>\$ 254,014</u>



# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 386,400	\$ 386,400	\$ 406,560	\$ 20,160
State revenue	-	60,000	40,399	(19,601)
Investment loss	-	-	(484)	(484)
Other revenue	3,000	3,000	2,290	(710)
Total revenue	389,400	449,400	448,765	(635)
<b>Expenditures</b> - Current - Parks and recreation	389,400	449,400	447,756	1,644
<b>Excess of Revenue Over Expenditures</b>	-	-	1,009	1,009
<b>Other Financing Sources</b> -				
Transfers in	-	40,000	-	(40,000)
<b>Net Change in Fund Balance</b>	-	40,000	1,009	(38,991)
<b>Fund Balance</b> - Beginning of year	74,490	74,490	74,490	-
<b>Fund Balance</b> - End of year	<u>\$ 74,490</u>	<u>\$ 114,490</u>	<u>\$ 75,499</u>	<u>\$ (38,991)</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Senior Citizen Centers Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Other revenue</b>	\$ 56,914	\$ 388,170	\$ 198,719	\$ (189,451)
<b>Expenditures - Current - Parks and recreation</b>	<u>6,743</u>	<u>329,979</u>	<u>227,661</u>	<u>102,318</u>
<b>Net Change in Fund Balance</b>	50,171	58,191	(28,942)	(87,133)
<b>Fund Balance - Beginning of year</b>	<u>32,995</u>	<u>32,995</u>	<u>32,995</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 83,166</u></u>	<u><u>\$ 91,186</u></u>	<u><u>\$ 4,053</u></u>	<u><u>\$ (87,133)</u></u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Building Department Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and fees	\$ 1,862,104	\$ 1,862,104	\$ 1,852,248	\$ (9,856)
Federal grants	1,500,000	2,309,672	2,338,239	28,567
Charges for services	250,000	380,605	186,379	(194,226)
Investment loss	-	-	(1,222)	(1,222)
Total revenue	3,612,104	4,552,381	4,375,644	(176,737)
<b>Expenditures - Current - Public safety -</b>				
Building inspection	3,366,833	4,330,608	4,076,364	254,244
<b>Net Change in Fund Balance</b>	245,271	221,773	299,280	77,507
<b>Fund Balance - Beginning of year</b>	101,688	101,688	101,688	-
<b>Fund Balance - End of year</b>	<b>\$ 346,959</b>	<b>\$ 323,461</b>	<b>\$ 400,968</b>	<b>\$ 77,507</b>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Garbage Collection Budgetary Comparison Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,000,000	\$ 5,000,000	\$ 3,964,393	\$ (1,035,607)
Licenses and permits	-	720	940	220
Investment loss	-	-	(3,115)	(3,115)
Total revenue	5,000,000	5,000,720	3,962,218	(1,038,502)
<b>Expenditures - Current - Public works</b>	4,901,200	6,029,708	5,515,322	514,386
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	98,800	(1,028,988)	(1,553,104)	(524,116)
<b>Other Financing Sources -</b>				
Transfers in	-	1,500,000	1,509,312	9,312
<b>Net Change in Fund Balance</b>	98,800	471,012	(43,792)	(514,804)
<b>Fund Balance - Beginning of year</b>	43,792	43,792	43,792	-
<b>Fund Balance - End of year</b>	<b>\$ 142,592</b>	<b>\$ 514,804</b>	<b>\$ -</b>	<b>\$ (514,804)</b>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Public Safety Budgetary Comparison Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ -	\$ 5,600,000	\$ 5,130,137	\$ (469,863)
Investment loss	-	-	(14,366)	(14,366)
Total revenue	-	5,600,000	5,115,771	(484,229)
<b>Expenditures</b> - Current - Public safety - Combined public safety department	-	1,059,000	52,296	1,006,704
<b>Net Change in Fund Balance</b>	-	4,541,000	5,063,475	522,475
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ 4,541,000</u>	<u>\$ 5,063,475</u>	<u>\$ 522,475</u>

# City of Flint, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Street Light Budgetary Comparison Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b> - Other revenue	\$ -	\$ 2,850,000	\$ 2,862,527	\$ 12,527
<b>Expenditures</b> - Current - Transportation	<u>-</u>	<u>2,850,000</u>	<u>2,649,106</u>	<u>200,894</u>
<b>Net Change in Fund Balance</b>	-	-	213,421	213,421
<b>Fund Balance</b> - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,421</u>	<u>\$ 213,421</u>

# City of Flint, Michigan

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## **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 Position Internal Service Funds June 30, 2013

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-insurance	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ -	\$ 390,534	\$ 100	\$ -	\$ 390,634
Receivables	-	61	2,015	200	2,276
Due from other funds	500,000	1,500,000	2,500,000	3,369,795	7,869,795
Inventory	-	-	169,903	-	169,903
Prepaid costs	-	-	-	84,152	84,152
Pooled cash and investments	1,802,311	5,931,959	1,302,047	1,835,382	10,871,699
Total current assets	2,302,311	7,822,554	3,974,065	5,289,529	19,388,459
Noncurrent assets - Capital assets:					
Assets not subject to depreciation	132,616	-	-	-	132,616
Assets subject to depreciation	567,553	-	680,487	-	1,248,040
Total noncurrent assets	700,169	-	680,487	-	1,380,656
Total assets	3,002,480	7,822,554	4,654,552	5,289,529	20,769,115
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	14,289	785,407	23,081	41,111	863,888
Accrued liabilities and other	23,844	191,240	26,925	1,047	243,056
Other payables	-	1,035,455	-	-	1,035,455
Claims payable - Current	-	-	-	854,776	854,776
Current portion of long-term debt	179,854	-	-	-	179,854
Total current liabilities	217,987	2,012,102	50,006	896,934	3,177,029
Noncurrent liabilities:					
Claims payable	-	-	-	641,000	641,000
Long-term debt	195,388	-	-	-	195,388
Total noncurrent liabilities	195,388	-	-	641,000	836,388
Total liabilities	413,375	2,012,102	50,006	1,537,934	4,013,417
<b>Net Position</b>					
Net investment in capital assets	324,927	-	680,487	-	1,005,414
Unrestricted	2,264,178	5,810,452	3,924,059	3,751,595	15,750,284
Total net position	<b>\$ 2,589,105</b>	<b>\$ 5,810,452</b>	<b>\$ 4,604,546</b>	<b>\$ 3,751,595</b>	<b>\$ 16,755,698</b>



