



# Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2019

CITY OF  
FLINT  
MICHIGAN



# CITY OF FLINT, MICHIGAN

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## INTRODUCTORY SECTION

# CITY OF FLINT, MICHIGAN

## ELECTED AND CITY OFFICERS

For the Year Ended June 30, 2019

### Elected Officials

Dr. Karen W. Weaver - Elected Mayor November 2015

### City Council

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

Eric Mays - First Ward

Maurice Davis - Second Ward

Santino Guerra - Third Ward

Kate Fields - Fourth Ward

Jerri Winfrey-Carter - Fifth Ward

Herbert Winfrey - Sixth Ward

Monica Galloway - Seventh Ward

L. Allen Griggs - Eighth Ward

Eva Worthing - Ninth Ward

### Appointed and Other City Officials

Suzanne Wilcox - Planning & Development Director

Raymond Barton - Fire Chief

Inez M Brown - City Clerk

Gerard Burnash - Chief Operating Officer, Downtown Development Authority

Jeanette Best - Water Pollution Control Division Manager

Stacey Kaake - City Assessor

Joyce McClane - Purchasing Manager

Steve Branch - City Administrator

Jeff Keen - Information Technology Services Administrator

Tamar Lewis - Deputy Finance Director

Timothy Johnson - Chief of Police

Makini Jackson - Director of Human Resources & Labor Relations

Candice Mushatt - Public Information Officer

Betty Wideman - Transportation Director

Angela Wheeler - Chief Legal Officer

Michael Rule - Fleet & Yards Superintendent

Rob Bincsik - Director, Department of Public Works

Amanda Trujillo - City Treasurer





## City of Flint, Michigan Department of Finance

Interim Chief Financial Officer  
Amanda Trujillo

City Administrator  
Clyde Edwards

December 27, 2019

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

Michigan Public Act 2 of 1968 as amended, requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Flint for the fiscal year ended June 30, 2019.

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

Rehmann Robson, Certified Public Accountants, have audited the City of Flint's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2019, 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, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Flint was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Flint’s separately issued Single Audit Report.

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

### Profile of the Government

The City of Flint, incorporated in 1855, is located in the eastern part of the State of Michigan. The City currently occupies a land area of 32.8 square miles and serves a population of 95,943 (2018 census.gov estimate). The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

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

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



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

On December 1, 2011, the Governor of the State of Michigan appointed an Emergency Manager for the City of Flint, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The appointed Emergency Manager was authorized by virtue of his appointment to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint." The Emergency Manager assumed control at the mid-point of the FY 12 budget. Consequently, FY12 ended with a General Fund deficit of \$19.2 million.

Due to the suspension and subsequent repeal of Public Act 4, Emergency Manager Law, the Governor of the State of Michigan subsequently appointed an Emergency Financial Manager for the City of Flint, effective August 9, 2012, under the authorization of the statute preceding PA4. On March 28, 2013, a new Emergency Manager Law, Public Act 436 was passed, the Governor of the State of Michigan appointed another Emergency Manager. In all of these instances, the appointed Emergency Manager (or Emergency Financial Manager) was authorized by virtue of his appointment to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint." The preparation and adoption of the FY13, FY14, and FY15 budgets were under the control of the Emergency Manager. Under the direction of these Emergency Managers, considerable progress was made in reducing the City's June 30, 2012 accumulated General Fund deficit of \$19.2 million. As of June 30, 2013, the deficit had been reduced to \$12.9 million, and by June 30, 2016 a positive fund balance in the amount of \$10.0 million was achieved. The FY18 budget was adopted under the guidance of the newly elected Mayor, City Administrator and Charter-designated leaders along with State receivership transitionary advisory board oversight. Under their guidance, the FY17 fund balance of the General Fund has increased to \$17.0 million. Steps have also been taken to reduce long-term liabilities such as the Other Post Employment Benefit (OPEB) unfunded accrued liability, which stand at \$249 million at the end of FY19, compared to more than \$862 million seven years ago. Starting in FY15, all municipalities were required under Governmental Accounting Standards number sixty-eight (68) to record the City's net pension liability. Starting with FY18, all municipalities were required to account for OPEB liabilities using the General Accounting Standards number seventy-five (75) as opposed to forty-five (45). The \$249 million liability was recorded using this standard. The City recorded a \$346 million net pension liability on the government wide financial statements in FY 18. The total net pension liability increased to \$372.0 million at the end of FY 19.

#### Factors Affecting Economic and Financial Condition

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

*Local Economy.* As an urban center whose vibrancy flowed with the dominance of the U.S. automotive industry, the economy of Flint declined sharply as the automotive presence declined. In 1978, over 80,000 Flint-area residents were employed by GM; however by 1990 the number had declined to 23,000, and was reported to be as low as 7,800 in 2014. While the City of Flint's economy was strongly tied to the automobile industry, it has diversified over the last ten years. Most notable is the expansion of higher education, where it is estimated that over 30,000 students attend Kettering University, the University of Michigan-Flint, Mott Community College, and Baker College. In FY 19, Lear Corp. opened a new supply facility with 600 employees to serve the General Motors truck plant. A Hilton Garden Inn is planned to be built in downtown.

*Property taxes.* Values went from \$734 million in taxable value in 2018 to roughly \$742 million in taxable value in 2019. This ongoing rebound could be symptomatic of a sustained recovery from the loss of accretion of taxable value due to the water crisis, but more time is needed to draw a firm conclusion. Administration, through the City's newly developed Economic Development Department, will continue to seek community development opportunities as well as to work with the Genesee County Land Bank to bring vacant properties back onto the City tax rolls.

*Cash management policies and practices.* Cash flow for the City has been a concern for several years, but in FY 19 it continues to improve. It is closely monitored and is currently sufficient for operations. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5 years. Additional information on the City of Flint's deposits and investments can be found within Note Four of the June 30, 2019 Audited Financial Statements. The City's cash on hand at June 30, 2019 totaled more than \$149.6 million compared to \$130.3 million on June 30, 2018 across all governmental and business type activities.

*Risk Management.* The City of Flint has established a comprehensive Risk Management program in order to protect the assets of the City from the risk of loss. Although the Risk Management position was eliminated under the direction of Emergency Managers, the principles still remain. This is accomplished through a combination of risk financing and loss control activities, which are designed to avoid, reduce or transfer various risk exposures. The City utilizes a combination of commercial insurance and self-insurance to finance these exposures. The risk of loss is reduced through the use of various control techniques, such as contract review, safety training and site inspections. The Workers' Compensation function resides in the Human Resources Department, which allows for a coordinated effort to minimize accident-related losses. Additional information on the City of Flint's risk management activities can be found within Note 9 of the June 30, 2019 Audited Financial Statements.

*Pension and other post-employment benefits.* The City of Flint is a member of the Municipal Employees Retirement System (MERS). MERS is a statewide multiple employer pension system which administers various defined benefit and defined contribution pension plans for its public safety and most non-public safety employees. New non-public safety employees hired after FY 13 are to be enrolled in a hybrid plan administered by MERS, similar plans for new public safety employees were made effective in FY14. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to meet its obligations to retired employees. The City of Flint makes monthly contributions to the system in accordance with the contribution rate determined by the independent actuary. Despite the City of Flint's funding activities, the overall retirement system as of December 31, 2017 (the latest actuarial report) was 36.3% funded along with taking into consideration four new actuarial assumptions. Despite the City of Flint's funding activities, the overall retirement system as of December 31, 2018 (the latest actuarial valuation) was 30.6% funded. As of that same date, there are 1,773 retirees and beneficiaries receiving pension benefits from the City of Flint, but only 443 active employees working toward earning that benefit. Additional information on the City of Flint's retirement plan can be found in Note 13 of the June 30, 2019 audited financial statements.

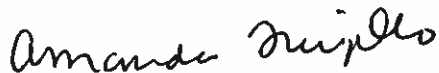
The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of June 30, 2019 (the most recent actuarial valuation), there were 1,366 retirees receiving benefits, but only 249 active employees working toward earning that benefit in retirement. Retiree healthcare benefits are financed on a pay-as-you-go basis, meaning the City is zero percent prefunded. The actuarially calculated liability related to these benefits is just under \$250 million. During the year ended June 30, 2019, the City paid \$13.6 million in premiums and other benefits. Beginning in FY15, new employees are not eligible for retiree healthcare but are, instead, enrolled in a retiree medical savings account. This program will eventually eliminate retiree health care liabilities for the City. Currently, there are a number of lawsuits pending against the City related to retiree health care. Additional information on the City of Flint's retiree healthcare plan can be found in Note 14 of the June 30, 2019 audited financial statements. Beginning in FY15, new employees are not eligible for retiree health care but are, instead, enrolled in a retiree medical savings account. This program will eventually eliminate retiree health care liabilities for the City. Currently, there are a number of lawsuits pending that deal with the retiree health care program.