# City of Flint, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2013

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-insurance	Total
<b>Operating Revenue - Charges for services</b>	\$ 3,100,402	\$ 30,756,517	\$ 4,695,428	\$ 1,499,084	\$ 40,051,431
<b>Operating Expenses</b>					
Salaries, wages, and fringe benefits	768,386	228,446	1,765,788	495,767	3,258,387
Utilities	-	-	38,373	-	38,373
Equipment operation	-	-	-	496	496
Claims and settlements	-	-	-	998,036	998,036
Repair and maintenance	197,638	-	98,249	-	295,887
Supplies	6,956	4,187	1,503,004	2,360	1,516,507
Insurance	-	-	-	389,879	389,879
Professional services	752,606	1,501,629	26,421	499,138	2,779,794
Miscellaneous	3,178	10,161	1,970	1,539	16,848
Costs of materials or services rendered	-	25,731,269	-	-	25,731,269
Depreciation	290,225	-	542,449	-	832,674
Total operating expenses	<u>2,018,989</u>	<u>27,475,692</u>	<u>3,976,254</u>	<u>2,387,215</u>	<u>35,858,150</u>
<b>Operating Income (Loss)</b>	1,081,413	3,280,825	719,174	(888,131)	4,193,281
<b>Nonoperating (Expenses) Revenue</b>					
Investment loss	(4,872)	(8,580)	(3,633)	(11,770)	(28,855)
Interest expense	(26,868)	-	(27,441)	-	(54,309)
Gain on disposal of capital assets	-	-	1,046,990	-	1,046,990
<b>Income (Loss) - Before contributions</b>	1,049,673	3,272,245	1,735,090	(899,901)	5,157,107
<b>Transfers Out</b>	-	-	(1,500,000)	-	(1,500,000)
<b>Change in Net Position</b>	1,049,673	3,272,245	235,090	(899,901)	3,657,107
<b>Net Position - Beginning of year</b>	1,539,432	2,538,207	4,369,456	4,651,496	13,098,591
<b>Net Position - End of year</b>	<u>\$ 2,589,105</u>	<u>\$ 5,810,452</u>	<u>\$ 4,604,546</u>	<u>\$ 3,751,595</u>	<u>\$ 16,755,698</u>

# City of Flint, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2013

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-insurance	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 3,100,402	\$ 30,756,456	\$ 4,696,516	\$ 1,499,084	\$ 40,052,458
Payments to vendors	(967,516)	(27,085,338)	(1,650,094)	(951,180)	(30,654,128)
Payments to employees	(744,542)	84,328	(1,738,863)	4,769,708	2,370,631
Claims paid	-	-	-	(3,470,460)	(3,470,460)
Net cash provided by operating activities	1,388,344	3,755,446	1,307,559	1,847,152	8,298,501
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers to other funds	-	-	(1,500,000)	-	(1,500,000)
Payments received on long-term note receivable	-	130,000	-	-	130,000
Pooled cash receipts to other funds	-	1,940,634	-	-	1,940,634
Repayments of loans from other funds	846,117	-	25,562	-	871,679
Net cash provided by (used in) noncapital financing activities	846,117	2,070,634	(1,474,438)	-	1,442,313
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sales of capital assets	-	-	1,500,000	-	1,500,000
Purchase of capital assets - Net of sales	(132,615)	-	-	-	(132,615)
Principal paid on capital debt	(267,795)	-	-	-	(267,795)
Interest payments	(26,868)	-	(27,441)	-	(54,309)
Net cash (used in) provided by capital and related financing activities	(427,278)	-	1,472,559	-	1,045,281
<b>Cash Flows from Investing Activities -</b>					
Interest loss on investments	(4,872)	(8,580)	(3,633)	(11,770)	(28,855)
<b>Net Increase in Cash and Cash Equivalents</b>	1,802,311	5,817,500	1,302,047	1,835,382	10,757,240
<b>Cash and Cash Equivalents - Beginning of year</b>	-	504,993	100	-	505,093
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 1,802,311</u>	<u>\$ 6,322,493</u>	<u>\$ 1,302,147</u>	<u>\$ 1,835,382</u>	<u>\$ 11,262,333</u>

# City of Flint, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds (Continued) Year Ended June 30, 2013

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-insurance	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 1,081,413	\$ 3,280,825	\$ 719,174	\$ (888,131)	\$ 4,193,281
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	290,225	-	542,449	-	832,674
Changes in assets and liabilities:					
Receivables	-	(61)	1,088	(200)	827
Due from others	-	-	-	5,264,428	5,264,428
Inventories	-	-	27,216	-	27,216
Accounts payable	(7,138)	161,908	(9,293)	(57,768)	87,709
Estimated claims liability	-	-	-	(2,472,224)	(2,472,224)
Accrued and other liabilities	23,844	312,774	26,925	1,047	364,590
Net cash provided by operating activities	<u>\$ 1,388,344</u>	<u>\$ 3,755,446</u>	<u>\$ 1,307,559</u>	<u>\$ 1,847,152</u>	<u>\$ 8,298,501</u>

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

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.

# City of Flint, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds June 30, 2013

	Pension Trust Funds					Agency Funds			
	Flint Employees' Retirement System	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Retiree Health Benefit Fund	Total Pension and Benefit Trust Funds	Miscellaneous Agency	County Revolving Loan	Total Agency Funds
	<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ 15,298	\$ -	\$ 314,237	\$ 794,761	\$ 1,124,296	\$ 720,573	\$ 556,607	\$ 1,277,180
Investments:									
U.S. government obligations	-	-	-	-	902,130	902,130	-	-	-
Agency securities	-	-	-	-	10,481,869	10,481,869	-	-	-
Corporate stocks	-	558,778	-	-	13,443,471	14,002,249	-	-	-
Corporate bonds	-	-	-	-	11,720,330	11,720,330	-	-	-
Receivables:									
Property taxes receivable	-	-	-	-	-	-	3,118,765	-	3,118,765
Accrued interest receivable	-	-	-	-	186,887	186,887	-	-	-
Other receivables	-	-	77,020	-	-	77,020	30	-	30
Pooled cash and investments	-	-	1,828,785	-	-	1,828,785	1,404,766	-	1,404,766
Total assets	-	574,076	1,905,805	314,237	37,529,448	40,323,566	<u>\$ 5,244,134</u>	<u>\$ 556,607</u>	<u>\$ 5,800,741</u>
<b>Liabilities</b>									
Accounts payable	-	71,000	304,057	300,000	-	675,057	\$ 639,480	\$ 205	\$ 639,685
Due to other governmental units	-	-	-	-	-	-	3,650,902	556,402	4,207,304
Deposits and advances	-	-	-	-	-	-	953,752	-	953,752
Accrued liabilities and other - Deferred revenue	-	-	86,756	-	-	86,756	-	-	-
Total liabilities	-	71,000	390,813	300,000	-	761,813	<u>\$ 5,244,134</u>	<u>\$ 556,607</u>	<u>\$ 5,800,741</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ -</u>	<u>\$ 503,076</u>	<u>\$ 1,514,992</u>	<u>\$ 14,237</u>	<u>\$ 37,529,448</u>	<u>\$ 39,561,753</u>			