*The Flint Water Crisis.* The full effects of the Flint Water Crisis continued into FY19. Operating income remained negative, although at a lower level, in the City's Water Fund. The City continues to mitigate and resolve the effects of the event known as the "Flint Water Crisis" throughout FY19 and beyond. The City continues to replace the lead line infrastructure throughout the City. Grant and other State or Federal funding received to help the City of Flint through this process during FY19 exceeded \$37 million. Further details of the Flint Water Crisis can be read in the City's Management's Discussion and Analysis section of this report.

## Awards and Acknowledgments

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, 2018. The City has now received this award fifteen years in a row. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its eligibility for another certificate. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance administration department and City. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Most importantly, we would like to acknowledge the contributions and sacrifices made by taxpayers, employees, and the public necessary for the City of Flint to regain its financial solvency and to become an effective force in making Flint an attractive place to live, learn, visit and conduct business.

Respectfully submitted,



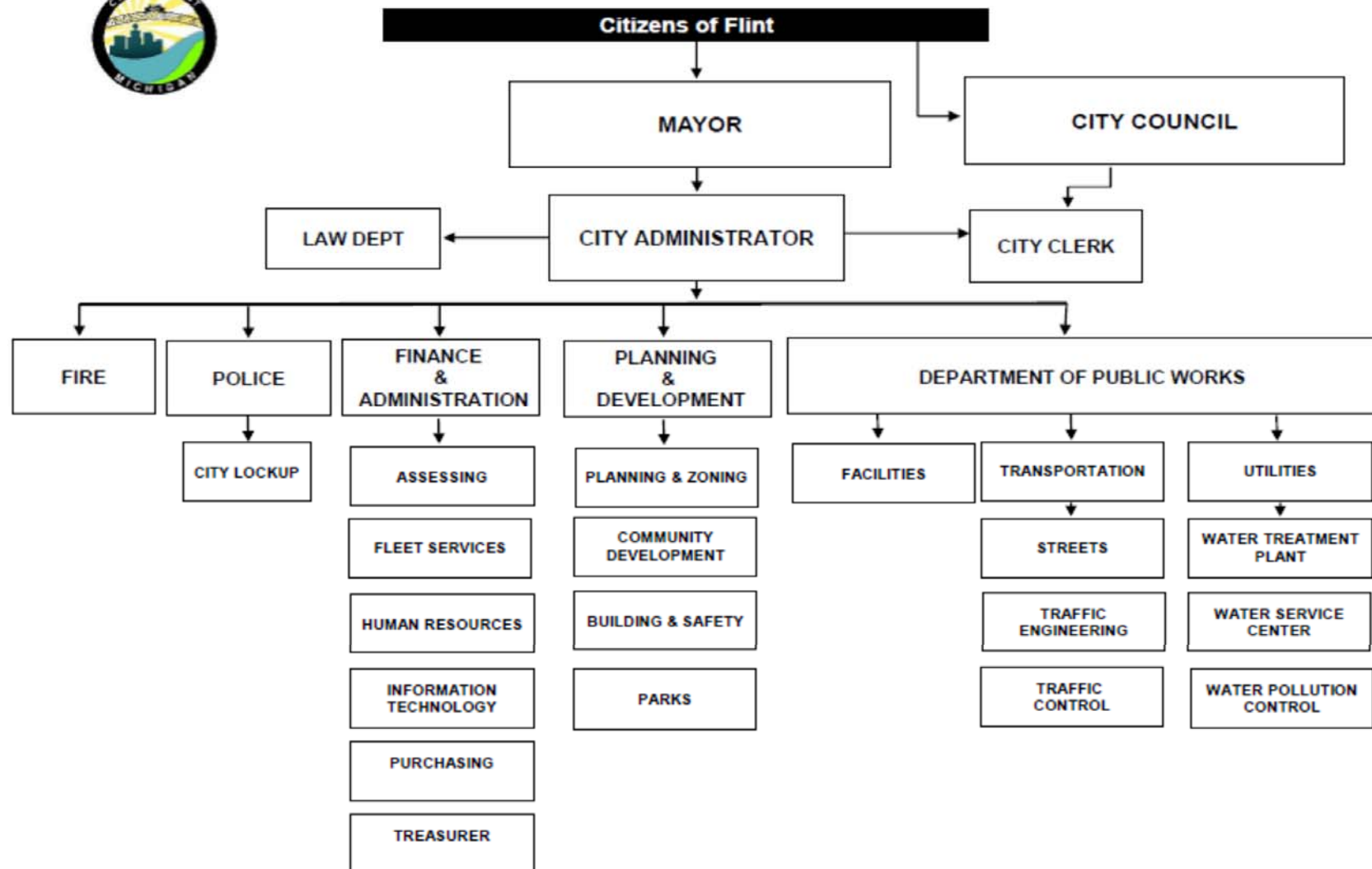
Amanda Trujillo  
Interim Chief Financial Officer



Clyde Edwards  
City Administrator



## CITY OF FLINT – ORGANIZATIONAL CHART



CITY OF FLINT, MICHIGAN

GFOA Certificate of Achievement



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, 2018**

*Christopher P. Merrill*

Executive Director/CEO

## FINANCIAL SECTION



**INDEPENDENT AUDITORS' REPORT**

December 27, 2019

Members of the City Council  
City of Flint, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Flint, Michigan* (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Independent Auditors' Responsibility*

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

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Hurley Medical Center	95.0%	89.0%	99.5%
Flint Area Enterprise Community	0.2%	1.5%	0.0%

Those statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Hurley Medical Center and the Flint Area Enterprise Community, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Flint Area Enterprise Community were not audited in accordance with *Government Auditing Standards*.

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

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

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Restatement of Beginning Fund Balance and Net Position*

As described in Note 18, the beginning net position of governmental activities, business-type activities, aggregate discretely component units, water fund, sewer fund, and internal service funds and the fund balance of the grants fund and nonmajor governmental funds were restated. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

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

### *Other Information*

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

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

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

The following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2019 fiscal year, which began on July 1, 2018 and ended on June 30, 2019. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

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

In addition to governmental and business-type activities, the financial statements include the activities of Hurley Medical Center, Flint Downtown Development Authority, Flint Economic Development Corporation, and Flint Area Enterprise Community. While part of the City government, these entities are presented as "discrete component units" because of their independent management authority. In previous years, Hurley Medical Center had been included as a business-type activity of the City government. In this report, it is considered a discrete component unit.

#### Financial Highlights

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

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

The City ended the year in compliance with State of Michigan, Public Act 2 of 1968 as amended (the State Budget act) which includes no individual City governmental operating fund in a deficit at year end. The City's General Fund ended FY 2018/19 with a fund balance of \$24.4 million. The City's cash on hand at June 30, 2019 totaled more than \$149.6 million compared to \$130.3 million on June 30, 2018 across all governmental and business type activities.

In FY19, the City billed \$198.2 million in taxes, fees, and grants for governmental and business-type activities, and spent \$141.0 million to provide City services. During the course of the year, the City's capital assets decreased by nearly \$4 million in governmental activities. The City's capital assets for business-type activities increased over \$36 million, which was due mainly to the water line replacement projects. The decrease in governmental activities is mainly in the infrastructure category and can be attributed to the City netting the additions of \$7.6 million against the depreciation expense of \$11.4 million.

The City's statement of net position on June 30, 2019, highlights primary government assets, including deferred outflows, totaling \$581.8 million and liabilities (and deferred inflows) totaling \$783.9 million, for a total net position of a negative \$202.0 million. Unrestricted net position totaled a negative \$393.8 million in the governmental activity and a negative \$85.9 million in the business-type activities. This amount was netted against positive restricted net position and positive net investment in capital assets to reach the negative \$202.0 million total net position on the statement of net position.

The City has a 1 percent income tax for residents and a ½ percent income tax for non-residents. Non-residents do not live in the City but work in the City of Flint. In FY 2018/19, the City's income tax revenue generated \$16.0 million (a slight increase from the \$15.5 million figure from FY 2017/18).

For the year ended June 30, 2019, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2019. The City's annual Other Post Employment Benefit (OPEB) expenses recognized in FY 2018/19 was a negative \$15.9 million. The City made OPEB contributions of \$13.6 million, on a pay-as-you-go basis for the fiscal year. The City's OPEB net liability dropped from \$279.4 million in 2018 to \$250.0 million in 2019 due to lower than expected health care costs.

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

The City adopted Governmental Accounting Standards Board (GASB) Statements 75 effective June 30, 2018. These GASB statements required the City to recognize the long-term obligation for OPEB benefits as a liability and to measure the annual costs of the OPEB benefits. Although these items existed prior to implementation of the statements, they were not required to be reported. Additional information regarding the City's \$249.8 million net OPEB liability may be found in Note 14 to the financial statements.

The City has taken action to reduce these legacy costs associated with health care and pensions. As of the end of the fiscal year, the City requested that the court case *Welch vs City of Flint*, a class action lawsuit resulting in the limitation of changes to retiree health care benefits, be reconsidered. Additionally, the City actively solicited the help of an outside consulting firm to review its current retiree health care benefits. The objective of all of these actions was to seek strategic and legal means to overhaul the City's retiree health care offerings and costs. The City mostly splits retiree costs 80/20 with virtually no hard caps (an approach taken by many municipalities). The projected \$17.9 million of costs for FY 2018/19 is nearly insurmountable for a City in the fragile financial state in which Flint finds itself. The City's unfunded total liability for OPEB is \$249.8 million. In addition a pension plan provision was changed effective January 1, 2016 whereby surviving spouses and eligible dependents of a sworn City of Flint Police Officer or Firefighter killed in the line of duty would be eligible to participate in the City of Flint healthcare plan at no cost for life. Previous restructuring of health benefits has involved consolidating and updating plans, imposing premium sharing, limiting access of spouses and dependents, and eliminating the promise of retiree health care for new employees. Similar changes have taken place with respect to retirement benefits, with increased contributions, changes in multipliers, and enrollment of new employees into hybrid pension plans in lieu of traditional defined benefits plans.

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

The City continues to follow budgetary and financial best practices and continues to look for ways to increase revenues and decrease expenditures. In FY 2016/17, the City, along with support from the State of Michigan, restructured the City's long-term debt Drinking Water Revolving Loan Fund (DWRLF) obligations so that principal payments were deferred five years. This refinancing saved the City approximately \$2.2 million. In November 2017, the City was notified that its DWRLF obligations were forgiven, resulting in a \$20.7 million loan forgiveness, helping the City's water fund.

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

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

#### City Water Fund:

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

The civil lawsuit filed by the Concerned Pastors for Social Action and others against the State of Michigan and others over the Flint water crisis was filed in March 2017. The settlement mandated the replacement of 18,000 lead and galvanized service lines in Flint. The settlement also required the state to make available \$87 million to pay for the replacement of lead and galvanized steel water service lines, with at least \$47 million to come from sources other than those approved by Congress and President Barack Obama.

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

The City received a \$100 million Federal Water Infrastructure Improvements for the Nation (WIIN) grant in FY 2016/17, which was approved by Congress and President Barack Obama. This funding is available from the US Environmental Protection Agency (EPA) to provide capitalization grants under the Safe Drinking Water Act (SDWA) and the (WIIN). The State of Michigan matched the federal grant dollars with \$20 million of its money to bring the total amount of the WIIN funds to \$120 million. The first \$40 million of the WIIN funds were earmarked for service line replacement work, to support the funds needed to meet requirements under the Concerned Pastors' settlement. In FY 2017/18, the City entered into a 30-year agreement with the Great Lakes Water Authority ("GLWA") to purchase treated water. This agreement paved the way for the City to finalize its proposal for the use of the WIIN funds that had previously been proposed by the city to the EPA for enhancements to the city's water treatment plant. Purchase of treated water from GLWA meant that the City did not need to treat raw water. With this decision, the City no longer had to use WIIN funds to enhance and update its water treatment plant for full-scale water treatment but could instead use WIIN funds to focus on other needed improvements to the water delivery system. As of June 30, 2018, the City had presented a proposal to the Michigan Department of Environmental Quality ("MDEQ") to use the remaining WIIN funds not dedicated to service line replacement for several projects. These projects included replacement of water meters, renovations to the Dort reservoir and pumping system, renovation of the Cedar Street reservoir and pumping system, development of a secondary back-up water supply, construction of a transmission main, construction of water quality monitoring facilities, replacement of selected water mains, and construction of a permanent chemical feed building at the water treatment plant and associated water system improvements.

In November 2017, the city entered into an agreement with AECOM, a multi-national engineering firm, to manage the service line replacement program and support project plan development for the balance of the WIIN-funded projects. AECOM was to be paid from the funding provided by the federal and state governments for the projects they were to oversee.

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

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

#### Continuing Challenges

With the dissolution of the RTAB in April 2018, state receivership effectively ended; however, there are still major challenges that will require continued work on the part of City leaders. Water issues will be a continuing concern for all and the effects will be felt for many years to come even after the water is deemed safe for consumption without a water filter.

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

In addition to the inability to completely control the cost of delivering water, the study from Arcadis revealed over \$370 million worth of badly needed upgrades to the water delivery system. This, along with the challenges of being able to consistently collect on utility bills to residents and businesses that utilize the City's water and sewer, has created a serious drag on the water fund. An even bigger problem with the water fund is the City's non-revenue water problem. This basically means that the City has water flowing through the system for which the City cannot account. It is the difference between the water that the wholesaler (GLWA) meters coming to the City and the water that the City is able to meter and bill to residents and businesses on the retail side. Non-revenue water is caused by a combination of fire hydrant use to fight fires, theft of water (by circumventing meters) and leaks throughout the delivery system. The City has taken on several approaches to increase collections and reduce non-revenue water. Moving forward into FY20, the City has plans to continue to build capacity in the Department of Public Works. The biggest initiative taking place during FY 2018/19 is the water meter replacement project which will help address nonrevenue water issues and this project will continue in FY 19/20.



## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

The City's legacy costs (pension and retiree healthcare) continue to be a significant issue for the City of Flint. During calendar year 2018 (the plan's activity is measured and reported by the calendar year instead of the fiscal year), the City contributed \$23.5 million to the MERS pension system; however, benefits paid to retirees totaled \$50.9 million. The funded status of the plan decreased from 36.3% as of December 31, 2017 to 30.6% as of December 31, 2018. As of December 31, 2018, the City's unfunded pension liability totals \$372.9 million.

The retiree healthcare liability is similarly problematic. Unlike the pension system, the City has not historically prefunded this liability. As of June 30, 2019, the outstanding liability for retiree healthcare, as calculated by the City's actuary, is \$249.8 million.

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

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

#### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general government, judicial, public safety, public works, recreation and culture, community development, facilities maintenance, and interest on long-term debt. The business-type activities of the City include water and sewer operations.

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

**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.

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the general, grants and major streets fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fringe benefits, data processing, central maintenance garage and self-insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund and sewer fund, both of which are considered to be major funds of the City. The City's internal service fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

#### Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. Total assets and deferred outflows of the City are \$581.8 million. Total liabilities (the City did not have any deferred inflows as of June 30, 2019) are \$783.9 million. The largest portion of these liabilities are \$372.9 million of net pension liability and \$249.8 million of other postemployment benefit liabilities.