# City of Flint, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2013

	Flint Employees' Retirement System	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Retiree Health Benefit Fund	Total Pension and Benefit Trust Funds
<b>Additions</b>						
Investment income (loss):						
Interest and dividends	\$ 2,312,516	\$ 10,962	\$ -	\$ 23	\$ 850,158	\$ 3,173,659
Net increase in fair value of investments	21,327,079	69,311	-	-	2,146,865	23,543,255
Investment-related expenses	(523,023)	-	-	-	(186,566)	(709,589)
Net investment income	23,116,572	80,273	-	23	2,810,457	26,007,325
Contributions:						
Employer	4,780,036	-	17,159,806	-	3,742,597	25,682,439
Employee	1,248,523	-	1,197,078	147,311	-	2,592,912
Net contributions	6,028,559	-	18,356,884	147,311	3,742,597	28,275,351
Total additions	29,145,131	80,273	18,356,884	147,334	6,553,054	54,282,676
<b>Deductions</b>						
Benefit payments	16,695,639	71,000	17,016,014	300,000	3,742,597	37,825,250
Refunds of contributions	413,842	-	-	-	-	413,842
Administrative expenses	-	108	810,011	-	-	810,119
Transfer to MERS	476,709,526	-	-	-	-	476,709,526
Total deductions	493,819,007	71,108	17,826,025	300,000	3,742,597	515,758,737
<b>Net (Decrease) Increase in Net Position Held in Trust</b>	(464,673,876)	9,165	530,859	(152,666)	2,810,457	(461,476,061)
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	464,673,876	493,911	984,133	166,903	34,718,991	501,037,814
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ -</u>	<u>\$ 503,076</u>	<u>\$ 1,514,992</u>	<u>\$ 14,237</u>	<u>\$ 37,529,448</u>	<u>\$ 39,561,753</u>

# City of Flint, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2013

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b><u>Miscellaneous Agency</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 719,140	\$ 1,543	\$ (110)	\$ 720,573
Receivables	3,066,734	79,862,095	(79,810,034)	3,118,795
Pooled cash and investments	1,471,570	57,433,533	(57,500,337)	1,404,766
Total assets	<b><u>\$ 5,257,444</u></b>	<b><u>\$ 137,297,171</u></b>	<b><u>\$ (137,310,481)</u></b>	<b><u>\$ 5,244,134</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 316,517	\$ 32,074,581	\$ (31,751,618)	\$ 639,480
Due to other governmental units	4,072,085	78,451,805	(78,872,988)	3,650,902
Deposits and advances	868,842	521,541	(436,631)	953,752
Total liabilities	<b><u>\$ 5,257,444</u></b>	<b><u>\$ 111,047,927</u></b>	<b><u>\$ (111,061,237)</u></b>	<b><u>\$ 5,244,134</u></b>
<b><u>County Revolving Loan</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 553,759	\$ 49,445	\$ (46,597)	\$ 556,607
Loans receivable	3,089	2,195	(5,284)	-
Total assets	<b><u>\$ 556,848</u></b>	<b><u>\$ 51,640</u></b>	<b><u>\$ (51,881)</u></b>	<b><u>\$ 556,607</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,382	\$ (1,177)	\$ 205
Due to other governmental units	556,848	6,641	(7,087)	556,402
Total liabilities	<b><u>\$ 556,848</u></b>	<b><u>\$ 8,023</u></b>	<b><u>\$ (8,264)</u></b>	<b><u>\$ 556,607</u></b>
<b><u>Agency Combined</u></b>				
<b>Assets</b>				
Pooled cash and investments	\$ 1,471,570	\$ 57,433,533	\$ (57,500,337)	\$ 1,404,766
Cash and cash equivalents	1,272,899	50,988	(46,707)	1,277,180
Receivables	3,066,734	79,862,095	(79,810,034)	3,118,795
Loans receivable	3,089	2,195	(5,284)	-
Total assets	<b><u>\$ 5,814,292</u></b>	<b><u>\$ 137,348,811</u></b>	<b><u>\$ (137,362,362)</u></b>	<b><u>\$ 5,800,741</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 316,517	\$ 32,075,963	\$ (31,752,795)	\$ 639,685
Due to other governmental units	4,628,933	78,458,446	(78,880,075)	4,207,304
Deposits and advances	868,842	521,541	(436,631)	953,752
Total liabilities	<b><u>\$ 5,814,292</u></b>	<b><u>\$ 111,055,950</u></b>	<b><u>\$ (111,069,501)</u></b>	<b><u>\$ 5,800,741</u></b>

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

**Revenue Capacity:**

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

Taxable Value and Actual Value of Taxable Property	Schedule 6
Direct and Overlapping Property Tax Rates	Schedule 7
Principal Property 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 Position by Component**

Last Ten Fiscal Years

	As of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 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	\$ 153,329,640
Restricted	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	31,548,910
Unrestricted	(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)	(158,391,840)
<b>Total net position</b>	<b>150,676,592</b>	<b>149,097,013</b>	<b>155,033,732</b>	<b>162,498,113</b>	<b>144,940,437</b>	<b>109,679,467</b>	<b>69,961,159</b>	<b>36,636,220</b>	<b>23,028,879</b>	<b>26,486,710</b>
<b>Business-type Activities:</b>										
Net investment in capital assets	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	78,604,810
Restricted	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	4,385,534
Unrestricted	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)	8,278,835
<b>Total net position</b>	<b>254,525,217</b>	<b>258,501,719</b>	<b>248,935,326</b>	<b>232,781,526</b>	<b>229,090,365</b>	<b>222,749,389</b>	<b>201,447,421</b>	<b>182,302,713</b>	<b>81,308,633</b>	<b>91,269,179</b>
<b>Primary Government in Total:</b>										
Net investment in capital assets	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	231,934,450
Restricted	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	35,934,444
Unrestricted	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)	(150,113,005)
<b>Total net position</b>	<b>405,201,809</b>	<b>407,598,732</b>	<b>403,969,058</b>	<b>395,279,639</b>	<b>374,030,802</b>	<b>332,428,856</b>	<b>271,408,580</b>	<b>218,938,933</b>	<b>104,337,512</b>	<b>117,755,889</b>

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 Position**

Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
General government	\$ 33,042,657	\$ 35,828,206	\$ 20,733,886	\$ 22,445,665	\$ 30,126,082	\$ 28,617,291	\$ 26,999,131	\$ 18,640,073	\$ 12,034,876	\$ 7,880,521
Judicial	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	5,095,682
Public safety	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	39,022,487
Building inspection	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	4,017,923
Public works	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	22,978,241
Community enrichment and development	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	19,981,427
Parks and recreation	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	2,864,223
Interest on long-term debt	360,690	313,032	436,774	824,536	1,091,347	1,122,341	806,637	1,132,521	1,361,513	1,021,815
<b>Total governmental activities</b>	<b>119,578,135</b>	<b>107,672,339</b>	<b>109,881,332</b>	<b>134,984,945</b>	<b>167,444,107</b>	<b>147,699,353</b>	<b>142,963,669</b>	<b>140,843,707</b>	<b>111,381,769</b>	<b>102,862,319</b>
<b>Program revenues:</b>										
Charges for services										
General government	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	10,652,009
Judicial	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	1,696,157
Public safety	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	3,180,137
Building inspection	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	2,062,378
Public works	24,265	127,111	112,275	15,715,702	8,221	9,124	267,712	186,105	63,496	65,025
Community enrichment and developmen	111,737	218,020	152,119	499,645	147,744	69,749	564,698	53,960	11,371	1,659
Parks and recreation	96,438	52,367	33,370	40,679	53,999	44,512	30,193	554,742	229,710	10,075
<b>Total charges for services</b>	<b>27,278,842</b>	<b>18,624,426</b>	<b>20,716,887</b>	<b>37,997,544</b>	<b>25,978,098</b>	<b>22,662,721</b>	<b>23,060,189</b>	<b>25,796,383</b>	<b>16,547,857</b>	<b>17,667,440</b>
Operating grants and contributions	23,015,985	15,466,318	21,701,007	20,341,109	19,590,161	17,154,589	22,074,893	27,243,104	20,903,212	14,213,238
Capital grants and contributions	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	21,872,060
<b>Total program revenue</b>	<b>54,205,249</b>	<b>36,074,718</b>	<b>46,941,468</b>	<b>76,402,438</b>	<b>54,418,701</b>	<b>49,980,146</b>	<b>49,571,609</b>	<b>59,454,432</b>	<b>50,741,584</b>	<b>53,752,738</b>
<b>Net expense</b>	<b>(65,372,886)</b>	<b>(71,597,621)</b>	<b>(62,939,864)</b>	<b>(58,582,507)</b>	<b>(113,025,406)</b>	<b>(97,719,207)</b>	<b>(93,392,060)</b>	<b>(81,389,275)</b>	<b>(60,640,185)</b>	<b>(49,109,581)</b>
<b>General revenues:</b>										
Property taxes	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	21,722,352
Income taxes	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	14,674,274
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	13,667,182
Franchise fees	-	-	1,022,191	1,036,958	1,045,656	1,112,359	1,139,147	1,215,745	1,167,325	1,084,668
Unrestricted investment earnings	1,156,340	873,119	2,875,063	2,502,919	2,133,630	1,109,633	624,699	507,915	632,134	445,325
Unrestricted grants and contributions	19,978,653	1,054,290	-	-	-	-	-	-	-	-
Unrestricted earnings	74,649	221,401	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	335,928	39,425	35,610	69,084	(327,551)	-	-	1,046,990
Miscellaneous revenue	-	-	-	-	150,975	-	54,549	84,408	36,324	1,203,070
<b>Total general revenues</b>	<b>65,659,873</b>	<b>69,777,205</b>	<b>68,876,583</b>	<b>66,046,888</b>	<b>64,443,827</b>	<b>59,378,614</b>	<b>50,690,575</b>	<b>50,770,924</b>	<b>44,042,844</b>	<b>53,843,861</b>
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(703,256)	250,179	-	-	-	3,079,623	2,983,177	5,670,849	2,990,000	2,990,000
<b>Change in net position</b>	<b>(416,269)</b>	<b>(1,570,237)</b>	<b>5,936,719</b>	<b>7,464,381</b>	<b>(48,581,579)</b>	<b>(35,260,970)</b>	<b>(39,718,308)</b>	<b>(24,947,502)</b>	<b>(13,607,341)</b>	<b>7,724,280</b>

**CITY OF FLINT, MICHIGAN**

**Changes in Business-type Net Position - Primary Government**

Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Operating Revenue</b>										
Sale of water	\$ 31,394,271	\$ 30,875,582	\$ 34,177,436	\$ 33,172,084	\$ 33,956,858	\$ 34,080,677	\$ 31,956,754	\$ 36,762,663	\$ 44,850,678	\$ 49,880,827
Sewage disposal charges	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	32,025,929
Hurley Medical Center	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	1,199,414	1,165,773	1,035,664	1,030,999	891,241	1,098,854	583,498	-	3,761	23,041
<b>Total operating revenue</b>	<b>375,378,945</b>	<b>394,713,030</b>	<b>381,330,771</b>	<b>399,978,557</b>	<b>384,191,448</b>	<b>404,808,710</b>	<b>409,401,326</b>	<b>408,478,909</b>	<b>68,069,338</b>	<b>81,929,797</b>
<b>Operating Expenses</b>										
Cost of water produced/purchased	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	23,308,800
Water supply	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	14,429,553
Sewage disposal	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	21,203,557
Hurley Medical Center	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	1,133,198	744,469	999,994	1,332,660	1,625,295	1,203,591	1,156,400	-	-	-
Depreciation	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	7,538,013
<b>Total operating expenses</b>	<b>373,940,221</b>	<b>394,409,759</b>	<b>391,362,016</b>	<b>417,977,466</b>	<b>393,350,195</b>	<b>412,941,576</b>	<b>426,040,795</b>	<b>421,688,606</b>	<b>67,157,655</b>	<b>66,479,923</b>
<b>Operating Income (Loss)</b>	<b>1,438,724</b>	<b>303,271</b>	<b>(10,031,245)</b>	<b>(17,998,909)</b>	<b>(9,158,747)</b>	<b>(8,132,866)</b>	<b>(16,639,469)</b>	<b>(13,209,697)</b>	<b>911,683</b>	<b>15,449,874</b>
<b>Nonoperating Revenue (Expense)</b>										
Investment income	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	945
Interest expense	(6,024,326)	(3,257,534)	(4,673,513)	(4,620,131)	(4,739,233)	(4,717,484)	(4,528,788)	(4,594,996)	(694,504)	(787,584)
Income (loss) from joint ventures	2,098,517	2,677,943	2,734,278	(965,390)	3,639,181	2,327,524	742,126	1,469,880	-	-
(Loss) gain on disposal of assets	(578)	125,583	(712,535)	(324,965)	(653,040)	(313,727)	(165,327)	-	-	(1,856,694)
Capital grants and contributions	51,963	1,110,785	1,184,108	743,606	838,132	476,760	(42,567)	797,749	-	99,240
Miscellaneous revenue	-	-	-	-	-	-	-	-	51,215	44,765
<b>(Loss) Income - Before transfers</b>	<b>(667,305)</b>	<b>4,226,681</b>	<b>(9,566,393)</b>	<b>(16,153,800)</b>	<b>(3,691,162)</b>	<b>(5,870,948)</b>	<b>(18,447,646)</b>	<b>(13,488,565)</b>	<b>477,573</b>	<b>12,950,546</b>
Grants for capital improvements	-	-	-	-	-	199,596	128,855	14,706	-	-
Transfers from other funds	703,256	736,405	-	-	-	2,320,377	6,823	285,992	-	-
Transfers to other funds	-	(986,584)	-	-	-	(2,990,000)	(2,990,000)	(5,956,841)	(2,990,000)	(2,990,000)
<b>Change in Net Position</b>	<b>35,951</b>	<b>3,976,502</b>	<b>(9,566,393)</b>	<b>(16,153,800)</b>	<b>(3,691,162)</b>	<b>(6,340,975)</b>	<b>(21,301,968)</b>	<b>(19,144,708)</b>	<b>(2,512,427)</b>	<b>9,960,546</b>
<b>Change in Net Position - Primary Government</b>	<b>(380,318)</b>	<b>2,406,265</b>	<b>(3,629,674)</b>	<b>(8,689,419)</b>	<b>(52,272,741)</b>	<b>(41,601,945)</b>	<b>(61,020,276)</b>	<b>(44,092,210)</b>	<b>(16,119,768)</b>	<b>17,684,826</b>