Total net position (total assets and deferred outflows less total liabilities and deferred inflows) is a negative \$202.0 million, this includes \$241.9 million of net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

Of the remaining portion of the City's total net position, \$35.8 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was a negative \$479.7 million, which decreased from the FY 2017/18 deficit of \$485.4 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 \$393.8 million deficit in unrestricted net position. The \$259.3 million total deficit is primarily driven by the pension and OPEB liability.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 113,505,184	\$ 105,989,685	\$ 199,673,647	\$ 204,230,322	\$ 313,178,831	\$ 310,220,007
Capital assets, net	100,578,320	104,370,775	143,469,419	107,039,923	244,047,739	211,410,698
	<u>214,083,504</u>	<u>210,360,460</u>	<u>343,143,066</u>	<u>311,270,245</u>	<u>557,226,570</u>	<u>521,630,705</u>
<b>Total deferred outflows of resources</b>	<u>18,559,643</u>	<u>10,652,179</u>	<u>6,052,428</u>	<u>2,203,286</u>	<u>24,612,071</u>	<u>12,855,465</u>
<b>Liabilities</b>						
Long-term debt	30,614,572	31,934,478	104,023,137	106,450,692	134,637,709	138,385,170
Pension and OPEB liabilities	443,559,301	467,364,975	179,199,536	158,025,947	622,758,837	625,390,922
Current and other liabilities	17,723,528	19,852,459	8,759,905	7,702,585	26,483,433	27,555,044
	<u>491,897,401</u>	<u>519,151,912</u>	<u>291,982,578</u>	<u>272,179,224</u>	<u>783,879,979</u>	<u>791,331,136</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>1,702,210</u>	<u>-</u>	<u>452,485</u>	<u>-</u>	<u>2,154,695</u>
<b>Net position</b>						
Net investment in capital assets	98,672,771	102,839,672	143,175,417	106,432,575	241,848,188	209,272,247
Restricted	35,841,677	10,289,601	-	6,786,490	35,841,677	17,076,091
Unrestricted (deficit)	<u>(393,768,702)</u>	<u>(412,970,756)</u>	<u>(85,962,501)</u>	<u>(72,377,243)</u>	<u>(479,731,203)</u>	<u>(485,347,999)</u>
<b>Total net position</b>	<u>\$ (259,254,254)</u>	<u>\$ (299,841,483)</u>	<u>\$ 57,212,916</u>	<u>\$ 40,841,822</u>	<u>\$ (202,041,338)</u>	<u>\$ (258,999,661)</u>

#### Governmental Activities

Changes in net position provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities increased by \$38.0 million. Total assets and deferred outflows increased by \$11.6 million, however total liabilities and deferred inflows decreased by \$29.0 million from FY 2017/18. Changes in net position provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities increased by \$38.0 million. At a high level, the increase in total net position is primarily attributed to a reduction to the net OPEB liability (retiree healthcare) and deferred amounts due to changes in assumptions used by the actuary. In total, changes to OPEB increased governmental net position by \$42.3 million. Revenues in FY 2018/19 were \$10.1 million higher than in FY 2017/18. The increase is mainly due to an increase in grant revenue, particularly for lead service line replacement. The FY 2018/19 expenses were \$8.0 million less than in FY 2017/18. The decrease in expenses is attributable to the recognition of the reduction in total OPEB liability related to GASB 75.

#### Business-type Activities

Business-type activities have \$57.2 million of total net position. Business-type activities do not usually encumber at year-end and normally do not appropriate net position as part of the budget process. Total net position for business-type activities increased by \$19.0 million. Expenses increased by \$0.5 million in FY 2018/19 from FY 2017/18, while revenue decreased by \$16.1 million. Business-type activities, Water and Sewer services, have \$57.2 million of total net position; however, it is important to look at the components of net position to understand the financial state of these activities. That \$57.2 million is made up of 2 components - \$143.2 million of depreciated infrastructure net of related debt and (\$85.9) million deficit of other assets and liabilities, including a proportionate share of the City's legacy costs. Net position, in total, improved by \$19.1 million, but that net improvement is entirely due to the new infrastructure primarily funded by grants (\$37 million) while the rest of the system declined by (\$18 million).

# CITY OF FLINT, MICHIGAN

## Management's Discussion and Analysis

	Change in Net position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Program revenues</b>						
Charges for services	\$ 12,953,016	\$ 15,150,678	\$ 56,734,876	\$ 58,696,958	\$ 69,687,892	\$ 73,847,636
Operating grants	35,960,712	23,094,453	20,077	-	35,980,789	23,094,453
Capital grants	-	1,734,315	37,946,742	31,735,104	37,946,742	33,469,419
<b>General revenues</b>						
Property taxes	20,279,812	19,452,524	-	-	20,279,812	19,452,524
Income taxes	16,019,035	15,277,949	-	-	16,019,035	15,277,949
State revenue sharing	15,576,579	15,199,286	-	-	15,576,579	15,199,286
Unrestricted investments earnings	1,439,377	1,160,090	1,244,819	645,390	2,684,196	1,805,480
Gain on extinguishment of debt	-	-	-	20,770,336	-	20,770,336
Other	-	1,094,886	-	173,574	-	1,268,460
<b>Total revenues</b>	<b>102,228,531</b>	<b>92,164,181</b>	<b>95,946,514</b>	<b>112,021,362</b>	<b>198,175,045</b>	<b>204,185,543</b>
<b>Expenses</b>						
Legislative	810,869	565,535	-	-	810,869	565,535
General government	4,328,789	6,426,956	-	-	4,328,789	6,426,956
Judicial	750,288	964,009	-	-	750,288	964,009
Public safety	27,666,372	34,697,092	-	-	27,666,372	34,697,092
Public works	20,423,068	16,035,028	-	-	20,423,068	16,035,028
Recreation and culture	918,638	2,080,501	-	-	918,638	2,080,501
Community development	9,222,386	5,283,465	-	-	9,222,386	5,283,465
Facilities	1,590,576	7,412,933	-	-	1,590,576	7,412,933
Interest on long-term debt	1,055,294	1,239,453	-	-	1,055,294	1,239,453
Sewer	-	-	39,418,371	25,353,029	39,418,371	25,353,029
Water	-	-	34,820,291	49,656,371	34,820,291	49,656,371
<b>Total expenses</b>	<b>66,766,280</b>	<b>74,704,972</b>	<b>74,238,662</b>	<b>75,009,400</b>	<b>141,004,942</b>	<b>149,714,372</b>
<b>Excess (deficiency) before transfers</b>	<b>35,462,251</b>	<b>17,459,209</b>	<b>21,707,852</b>	<b>37,011,962</b>	<b>57,170,103</b>	<b>54,471,171</b>
<b>Transfers</b>	<b>2,570,708</b>	<b>1,536,235</b>	<b>(2,570,708)</b>	<b>(1,536,235)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>38,032,959</b>	<b>18,995,444</b>	<b>19,137,144</b>	<b>35,475,727</b>	<b>57,170,103</b>	<b>54,471,171</b>
<b>Beginning of year, as restated</b>	<b>(297,287,213)</b>	<b>(318,836,927)</b>	<b>38,075,772</b>	<b>5,366,095</b>	<b>(259,211,441)</b>	<b>(313,470,832)</b>
<b>End of year</b>	<b><u>\$ (259,254,254)</u></b>	<b><u>\$ (299,841,483)</u></b>	<b><u>\$ 57,212,916</u></b>	<b><u>\$ 40,841,822</u></b>	<b><u>\$ (202,041,338)</u></b>	<b><u>\$ (258,999,661)</u></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

As of June 30, 2019, the City's governmental funds reported combined ending fund balance of \$60.5 million, an increase of \$8.6 million in comparison to the prior year. In FY18, governmental funds reported an increase to fund balance of \$8.6 million. Of that total \$60.5 million, \$22.4 million is considered unassigned and is available to be used at the City's discretion. \$36.1 million is considered restricted for various reasons and can only be used for its particular restricted purpose. Examples of restrictions are dedicated millages or the terms of a particular grant as determined by the granting agency.

Of the \$8.6 million increase from the prior year, General Fund accounted for \$4.1 million of that increase. In FY2018, General Fund accounted for \$3.3 million of the overall increase. In FY2019, General Fund revenues were up \$2.3 million, primarily due to increases in property taxes, income taxes, and state shared revenue. General Fund expenditures were up \$2.2 million. General Fund transfers from other funds, primarily reimbursements of administrative expenditures paid on behalf of other funds, increased from \$2.7 million in FY2018 to \$3.4 million in FY2019.

The other significant increase to governmental fund balance came from the Major Streets Fund which increased its own fund balance by \$3.6 million, up from an increase of \$2.4 million in FY18. Road funding from the State of Michigan increased from \$10.6 million in FY18 to \$12.9 million in FY19, while the City's spending on Major Streets only increased from \$7.2 million to \$8.1 million.

The Grants Fund basically "broke even" for the year. While it did not contribute to the overall increase in governmental funds fund balance, funding from various granting agencies increased from \$11.1 million in FY18 to \$13.5 million in FY19.