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

	As of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011 *	2012*	2013*
<b>General Fund</b>										
Restricted	\$ 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)	(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)	(12,895,642)
<b>Total General Fund (Deficit)</b>	<b>(7,789,059)</b>	<b>6,099,957</b>	<b>8,915,254</b>	<b>6,351,694</b>	<b>(6,869,370)</b>	<b>(10,113,744)</b>	<b>(14,621,546)</b>	<b>(7,276,139)</b>	<b>(19,184,850)</b>	<b>(12,895,642)</b>
<b>All Other Governmental Funds</b>										
Restricted	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	-	4,901,451
Assigned	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	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	12,554,283
Debt service funds	54,045	6,578	6,721	7,067	7,163	7,163	7,163	7,163	7,163	7,163
Capital projects funds	1,909,930	87,638	996,232	812,881	3,460,669	304,138	1,831,338	1,657,446	1,630,490	2,597,719
Unassigned	-	-	-	-	-	-	-	1,667	-	-
<b>Total All Other Governmental Funds</b>	<b>6,753,501</b>	<b>19,958,046</b>	<b>21,853,598</b>	<b>18,885,118</b>	<b>17,957,821</b>	<b>17,844,430</b>	<b>6,391,017</b>	<b>7,091,815</b>	<b>7,016,300</b>	<b>20,060,616</b>
<b>Total Governmental Fund Balance</b>	<b>(1,035,558)</b>	<b>26,058,003</b>	<b>30,768,852</b>	<b>25,236,812</b>	<b>11,088,451</b>	<b>7,730,686</b>	<b>(8,230,529)</b>	<b>(184,324)</b>	<b>(12,168,550)</b>	<b>7,164,974</b>

In 2011, there was a prior period adjustment in the General Fund, see Note 1 in the June 30, 2011 financial statements.

In 2013, there was a prior period adjustment in the Public Improvement Fund, see Note 20 in the June 30, 2013 financial statements.

\* 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									
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013*
<b>Revenue</b>										
Property taxes	\$ 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	\$ 19,213,064
Income taxes	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	14,674,274
Special assessments	-	327,834	174,930	54,225	39,947	211,682	41,479	-	-	-
Federal revenue	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	23,822,041
State-shared revenues and grants	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	24,262,024
Licenses and permits	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	3,410,508
Fines and forfeitures	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	2,415,648
Charges for services	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	11,594,534
Local grants	1,816,437	778,851	931,252	633,911	1,413,470	2,510,298	1,961,589	-	-	-
Interest and other	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	7,142,900
<b>Total revenue</b>	<b>111,652,610</b>	<b>98,683,963</b>	<b>105,584,547</b>	<b>104,475,962</b>	<b>100,447,286</b>	<b>99,486,820</b>	<b>93,876,410</b>	<b>108,976,057</b>	<b>94,265,607</b>	<b>106,534,993</b>
<b>Expenditures</b>										
Current:										
Legislative	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	344,227
Judicial	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	4,955,003
General government	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	7,999,801
Public safety	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	44,194,639
Building inspections	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	4,170,534
Public works	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	15,285,853
Parks and recreation	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	8,328,093
Community development	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	9,379,517
Debt service:										
Principal	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	896,977
Interest and fiscal charges	360,690	313,032	436,945	586,217	738,835	881,328	675,147	623,873	837,291	1,038,376
<b>Total expenditures</b>	<b>103,817,596</b>	<b>95,611,790</b>	<b>105,392,546</b>	<b>109,497,303</b>	<b>131,699,422</b>	<b>104,127,794</b>	<b>111,637,631</b>	<b>110,430,073</b>	<b>107,492,392</b>	<b>96,593,020</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>7,835,014</b>	<b>3,072,173</b>	<b>192,001</b>	<b>(5,021,341)</b>	<b>(31,252,136)</b>	<b>(4,640,974)</b>	<b>(17,761,221)</b>	<b>(1,454,016)</b>	<b>(13,226,785)</b>	<b>9,941,973</b>
<b>Other Financing Sources (Uses)</b>										
Debt issuance	-	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	100
Interest expense	-	-	-	-	-	(104,697)	-	-	-	-
Transfers in	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	5,518,457
Transfers out	(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)	(1,028,457)
<b>Total other financing (uses) sources</b>	<b>(744,691)</b>	<b>8,252,874</b>	<b>4,518,848</b>	<b>(510,699)</b>	<b>17,103,775</b>	<b>1,178,512</b>	<b>1,800,006</b>	<b>9,500,221</b>	<b>1,242,559</b>	<b>4,490,100</b>
<b>Net change in fund balances</b>	<b>7,090,323</b>	<b>11,325,047</b>	<b>4,710,849</b>	<b>(5,532,040)</b>	<b>(14,148,361)</b>	<b>(3,462,462)</b>	<b>(15,961,215)</b>	<b>8,046,205</b>	<b>(11,984,226)</b>	<b>14,432,073</b>
Fund Balances - Beginning of year	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)	(7,267,099)
<b>Fund Balances - End of year</b>	<b>14,742,298</b>	<b>26,058,003</b>	<b>30,768,852</b>	<b>25,236,812</b>	<b>11,088,451</b>	<b>7,625,989</b>	<b>(8,230,529)</b>	<b>(184,324)</b>	<b>(12,168,550)</b>	<b>7,164,974</b>
<b>Debt service expenditures as a percentage of capital outlay expenditures</b>	<b>19.41%</b>	<b>18.42%</b>	<b>26.81%</b>	<b>8.05%</b>	<b>14.47%</b>	<b>24.78%</b>	<b>27.48%</b>	<b>29.80%</b>	<b>48.13%</b>	<b>38.22%</b>
<b>Debt service expenditures as a percentage of noncapital outlay expenditures</b>	<b>80.59%</b>	<b>81.58%</b>	<b>73.19%</b>	<b>91.95%</b>	<b>85.53%</b>	<b>75.22%</b>	<b>72.52%</b>	<b>70.20%</b>	<b>51.87%</b>	<b>61.78%</b>

Note: The fund balance at 6-30-04 was restated.  
\* There was a prior period adjustment in 2011 and 2013.

Revenue Capacity Information - Schedule 6

**CITY OF FLINT, MICHIGAN**

**Taxable Value and Actual Value of Taxable Property**

Since 2001 - Last Thirteen Fiscal Years

Tax Year	Fiscal Year Ended June 30,	Taxable Value by Property Type							Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
		Real Property			Personal Property	Total Taxable Value	Tax Rate (mills)				
		Residential	Commercial	Industrial							
2001	2002	\$ 735,141,459	\$ 213,306,825	\$ 195,586,761	\$ 395,076,836	\$ 1,539,111,881	56.8956	\$ 3,511,923,954	43.83%	\$ 92,409,000	
2002	2003	773,884,137	221,047,898	187,870,246	387,314,141	1,570,116,422	56.8103	3,607,345,434	43.53%	90,951,800	
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500	
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600	
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151	
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751	
2007	2008	943,643,241	233,136,810	204,025,343	317,960,800	1,698,766,194	58.6748	3,932,588,200	43.20%	103,753,679	
2008	2009	944,469,331	224,215,379	188,255,857	286,484,300	1,643,424,867	58.6748	3,821,928,000	43.00%	84,654,733	
2009	2010	898,762,329	217,485,191	168,241,617	221,121,300	1,505,610,437	58.6750	3,296,817,600	45.67%	83,166,191	
2010	2011	799,683,301	216,082,248	146,733,154	142,622,700	1,305,121,403	65.3850	2,786,085,200	46.84%	74,687,017	
2011	2012	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005	62.8550	2,383,030,600	48.12%	48,290,169	
2012	2013	505,714,706	196,112,442	129,649,913	158,959,800	990,436,861	66.3548	1,938,259,600	51.10%	42,861,946	
2013	2014	362,867,708	181,351,218	77,833,577	154,602,400	776,654,903	66.4550	1,590,344,800	48.84%	27,773,300	

Notes: An additional one-time Court-Ordered Levy of 6.7100 (Genesee Towers Judgment) 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 Fourteen Fiscal Years

**Millage Rates - Direct City Taxes**

Tax Year	Public						Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County	County Parks and Recreation
	General Operating	Improve-ments	Police	Public Transp	Parks & Rec	Public Safety					
2000	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4910	5.5780	0.4910
2001	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4906	5.5735	0.4906
2002	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4886	5.5512	0.4886
2003	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5072	0.4849
2007 ***	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2008	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2009	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2010	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2011	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2012	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847
2013 ****	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.3072	0.4847

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

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

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

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

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

\*\*\*\*\* In 2013, the County Millage increased with the addition of a Veterans Services Millage of 0.1000 and an increase in the Flint Public Library Millage of 0.5000 Mills. The Direct City Taxes increased by 6.0 mills with the addition of the Public Safety Millage and decreased by 0.3000 mills with the elimination of the Waste Collection Millage.

Source: City Audit Dept. / City Assessor

**Overlapping Tax Rates\***

**Total Tax Rate**

<b>Mott</b>									
<b>Bishop Airport</b>	<b>MTA</b>	<b>District Library</b>	<b>Michigan S.E.T.</b>	<b>Community College</b>	<b>Intermediate School District</b>	<b>School: Homestead</b>	<b>School: Non- homestead</b>	<b>Homestead</b>	<b>Non- homestead</b>
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
0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.4550	66.4550



Revenue Capacity Information - Schedule 8

**CITY OF FLINT, MICHIGAN**

**Principal Property Taxpayers**

Current Year and Ten Years Ago

Taxpayer	2013			2004		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Consumers Power Co	\$ 51,846,700	1	6.52%	\$ 57,226,300	3	3.07%
General Motors LLC *	47,836,300	2	6.02%	223,539,600	1	11.99%
Delphi Automotive Systems LLC	12,067,500	3	1.52%	86,195,700	2	4.62%
Barette Outdoor Living, Inc	6,613,900	4	0.83%	4,129,000	10	0.22%
4405 Continental Drive LLC	6,439,100	5	0.81%			
IINN, Inc	5,251,400	6	0.66%			
Comcast Cablevision	5,106,000	7	0.64%	3,793,200	9	0.20%
Saginaw & Court Assoc	4,525,700	8	0.57%			
Citizens Bank (First Merit)	3,371,400	9	0.42%	5,710,700	6	0.31%
Diplomat	2,763,300	10	0.35%			
Great Lakes Tech Centre				10,215,400	4	0.55%
PPG Industries, Inc.				5,568,400	5	0.30%
The Herald				4,478,900	7	0.24%
Eastridge Common Realty				5,409,000	8	0.29%
<b>Total Assessed Value, Top Ten</b>	<b>\$ 145,821,300</b>		<b>18.34%</b>	<b>\$ 406,266,200</b>		<b>21.79%</b>
* Includes AC Rochester						
<b>Total Ad Valorem Assessed Value</b>	<b>\$ 795,172,400</b>			<b>\$ 1,863,768,043</b>		

Source: City Assessor

Revenue Capacity Information - Schedule 9

**CITY OF FLINT, MICHIGAN**

**Property Tax Levies and Collections**

Since 2000 - Last Fourteen Fiscal Years

<b>Tax Year <sup>(a)</sup></b>	<b>Fiscal year ended June 30,</b>	<b>Total Tax Levy <sup>(b)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected <sup>(c)</sup></b>	<b>Delinquent Tax Collections <sup>(d)</sup></b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
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%
2012	2013	28,192,664	19,113,565	67.80%	5,020,599	24,134,164	85.60%

<sup>(a)</sup> Taxes are levied on the first day of the subsequent fiscal year.

<sup>(b)</sup> Does not include Flint Downtown Development Authority levies.

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

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

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

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

Debt Capacity Information - Schedule 10

**CITY OF FLINT, MICHIGAN**

**Ratios of Outstanding Debt**

Last Eleven Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>											
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	\$ 9,230,000
Local government loan	-	-	-	-	-	-	-	-	8,000,000	8,000,000	7,815,000
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	12,962,665
Capital leases	815,767	493,636	154,025	-	-	854,136	437,362.91	398,088	286,104	643,039	375,244
<b>Total Governmental Activities</b>	<b>\$ 10,059,986</b>	<b>\$ 7,031,342</b>	<b>\$ 13,063,683</b>	<b>\$ 13,905,580</b>	<b>\$ 12,266,354</b>	<b>\$ 28,621,442</b>	<b>\$ 28,460,538</b>	<b>\$ 25,712,639</b>	<b>\$ 31,887,183</b>	<b>\$ 31,547,681</b>	<b>\$ 30,382,909</b>
<b>Business-type Activities</b>											
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	23,840,336
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	-	-	-	-
<b>Total Business-type Activities</b>	<b>\$ 112,990,908</b>	<b>\$ 109,808,065</b>	<b>\$ 114,767,434</b>	<b>\$ 111,317,396</b>	<b>\$ 103,970,997</b>	<b>\$ 97,615,332</b>	<b>\$ 92,048,586</b>	<b>\$ 122,692,313</b>	<b>\$ 117,225,336</b>	<b>\$ 25,955,336</b>	<b>\$ 23,840,336</b>
<b>Total Debt of the Government</b>	<b>\$ 123,050,894</b>	<b>\$ 116,839,407</b>	<b>\$ 127,831,117</b>	<b>\$ 125,222,976</b>	<b>\$ 116,237,351</b>	<b>\$ 126,236,774</b>	<b>\$ 120,509,124</b>	<b>\$ 148,404,952</b>	<b>\$ 149,112,519</b>	<b>\$ 57,503,017</b>	<b>\$ 54,223,245</b>
<b>Total Residential Personal Income</b>	\$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	\$384,627,255
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%	14.10%
<b>Total Population</b>	121,308	119,949	118,596	117,271	115,821	114,449	112,857	111,475	102,434	101,558	100,515
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	\$ 539.45

Debt Capacity Information - Schedule I I

**CITY OF FLINT, MICHIGAN**

**Ratios of General Bonded Debt Outstanding**

Since 2000 - Last Fourteen Fiscal Years

Fiscal Year	Tax-Limited			Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
	General Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt				
2000	\$ 9,887,554	\$ 5,905,161	\$ 15,792,715	\$ 1,650,093,226	0.99%	126,525	\$ 124.82
2001	7,731,724	4,959,681	12,691,405	1,593,968,738	0.81%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,570,116,422	0.85%	123,349	109.37
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,308	82.93
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.42%	119,949	58.62
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.78%	118,596	110.15
2006	6,765,000	7,140,580	13,905,580	1,680,872,526	0.82%	117,271	118.58
2007	5,490,000	6,776,354	12,266,354	1,698,766,194	0.75%	115,821	105.91
2008	14,180,000	13,587,306	27,767,306	1,643,424,867	1.84%	114,449	242.62
2009	12,830,000	15,193,175	28,023,175	1,505,610,437	1.86%	112,857	248.31
2010	9,910,000	13,969,551	23,879,551	1,305,121,403	1.83%	111,475	214.21
2011	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40
2012	9,490,000	13,414,642	22,904,642	991,241,706	2.31%	101,558	225.53
2013	9,230,000	7,815,000	17,045,000	776,654,903	2.19%	101,515	167.91