#### Proprietary Funds

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

Net position in the sewer fund is \$125,000. In FY 2017/18, the Sewer fund net position was \$14.4 million. A major portion of the decline was due to a nearly \$10 million increase in the net pension liability. The sewer fund had a net operating loss of \$14.3 million in FY 2018/19. Expenses in FY 2016/17 were \$31.3 million and \$24.9 million in FY 2017/18, but have increased to \$40 million in FY 2018/19. This increase of \$15 million in operating expenses was mostly driven by an increase in personnel costs due to filled positions and pension and OPEB related costs.

Total net position in the water fund is \$52.7 million, despite an operating loss of \$4.5 million during the year. Net operating income was a negative \$21.3 million in previous year. The water fund experienced a nearly \$3 million increase in operating revenue and a large decline in contractual service and cost of material expenses. The State of Michigan forgave the City of the balance on these loans of approximately \$20.7 million in FY 2017/18, which caused the increase of fund balance despite the large operating loss.

#### Capital Assets

At June 30, 2019, the City's net investment in capital assets for the governmental and business-type activities amounted to \$244,047,739. The investment in capital assets covers a broad variety of land, construction in progress, land improvement, infrastructure, buildings and improvements, machinery and equipment, and vehicles and is reduced by the amount of related outstanding debt. The City's investment in capital assets increased \$32,637,041.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,287,016	\$ 14,287,016	\$ 762,394	\$ 762,394	\$ 15,049,410	\$ 15,049,410
Construction in progress	2,703,887	1,237,888	2,095,203	-	4,799,090	1,237,888
Land improvements	1,958,322	2,327,528	3,377,665	2,797,078	5,335,987	5,124,606
Infrastructure	70,990,696	79,205,667	87,474,555	52,575,032	158,465,251	131,780,699
Buildings and improvements	4,353,530	4,183,799	13,831,874	13,645,647	18,185,404	17,829,446
Machinery and equipment	2,168,519	1,688,518	35,344,957	36,322,464	37,513,476	38,010,982
Vehicles	4,116,350	1,440,359	582,771	937,308	4,699,121	2,377,667
<b>Total capital assets, net</b>	<b>\$ 100,578,320</b>	<b>\$ 104,370,775</b>	<b>\$ 143,469,419</b>	<b>\$ 107,039,923</b>	<b>\$ 244,047,739</b>	<b>\$ 211,410,698</b>

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

#### Debt Administration

Debt is administered through three debt service funds and the Public Improvement Fund. In addition, the Water Fund services debt for bonds issued for plant improvements. In FY 2017/18 the State forgave the City's Drinking Water Revolving Loan Fund as another support mechanism to cope with the ongoing water crisis.

#### General Obligation Bonds

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

#### Long-term Debt

At year end, the City had \$30.6 million in long-term debt outstanding for governmental activities and \$104.0 million outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 9.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ 7,320,000	\$ 7,680,000	\$ -	\$ -	\$ 7,320,000	\$ 7,680,000
Loans payable	19,565,257	20,825,545	-	-	19,565,257	20,825,545
Agreement payable	-	-	103,265,747	105,395,370		
Capital leases	751,292	264,558	294,002	607,348	1,045,294	871,906
Compensated absences	2,978,023	3,164,375	463,388	447,974	3,441,411	3,612,349
<b>Total</b>	<b>\$ 30,614,572</b>	<b>\$ 31,934,478</b>	<b>\$ 104,023,137</b>	<b>\$ 106,450,692</b>	<b>\$ 31,371,962</b>	<b>\$ 32,989,800</b>

The City of Flint entered into an agreement with KWA to purchase raw water and pledge the City's full faith and credit towards the repayment of a portion of KWA debt. Subsequent to this agreement the City transferred 97% of those water rights to the Great Lakes Water Authority (GLWA). The City of Flint has a liability of \$103 million to the KWA and a receivable from GLWA. The sale of the water rights to GLWA is being paid in the form of a credit on the City of Flint's water bill from GLWA. The other 3 percent represents an intangible asset on the City's books.

#### Limitations on Debt

The State limits the amount of general obligation debt the City can issue to up to 10 percent of the assessed value of all taxable property within the City's corporate limits. The amount of debt available to the City (unused portion of the debt limitation) is \$59.8 million (see Stat Table 5). The City can issue bonds through the Michigan Municipal Bonding Authority's state-shared revenue program. This program may require a pledge of the City's future state-shared revenues.

#### Bond Ratings

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

#### The City of Flint, Michigan Funds

The City's Governmental funds include the General Fund, Grants and Nonmajor Governmental Funds. The General Fund pays for most of the City's governmental services. The General Fund recorded \$52.5 million in expenses to provide City services in fiscal year FY 2018/19. The most significant expenses were for Public Safety (police & fire). Public Safety must account for at least 55.5% of the General Fund Budget per Ordinance.

## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

Public Safety services are partially supported by two special millages, a Public Safety Millage and a Neighborhood Policing Millage. These millages are recorded in separate special revenue funds. The Neighborhood Policing Fund had expenditures of \$1.3 million and the Public Safety Fund had expenditures of \$5.0 million. The Public Safety Fund includes both police and fire.

A combined \$12.6 million was spent in FY 2018/19 on major and local road repairs. The Local Street Fund received an operating transfer from the Major Street Fund in FY 2018/19 of \$1.5 million. In the City's Garbage Collection Fund, the City spent \$4.6 million to collect and dispose of the City's solid waste, recyclables, and leaves in FY 2018/19. The City spent \$2.6 million in the Street Lights Assessment Fund to cover the expense of the street lights and upgrades in the City of Flint.

#### Budgets

The placement of the City into state receivership twice in the past 15 years emphasizes the City's precarious and long standing financial position. Flint still has one of the highest unemployment rates in the nation; the change from homeownership to rentals as substantially increased over the years; crime is still relatively high; and our infrastructure continues to age.

The City reviews its budgets on a monthly basis and makes various amendments to address unexpected operating events throughout the year. The total amount of revenue appropriation adjustments reflected a net increase of \$77.9 million. The major adjustments were in the grant funds of \$74.1 million. The City doesn't budget for the grant funds, resulting in the need to amend the budget as grants were accepted. The grant funds are rolled from year to year depending on the balance of the grant at year end. The Water Fund increase is due to the grant funding from the State of Michigan and the Federal Government. The General Fund revenue budget was increased by \$895 thousand, against a \$990 thousand increase in expenditures, for a net decrease of \$95 thousand. The total amount of expenditure appropriation adjustments amounted to \$78.3 million an increase across all operating funds. The grant funds increased by \$1.2 million (revenues, net of expenditures).

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

The City will be challenged for several more years as it works to rebuild financial stability while providing a future vision and basic level of services. A sound vision for the provision of quality services while remaining solvent is crucial to redevelop the City of Flint as an attractive place to live, play, study, work, and visit.

In summary, challenges include:

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

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

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



## CITY OF FLINT, MICHIGAN

### Management's Discussion and Analysis

#### Long-term Financial Planning

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

#### Requests for Information

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

## **BASIC FINANCIAL STATEMENTS**

# CITY OF FLINT, MICHIGAN

## Statement of Net Position

June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>Assets</b>				
Cash and investments	\$ 89,662,633	\$ 59,936,931	\$ 149,599,564	\$ 77,396,627
Receivables, net	27,258,699	127,520,424	154,779,123	80,617,280
Internal balances	(4,383,024)	4,383,024	-	-
Other assets	966,876	7,833,268	8,800,144	9,582,288
Restricted cash and investments	-	-	-	159,861,282
Investment in joint venture	-	-	-	6,868,375
Capital assets not being depreciated	16,990,903	2,857,597	19,848,500	18,015,872
Capital assets being depreciated, net	83,587,417	140,611,822	224,199,239	100,313,814
<b>Total assets</b>	<b>214,083,504</b>	<b>343,143,066</b>	<b>557,226,570</b>	<b>452,655,538</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	-	-	1,598,213
Deferred pension amounts	18,559,643	6,052,428	24,612,071	38,325,585
<b>Total deferred outflows of resources</b>	<b>18,559,643</b>	<b>6,052,428</b>	<b>24,612,071</b>	<b>39,923,798</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	16,589,106	8,759,905	25,349,011	99,502,890
Unearned revenue	1,134,422	-	1,134,422	-
Long-term debt:				
Due within one year	2,383,734	2,608,275	4,992,009	7,018,716
Due in more than one year	28,230,838	101,414,862	129,645,700	81,541,562
Net pension liability (due in more than one year)	281,217,950	91,707,131	372,925,081	195,173,840
Net OPEB liability (due in more than one year)	162,341,351	87,492,405	249,833,756	23,316,745
<b>Total liabilities</b>	<b>491,897,401</b>	<b>291,982,578</b>	<b>783,879,979</b>	<b>406,553,753</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	-	-	-	4,730,859
Deferred OPEB benefit amounts	-	-	-	6,699,321
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,430,180</b>
<b>Net position</b>				
Net investment in capital assets	98,672,771	143,175,417	241,848,188	41,791,568
Restricted for:				
Public safety	9,293,451	-	9,293,451	-
Public works	22,918,925	-	22,918,925	-
Recreation and culture	357,675	-	357,675	-
Community development	677,789	-	677,789	1,588,141
Grants	1,784,020	-	1,784,020	-
Debt service	809,817	-	809,817	-
Donor restricted	-	-	-	5,463,084
Unrestricted (deficit)	(393,768,702)	(85,962,501)	(479,731,203)	25,752,610
<b>Total net position (deficit)</b>	<b>\$ (259,254,254)</b>	<b>\$ 57,212,916</b>	<b>\$ (202,041,338)</b>	<b>\$ 74,595,403</b>

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

# CITY OF FLINT, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2019

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues
Primary government					
Governmental activities:					
Legislative	\$ 810,869	\$ -	\$ -	\$ -	\$ (810,869)
General government	4,328,789	9,065,826	1,922,337	-	6,659,374
Judicial	750,288	-	-	-	(750,288)
Public safety	27,666,372	3,265,430	7,844,922	-	(16,556,020)
Public works	20,423,068	68,115	16,992,563	-	(3,362,390)
Recreation and culture	918,638	-	145,141	-	(773,497)
Community development	9,222,386	553,645	9,055,749	-	387,008
Facilities maintenance	1,590,576	-	-	-	(1,590,576)
Interest on long-term debt	1,055,294	-	-	-	(1,055,294)
Total governmental activities	66,766,280	12,953,016	35,960,712	-	(17,852,552)
Business-type activities:					
Sewer	39,418,371	25,727,230	2,171	509,144	(13,179,826)
Water	34,820,291	31,007,646	17,906	37,437,598	33,642,859
Total business-type activities	74,238,662	56,734,876	20,077	37,946,742	20,463,033
Total primary government	\$ 141,004,942	\$ 69,687,892	\$ 35,980,789	\$ 37,946,742	\$ 2,610,481
Component units					
Downtown development authority	\$ 1,844,960	\$ 987,787	\$ -	\$ -	\$ (857,173)
Economic development corporation	703,531	781,462	20,358	-	98,289
Flint area enterprise community	96,010	-	-	-	(96,010)
Hurley medical center	487,492,663	421,152,786	74,628,343	-	8,288,466
Total component units	\$ 490,137,164	\$ 422,922,035	\$ 74,648,701	\$ -	\$ 7,433,572

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# CITY OF FLINT, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Changes in net position				
Net (expense) revenues	\$ (17,852,552)	\$ 20,463,033	\$ 2,610,481	\$ 7,433,572
General revenues:				
Property taxes	20,279,812	-	20,279,812	524,083
Income taxes	16,019,035	-	16,019,035	-
Grants and contributions not restricted to specific programs	15,576,579	-	15,576,579	-
Unrestricted investment earnings	1,439,377	1,244,819	2,684,196	8,804,983
Other revenues	-	-	-	798,985
Transfers - internal activities	2,570,708	(2,570,708)	-	-
Total general revenues and transfers	55,885,511	(1,325,889)	54,559,622	10,128,051
Change in net position	38,032,959	19,137,144	57,170,103	17,561,623
Net position (deficit), beginning of year, as restated	(297,287,213)	38,075,772	(259,211,441)	57,033,780
Net position (deficit), end of year	\$ (259,254,254)	\$ 57,212,916	\$ (202,041,338)	\$ 74,595,403

concluded

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

# CITY OF FLINT, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2019

	Special Revenue Funds			Nonmajor Governmental Funds	Totals
	General	Grants	Major Streets		
<b>Assets</b>					
Cash and investments	\$ 19,995,706	\$ 5,009,326	\$ 13,064,918	\$ 20,188,242	\$ 58,258,192
Receivables:					
Accounts receivable, net	723,130	-	-	-	723,130
Property taxes receivable	-	-	-	23,856	23,856
Income taxes receivable, net	1,559,273	-	-	-	1,559,273
Loans receivable	-	6,151,007	-	6,966	6,157,973
Due from other governments	4,852,802	3,431,657	2,239,491	522,024	11,045,974
Due from component unit	-	-	-	7,320,000	7,320,000
<b>Total assets</b>	<b>\$ 27,130,911</b>	<b>\$ 14,591,990</b>	<b>\$ 15,304,409</b>	<b>\$ 28,061,088</b>	<b>\$ 85,088,398</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,354,070	\$ 4,287,379	\$ 775,058	\$ 584,799	\$ 7,001,306
Accrued and other liabilities	500,777	151,931	67,558	178,873	899,139
Due to other governments	594,929	-	-	-	594,929
Deposits payable	-	-	-	84,798	84,798
Unearned revenue	-	1,054,284	40,116	40,022	1,134,422
<b>Total liabilities</b>	<b>2,449,776</b>	<b>5,493,594</b>	<b>882,732</b>	<b>888,492</b>	<b>9,714,594</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans	-	6,151,000	-	7,326,966	13,477,966
Unavailable revenue - grants	243,743	1,163,376	-	-	1,407,119
<b>Total deferred inflows of resources</b>	<b>243,743</b>	<b>7,314,376</b>	<b>-</b>	<b>7,326,966</b>	<b>14,885,085</b>
<b>Fund balances</b>					
Restricted	-	1,784,020	14,421,677	19,845,630	36,051,327
Assigned	2,070,811	-	-	-	2,070,811
Unassigned	22,366,581	-	-	-	22,366,581
<b>Total fund balances</b>	<b>24,437,392</b>	<b>1,784,020</b>	<b>14,421,677</b>	<b>19,845,630</b>	<b>60,488,719</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,130,911</b>	<b>\$ 14,591,990</b>	<b>\$ 15,304,409</b>	<b>\$ 28,061,088</b>	<b>\$ 85,088,398</b>

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

## CITY OF FLINT, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2019

Fund balances for governmental funds	\$ 60,488,719
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	16,990,903
Capital assets being depreciated	429,924,341
Accumulated depreciation	(350,773,022)
Deferred inflows of resources in governmental funds are susceptible to full accrual on the government-wide statements	
Grants	1,407,119
Loans	13,477,966
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of internal service fund	28,685,332
Internal service fund net position accounted for in business-type activities	(4,383,024)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds, loans and capital leases payable	(26,885,257)
Accrued interest on bonds, loans and capital leases payable	(209,650)
Compensated absences	(2,978,023)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(281,217,950)
Deferred outflows related to the net pension liability	18,559,643
Total OPEB liability	<u>(162,341,351)</u>
Net position of governmental activities	<u>\$ (259,254,254)</u>