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 2013		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 35,402,781	14.22%	\$ 5,034,275
Flint School District	13,500,000	100.00%	13,500,000
Genesee Intermediate School District	1,474,280	14.22%	209,643
Airport Authority	10,605,000	14.22%	1,508,031
Mott Community College	46,125,000	14.22%	6,558,975
Carman School District	42,168,000	13.20%	5,566,176
Kearsley School District	669,450	2.00%	13,389
Swartz Creek School District	14,184,435	75.00%	10,638,326
Westwood Heights School District	14,258	2.12%	302
Mass Transit Authority	-	14.22%	-
Flint Public Library	-	14.22%	-
Total Overlapping Debt			43,029,117
Direct City Debt			30,007,665
Total Direct and Overlapping Debt			<b>\$ 73,036,782</b>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Calculation of legal debt limit:</b>										
Assessed valuation	\$ 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	\$ 795,172,400
7% of assessed valuation *	\$ 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	\$ 55,662,068
<b>Calculation of debt subject to limit:</b>										
Total bonded debt at June 30	\$ 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	\$ 54,223,245
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 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	\$ 44,993,245
Debt subject to limitation (net debt)	\$ 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	\$ 9,230,000
Legal debt margin (unused debt limitation)	\$ 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	\$ 46,432,068
Net debt subject to limit as % of debt limit	5.10%	9.17%	6.20%	4.26%	10.79%	11.13%	10.16%	11.67%	13.99%	16.58%

\*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	
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
2013	49,903,868	38,525,937	11,377,931	211,500	787,584	999,084	11.39

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

Depreciation, amortization, loss on sale of capital assets, postemployment healthcare 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.

Demographic and Economic Information - Schedule I 5

**CITY OF FLINT, MICHIGAN**

**Demographic and Economic Statistics**

Last Twelve Calendar Years

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income *</b>	<b>Michigan Labor Market - Jobless Rate for Flint only</b>
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	\$14,718	14.5%
2008	112,857	\$ 713,773,437	\$9,387	17.7%
2009	111,475	\$ 505,681,850	\$6,403	24.4%
2010	102,434	\$ 424,438,563	\$4,937	23.4%
2011	101,558	\$ 385,354,047	\$3,794	18.9%
2012	100,515	\$ 384,627,255	\$3,827	16.6%

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 Ten Years Ago

Taxpayer	FY 2013	Percentage of Total	FY 2003	Percentage of Total	2003 Rank
	(2012) Employees		(2002) Employees		
1 General Motors Corp/Motors Liquidation Co	13,975	33.91%	18,865	24.02%	1
2 McLaren Regional Medical Center	3,014	7.31%	2,709	3.45%	7
3 Hurley Medical Center	2,811	6.82%	3,102	3.95%	6
4 University of Michigan	2,624	6.37%			
5 Flint School District	2,559	6.21%	5,417	6.90%	2
6 Genesee County	2,361	5.73%	3,555	4.53%	5
7 CS Mott Community College	2,022	4.91%			
8 Employment Plus	1,214	2.95%			
9 State of Michigan	1,183	2.87%	1,401	1.78%	9
10 Kettering University	1,010	2.45%			
Delphi Automotive Systems			4,751	6.05%	3
Genesys Health Systems			3,758	4.78%	4
City of Flint			1,458	1.86%	8
United States Postal Service			1,206	1.54%	10
	<b>32,773</b>	<b>79.53%</b>	<b>46,222</b>	<b>58.86%</b>	

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)

<b>Function / Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Administration</b>										
City Administration	5.0	3.0	1.0	2.0	2.0	2.0	6.0	5.0	1.0	1.0
Mayor's Office	2.0	3.0	3.0	10.0	9.0	5.0	2.0	3.0	2.0	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	13.0	11.0	6.0	11.0	12.0	10.0	12.0	11.5	9.0	8.0
City Clerk's Office (not including election workers)	7.0	7.0	8.0	6.0	7.0	6.0	6.0	6.0	6.0	5.0
City Council	11.0	11.0	13.0	12.0	12.0	12.0	12.0	11.0	2.0	1.0
Ombudsman's Office	1.0	1.0	1.5	2.0	5.0	2.0	2.5	2.0	0.0	0.0
Human Resources - Personnel & Labor Relations	9.0	10.0	7.0	7.0	7.0	7.0	12.0	11.0	7.0	5.0
Civil Service Commission	2.0	1.0	2.0	2.0	0.5	1.0	1.0	1.0	0.0	0.0
Human Relations Commission	2.0	2.0	2.0	2.0	3.0	2.0	2.0	1.5	1.0	0.0
Union Representatives	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0
<b>68th District Court</b>	<b>52.0</b>	<b>48.5</b>	<b>51.0</b>	<b>52.0</b>	<b>52.0</b>	<b>63.0</b>	<b>55.0</b>	<b>49.0</b>	<b>35.0</b>	<b>30.0</b>
<b>Finance Administration</b>										
Finance Department/Payroll/Retirement	18.0	17.0	18.0	17.0	19.0	14.0	14.0	12.0	8.0	8.0
Treasury/Customer Service/Income Tax Assessment	51.0	50.0	50.0	50.0	51.0	42.0	36.0	33.0	26.0	21.0
Budget Management	5.0	2.0	2.0	2.0	2.0	1.0	1.0	0.0	0.0	0.0
Information Services/Data Processing	21.0	23.0	18.0	17.0	17.0	14.0	14.0	14.0	11.0	6.0
<b>Benefits/Risk Management</b>										
Insurance, Risk & Benefits Management	8.0	8.0	9.0	9.0	9.0	9.0	4.0	4.0	4.0	0.0
Public Service Attendants	0.0	0.0	20.0	21.0	20.0	16.0	14.0	10.0	15.0	0.0
<b>Purchasing</b>										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Inventory Control/Stockkeepers	1.0	4.0	5.0	5.0	8.0	6.0	6.0	5.0	5.0	0.0
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
<b>Community &amp; Economic Development/Major Grants</b>	<b>12.0</b>	<b>12.0</b>	<b>9.0</b>	<b>9.0</b>	<b>12.0</b>	<b>9.0</b>	<b>11.0</b>	<b>15.0</b>	<b>14.0</b>	<b>11.0</b>

Operating Information - Schedule 17

**CITY OF FLINT, MICHIGAN**

**Full-time Equivalent Government Employees**

Last Ten Fiscal Years (as of June 30)

<b>Function / Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Fire Department</b>	132.0	120.0	130.0	134.0	134.0	123.0	97.0	75.0	94.0	91.0
Emergency 9-1-1	29.0	29.0	29.0	28.0	28.0	26.0	25.5	25.5	23.0	22.0
<b>Police Department</b>										
Sworn Officers	249.0	249.0	259.0	265.0	265.0	219.0	165.0	132.0	133.0	122.0
Civilians	35.0	31.0	32.0	32.0	35.0	28.0	23.5	18.0	15.0	22.0
Jail - Security Guards/Admin	0.0	0.0	0.0	0.0	29.0	0.0	0.0	0.0	0.0	0.0
School Crossing Guards (not FTEs)	32.9	32.9	27.4	23.0	25.0	25.0	25.0	34.0	31.0	24.0
<b>Parks &amp; Recreation</b>										
Administration	5.5	16.0	12.0	14.0	16.0	11.0	7.0	6.0	7.0	2.0
Facilities Maintenance/Grounds	31.0	24.0	30.0	27.0	13.0	13.0	11.0	9.0	8.0	4.0
Forestry Division	9.0	3.0	7.0	12.0	10.0	3.0	3.0	3.0	0.0	0.0
Golf Division	18.0	27.0	24.0	22.0	25.7	7.0	16.0	12.0	0.0	0.0
Recreation Division	0.0	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
<b>Public Works &amp; Utilities Administration</b>										
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	25.5	25.5	25.3	28.0	27.0	15.0	21.0	26.0	27.0	9.0
Engineering	8.0	8.0	7.5	7.5	8.0	6.0	6.0	5.0	5.0	0.0
Fleet Management	10.0	11.0	12.0	12.0	13.0	9.0	13.0	14.0	12.0	9.0
Street Maintenance	30.0	37.0	35.0	38.0	38.0	36.0	35.0	27.0	20.0	23.0
Traffic Engineering	15.0	15.0	16.0	17.0	18.0	15.0	15.0	17.0	9.0	10.0
Waste Collection/Sanitation	40.0	40.0	41.0	42.0	43.0	37.0	29.0	33.0	27.0	0.0
Transportation-Director/Administration	5.0	4.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Utilities Administration	5.0	3.0	5.0	5.0	4.0	5.0	5.0	3.0	3.0	3.0
Sewer Maintenance	27.0	27.0	26.0	31.0	34.0	31.0	34.0	32.0	25.0	25.0
Water Plant	28.0	27.0	27.0	28.0	30.0	27.0	33.0	29.0	23.0	20.0
Water Pollution Control	56.0	54.0	57.0	59.0	60.0	59.0	61.0	65.0	53.0	40.0
Water Service Center	45.0	43.0	45.0	44.0	54.0	54.0	54.0	48.0	38.0	31.0
<b>Total Staffing (excluding school crossing guards)</b>	<b>1039.0</b>	<b>1024.0</b>	<b>1068.3</b>	<b>1103.5</b>	<b>1156.2</b>	<b>968.0</b>	<b>885.0</b>	<b>792.5</b>	<b>686.0</b>	<b>546.0</b>

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Election Data (Calendar Year - November Elections):</b>										
Registered voters	92,049	91,288	91,637	89,538	92,890	85,441	84,624	83,063	83,176	83,255
Voters (at the polls or absentee)	46,512	13,204	32,243	24,386	48,869	10,397	25,573	15,787	N/A	40,348
Percent voting	50.5%	14.5%	35.2%	27.2%	52.6%	12.2%	30.2%	19.0%	N/A	48.5%
<b>68th District Court (Calendar Year):</b>										
Number of new court cases	44,071	44,635	47,083	44,276	43,088	44,812	33,516	25,251	N/A	25,972
<b>Police: (Calendar Year through 2006/Fiscal Year Beginning 2007)</b>										
Physical arrests (fiscal year beg. 2007)	5,541	6,115	5,265	7,451	10,711	4,208	2,870	1,650	1,003	3,744
Traffic violations/misdemeanors/civil infractions (fiscal)	22,907	24,082	18,064	20,316	20,995	15,022	13,105	5,351	6,752	6,318
Investigations (fiscal year beg. 2007)	22,497	22,155	17,478	23,327	25,130	19,736	19,137	16,547	7,739	12,526
<b>Fire (Calendar Year):</b>										
Fire runs	3,944	2,945	2,867	3,154	3,487	3,031	3,191	3,111	3,553	3,191
Emergency medical runs	16,170	*3,751	4,633	3,834	4,233	2,413	3,562	3,861	3,095	3,562
Inspections	296	281	223	224	223	239	308	329	350	308
<b>Public Works:</b>										
Miles of streets resurfaced	11.81	18.07	51.39	49.56	33.37	22.79	25.16	113.50	6.82	4.32
Potholes repaired	1,348	832	678	715	835	850	725	750	725	700
<b>Refuse Collection:</b>										
Household waste and residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	112,801	214,654	133,747	125,624	141,370	109,515	116,852	110,577	93,682	100,537
<b>Parks and Recreation (Calendar Year):</b>										
Recreation Centers - Senior and youth participants	610	683	1,091	1,483	1,407	2,974	5,690	3,326	2,318	1,653
<b>Water:</b>										
Number of customers billed	45,890	43,900	43,278	42,068	39,745	40,191	38,977	37,437	35,833	32,702
Total consumption (ccf)	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	9,470,315
Average consumption per user (ccf)	290	310	283	274	305	270	257	271	269	290
<b>Wastewater (Calendar Year):</b>										
Average daily sewage treatment - Gallons	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	19,900,000

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

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

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

Operating Information - Schedule I9

**CITY OF FLINT, MICHIGAN**

**Capital Asset Statistics by Function/Program**

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-stations	9	8	8	6	6	6	7	9	10	5
Patrol units	88	88	88	105**	193	166	106	126	132	
<b>Fire:</b>										
Stations	6	6	6	6	6	6	5	5	5	5
Fire response vehicles	16	16	17	18	18	18	15	15	14	15
Emergency response vehicles	7	4	4	3	3	3	5	5	5	4
<b>Public Works:</b>										
City Streets (miles):	509.33	507.60	508.60	508.60	508.39	508.39	508.39	508.39	508.39	508.18
Major streets	152.98	152.29	152.29	152.29	152.29	152.29	152.29	152.29	152.29	152.33
Local streets	356.35	355.31	356.31	356.31	356.10	356.10	356.10	356.10	356.10	355.85
Interstate highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.50
Streetlights	11,267	11,173	11,143	11,331	11,331	11,374	11,356	11,292	11,292	11,292
Traffic signals/Beacons	274	274	275	276	277	277	273	273	277	252
<b>Refuse Collection:</b>										
Collection trucks in service	22	23	20*	20	20	22	23	23	23	-
<b>Parks and Recreation:</b>										
Acreage	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,084
Developed parks/playgrounds	63	63	63	63	63	63	63	63	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	12	14
Community centers	6	6	6	6	5	5	5	5	4	2
Golf courses	4	4	4	4	4	4	4	4	2	2
<b>Water:</b>										
Water mains (miles)	540	540	540	540	540	540	540	540	540	50
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
<b>Sewer:</b>										
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.

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

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

**Schedule 20**  
**CITY OF FLINT, MICHIGAN**  
**EMPLOYEES' RETIREMENT SYSTEM - COMPARATIVE SCHEDULE - ACTUARIAL VALUATIONS**

(\$ amounts expressed in thousands)

**Continuation Indicators**

<b>Valuation Date</b> <b>December 31</b>	<b>Valuation Assets</b>	<b>APVCPB</b>	<b>Funded Ratio</b>	<b>UAPVCPB</b>	<b>Ratio of UAPVCPB to APVCPB</b>	<b>Member Payroll</b>	<b>Ratio of UAPVCPB to Payroll</b>
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%

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

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

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

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

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

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

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

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

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

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