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



# CITY OF FLINT, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue Funds			Nonmajor Governmental Funds	Totals
	General	Grants	Major Streets		
<b>Revenues</b>					
Property taxes	\$ 5,479,286	\$ -	\$ -	\$ 14,800,526	\$ 20,279,812
Income taxes	16,019,035	-	-	-	16,019,035
Cable franchise fees	941,961	-	-	-	941,961
Federal sources	-	10,995,680	-	-	10,995,680
State sources	19,515,308	-	12,912,776	3,961,386	36,389,470
Charges for services	9,921,523	489,639	28,595	146,310	10,586,067
Fines and forfeitures	208,394	-	-	27,257	235,651
Licenses and permits	70,829	-	-	2,061,309	2,132,138
Local contributions	-	1,419,741	22,810	468,246	1,910,797
Interest	590,485	259,376	172,578	262,147	1,284,586
Other revenues	493,073	298,717	80,181	167,196	1,039,167
<b>Total revenues</b>	<b>53,239,894</b>	<b>13,463,153</b>	<b>13,216,940</b>	<b>21,894,377</b>	<b>101,814,364</b>
<b>Expenditures</b>					
Current:					
Legislative	765,717	-	-	-	765,717
General government	17,194,733	-	-	-	17,194,733
Judicial	750,288	-	-	-	750,288
Public safety	31,343,835	3,963,750	-	8,175,494	43,483,079
Public works	-	64,996	8,030,437	11,737,160	19,832,593
Recreation and culture	-	-	-	617,174	617,174
Community development	933,378	8,722,900	-	10,812	9,667,090
Facilities maintenance	1,531,620	-	-	-	1,531,620
Debt service:					
Principal	-	483,000	112,288	1,025,000	1,620,288
Interest	-	256,267	6,332	853,285	1,115,884
<b>Total expenditures</b>	<b>52,519,571</b>	<b>13,490,913</b>	<b>8,149,057</b>	<b>22,418,925</b>	<b>96,578,466</b>
<b>Revenues over (under) expenditures</b>	<b>720,323</b>	<b>(27,760)</b>	<b>5,067,883</b>	<b>(524,548)</b>	<b>5,235,898</b>
<b>Other financing sources (uses)</b>					
Transfers in	3,358,706	15,641	-	3,381,049	6,755,396
Transfers out	(15,641)	-	(1,502,764)	(1,878,285)	(3,396,690)
<b>Total other financing sources (uses)</b>	<b>3,343,065</b>	<b>15,641</b>	<b>(1,502,764)</b>	<b>1,502,764</b>	<b>3,358,706</b>
<b>Net change in fund balances</b>	<b>4,063,388</b>	<b>(12,119)</b>	<b>3,565,119</b>	<b>978,216</b>	<b>8,594,604</b>
<b>Fund balances, beginning of year, as restated</b>	<b>20,374,004</b>	<b>1,796,139</b>	<b>10,856,558</b>	<b>18,867,414</b>	<b>51,894,115</b>
<b>Fund balances, end of year</b>	<b>\$ 24,437,392</b>	<b>\$ 1,784,020</b>	<b>\$ 14,421,677</b>	<b>\$ 19,845,630</b>	<b>\$ 60,488,719</b>

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

## CITY OF FLINT, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ 8,594,604
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	4,051,762
Depreciation expense	(10,574,912)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in deferred long-term receivables	(455,296)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	1,620,288
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrued interest payable on bonds, loans and capital leases payable	100,297
Change in the net pension liability and related deferred amounts	(8,886,543)
Change in the total OPEB liability and related deferred amounts	42,301,891
Change in compensated absences	186,352
An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Total change in net position of the internal service funds	2,416,795
Internal service fund change in net position accounted for in business-type activities	(1,322,279)
Change in net position of governmental activities	<u>\$ 38,032,959</u>

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

# CITY OF FLINT, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 5,171,868	\$ 5,171,868	\$ 5,479,286	\$ 307,418
Income taxes	16,230,230	16,230,230	16,019,035	(211,195)
Licenses and permits	66,660	66,660	70,829	4,169
State sources	19,518,204	19,689,838	19,515,308	(174,530)
Charges for services	9,730,669	9,730,669	9,921,523	190,854
Fines and forfeitures	364,343	364,343	208,394	(155,949)
Interest	282,620	282,620	590,485	307,865
Cable franchise fees	1,000,000	1,000,000	941,961	(58,039)
Other revenues	120,693	120,693	493,073	372,380
<b>Total revenues</b>	<b>52,485,287</b>	<b>52,656,921</b>	<b>53,239,894</b>	<b>582,973</b>
<b>Expenditures</b>				
Current:				
Legislative -				
City council	781,865	859,152	765,717	(93,435)
General government:				
Mayor's office	343,330	343,330	295,286	(48,044)
Finance	6,147,960	6,254,289	5,804,979	(449,310)
Clerk	1,333,471	1,333,471	1,069,808	(263,663)
Law office	891,031	891,031	771,418	(119,613)
Human resources	930,991	930,991	494,381	(436,610)
General government	8,380,790	8,380,790	8,443,306	62,516
City administrator	359,437	359,437	315,555	(43,882)
Total general government	18,387,010	18,493,339	17,194,733	(1,298,606)
Judicial -				
68th district court	917,755	917,755	750,288	(167,467)
Public safety:				
Police	23,282,720	23,926,010	22,271,868	(1,654,142)
Fire	9,299,846	9,299,846	9,071,967	(227,879)
Building inspections	259,049	-	-	-
Total public safety	32,841,615	33,225,856	31,343,835	(1,882,021)
Community development	1,172,170	1,182,170	933,378	(248,792)
Facilities maintenance	1,451,518	1,471,018	1,531,620	60,602
<b>Total expenditures</b>	<b>55,551,933</b>	<b>56,149,290</b>	<b>52,519,571</b>	<b>(3,629,719)</b>
<b>Revenues over (under) expenditures</b>	<b>(3,066,646)</b>	<b>(3,492,369)</b>	<b>720,323</b>	<b>4,212,692</b>

continued...

## CITY OF FLINT, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers in	\$ 3,358,706	\$ 3,358,706	\$ 3,358,706	\$ -
Transfers out	(15,641)	(15,641)	(15,641)	-
Total other financing sources	3,343,065	3,343,065	3,343,065	-
Net change in fund balance	276,419	(149,304)	4,063,388	4,212,692
Fund balance, beginning of year	20,374,004	20,374,004	20,374,004	-
Fund balance, end of year	<u>\$ 20,650,423</u>	<u>\$ 20,224,700</u>	<u>\$ 24,437,392</u>	<u>\$ 4,212,692</u>

concluded

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

# CITY OF FLINT, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal sources	\$ -	\$ 73,172,736	\$ 10,995,680	\$ (62,177,056)
State sources	-	1,808,540	-	(1,808,540)
Local contributions	-	4,424,212	1,419,741	(3,004,471)
Charges for services	385,000	409,350	489,639	80,289
Interest	231,239	231,239	259,376	28,137
Other revenues	98,700	537,646	298,717	(238,929)
<b>Total revenues</b>	<b>714,939</b>	<b>80,583,723</b>	<b>13,463,153</b>	<b>(67,120,570)</b>
<b>Expenditures</b>				
Current:				
Public safety -				
Police	-	33,804,775	3,963,750	(29,841,025)
Public works	-	2,235,534	64,996	(2,170,538)
Community development	-	17,024,730	8,722,900	(8,301,830)
Debt service:				
Principal	483,000	483,000	483,000	-
Interest	246,505	246,505	256,267	9,762
<b>Total expenditures</b>	<b>729,505</b>	<b>53,794,544</b>	<b>13,490,913</b>	<b>(40,303,631)</b>
<b>Revenues over (under) expenditures</b>	<b>(14,566)</b>	<b>26,789,179</b>	<b>(27,760)</b>	<b>(26,816,939)</b>
<b>Other financing sources</b>				
Transfers in	15,641	15,641	15,641	-
<b>Net change in fund balance</b>	<b>1,075</b>	<b>26,804,820</b>	<b>(12,119)</b>	<b>(26,816,939)</b>
<b>Fund balance, beginning of year, as restated</b>	<b>1,796,139</b>	<b>1,796,139</b>	<b>1,796,139</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,797,214</b>	<b>\$ 28,600,959</b>	<b>\$ 1,784,020</b>	<b>\$ (26,816,939)</b>

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

## CITY OF FLINT, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State sources	\$ 10,974,321	\$ 10,974,321	\$ 12,912,776	\$ 1,938,455
Charges for services	61,506	61,506	28,595	(32,911)
Local contributions	-	-	22,810	22,810
Interest	-	-	172,578	172,578
Other revenues	265,063	265,063	80,181	(184,882)
<b>Total revenues</b>	<b>11,300,890</b>	<b>11,300,890</b>	<b>13,216,940</b>	<b>1,916,050</b>
<b>Expenditures</b>				
Current -				
Public works -				
Streets	11,229,429	12,011,458	8,030,437	(3,981,021)
Debt service:				
Principal	99,710	99,710	112,288	12,578
Interest	5,623	5,623	6,332	709
<b>Total expenditures</b>	<b>11,334,762</b>	<b>12,116,791</b>	<b>8,149,057</b>	<b>(3,967,734)</b>
<b>Revenues over (under) expenditures</b>	<b>(33,872)</b>	<b>(815,901)</b>	<b>5,067,883</b>	<b>5,883,784</b>
<b>Other financing uses</b>				
Transfers out	(1,502,764)	(1,502,764)	(1,502,764)	-
<b>Net change in fund balance</b>	<b>(1,536,636)</b>	<b>(2,318,665)</b>	<b>3,565,119</b>	<b>5,883,784</b>
<b>Fund balance, beginning of year</b>	<b>10,856,558</b>	<b>10,856,558</b>	<b>10,856,558</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 9,319,922</b>	<b>\$ 8,537,893</b>	<b>\$ 14,421,677</b>	<b>\$ 5,883,784</b>

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

# CITY OF FLINT, MICHIGAN

## Statement of Net Position

Proprietary Funds

June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 39,527,288	\$ 20,409,643	\$ 59,936,931	\$ 31,404,441
Accounts receivable, net	10,458,564	7,729,006	18,187,570	93,936
Due from other governments	-	9,165,079	9,165,079	334,557
Due from GLWA	-	2,236,273	2,236,273	-
Inventory	668,484	313,595	982,079	106,350
Prepays	-	3,750,000	3,750,000	860,526
Right to use asset	-	3,101,189	3,101,189	-
Total current assets	50,654,336	46,704,785	97,359,121	32,799,810
Noncurrent assets:				
Due from GLWA, net of current portion	-	97,931,502	97,931,502	-
Capital assets not being depreciated	227,978	2,629,619	2,857,597	-
Capital assets being depreciated, net	48,444,948	92,166,874	140,611,822	4,436,098
Total noncurrent assets	48,672,926	192,727,995	241,400,921	4,436,098
Total assets	99,327,262	239,432,780	338,760,042	37,235,908
Deferred outflows of resources				
Deferred pension amounts	3,582,573	2,469,855	6,052,428	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,616,349	5,839,839	7,456,188	6,231,586
Accrued liabilities	162,769	116,588	279,357	130,087
Deposits payable	-	1,024,360	1,024,360	-
Current portion of claims payable	-	-	-	469,016
Current portion of compensated absences	41,108	36,892	78,000	-
Current portion of long-term debt	294,002	2,236,273	2,530,275	200,885
Total current liabilities	2,114,228	9,253,952	11,368,180	7,031,574
Noncurrent liabilities:				
Claims payable, net of current portion	-	-	-	968,595
Compensated absences, net of current portion	203,109	182,279	385,388	-
Long-term debt, net of current portion	-	101,029,474	101,029,474	550,407
Net pension liability	54,283,592	37,423,539	91,707,131	-
Total OPEB liability	46,183,641	41,308,764	87,492,405	-
Total noncurrent liabilities	100,670,342	179,944,056	280,614,398	1,519,002
Total liabilities	102,784,570	189,198,008	291,982,578	8,550,576
<b>Net position</b>				
Net investment in capital assets	48,378,924	94,796,493	143,175,417	3,684,806
Unrestricted (deficit)	(48,253,659)	(42,091,866)	(90,345,525)	25,000,526
Total net position	\$ 125,265	\$ 52,704,627	\$ 52,829,892	\$ 28,685,332

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

## CITY OF FLINT, MICHIGAN

### Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2019

Net position - total enterprise funds	\$ 52,829,892
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Amounts reported for *business-type activities* in the statement of net position are different because:

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

Net position of business-type activities accounted for in governmental-type internal service funds	
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	<u>4,383,024</u>
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Net position of business-type activities	
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	<u><u>\$ 57,212,916</u></u>
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The accompanying notes are an integral part of these financial statements.



# CITY OF FLINT, MICHIGAN

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

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Operating revenues				
Charges for services	\$ 25,727,230	\$ 31,007,646	\$ 56,734,876	\$ 62,974,744
Other	2,171	17,906	20,077	700,957
Total operating revenues	25,729,401	31,025,552	56,754,953	63,675,701
Operating expenses				
Salaries and benefits	27,748,329	14,476,020	42,224,349	3,358,198
Supplies	828,911	859,356	1,688,267	1,128,797
Contractual services	569,929	-	569,929	8,541,354
Utilities	1,707,833	402,680	2,110,513	29,108
Equipment operation	1,827,022	-	1,827,022	-
Repairs and maintenance	603,786	-	603,786	327,102
Insurance	-	-	-	448,717
Costs of materials and services rendered	-	11,566,113	11,566,113	46,034,790
Other	2,958,902	4,954,350	7,913,252	172,170
Depreciation	3,780,206	3,264,314	7,044,520	805,132
Total operating expenses	40,024,918	35,522,833	75,547,751	60,845,368
Operating income (loss)	(14,295,517)	(4,497,281)	(18,792,798)	2,830,333
Nonoperating revenues (expenses)				
Interest revenue	778,908	465,911	1,244,819	414,167
Interest expense and fees	(10,920)	(2,270)	(13,190)	(39,707)
Total nonoperating revenues (expenses)	767,988	463,641	1,231,629	374,460
Income (loss) before capital contributions and transfers	(13,527,529)	(4,033,640)	(17,561,169)	3,204,793
State capital contributions	509,144	37,437,598	37,946,742	-
Transfers out	(1,286,854)	(1,283,854)	(2,570,708)	(787,998)
Change in net position	(14,305,239)	32,120,104	17,814,865	2,416,795
Net position, beginning of year, as restated	14,430,504	20,584,523	35,015,027	26,268,537
Net position, end of year	\$ 125,265	\$ 52,704,627	\$ 52,829,892	\$ 28,685,332

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

## CITY OF FLINT, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2019

Change in net position - total enterprise funds	\$ 17,814,865
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Amounts reported for *business-type activities* in the statement of activities  
are different because:

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

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

1,322,279
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Change in net position of business-type activities
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<u>\$ 19,137,144</u>
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The accompanying notes are an integral part of these financial statements.

# CITY OF FLINT, MICHIGAN

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Cash flows from operating activities				
Cash received from customers	\$ 26,960,786	\$ 34,572,717	\$ 61,533,503	\$ -
Cash received from interfund services	-	-	-	63,345,293
Cash payments for goods and services	(12,013,063)	(21,900,945)	(33,914,008)	(55,867,663)
Cash payments to employees	(11,296,889)	(10,315,559)	(21,612,448)	(3,186,062)
Net cash provided by operating activities	3,650,834	2,356,213	6,007,047	4,291,568
Cash flows from noncapital financing activities				
Payments received from GLWA	-	5,227,595	5,227,595	-
Transfers in	-	-	-	(787,998)
Transfers out	(1,286,854)	(1,283,854)	(2,570,708)	-
Net cash provided by (used in) noncapital financing activities	(1,286,854)	3,943,741	2,656,887	(787,998)
Cash flows from capital and related financing activities				
Capital contributions	901,283	35,632,161	36,533,444	-
Acquisition/construction of capital assets	(4,379,222)	(39,094,794)	(43,474,016)	(3,595,177)
Proceeds from the issuance of long-term debt	-	-	-	813,930
Principal paid on long-term debt	-	(2,442,969)	(2,442,969)	(327,196)
Interest paid on long-term debt	(10,920)	(2,270)	(13,190)	(39,707)
Net cash used in capital and related financing activities	(3,488,859)	(5,907,872)	(9,396,731)	(3,148,150)
Cash flows from investing activities				
Interest received	778,908	465,911	1,244,819	414,167
Net change in cash and investments	(345,971)	857,993	512,022	769,587
Cash and investments, beginning of year	39,873,259	19,551,650	59,424,909	30,634,854
Cash and investments, end of year	\$ 39,527,288	\$ 20,409,643	\$ 59,936,931	\$ 31,404,441

continued...

# CITY OF FLINT, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (14,295,517)	\$ (4,497,281)	\$ (18,792,798)	\$ 2,830,333
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,780,206	3,264,314	7,044,520	805,132
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	1,231,385	3,497,174	4,728,559	2,574
Due from other governments	-	-	-	(332,982)
Inventory	110,162	(37,559)	72,603	27,184
Prepays	-	-	-	(471,098)
Right to use asset	-	(3,101,189)	(3,101,189)	-
Accounts payable	(745,812)	440,899	(304,913)	1,359,393
Accrued liabilities	(15,313)	(561,789)	(577,102)	(101,104)
Claims payable	-	-	-	172,136
Deposits	-	49,991	49,991	-
Compensated absences	15,390	24	15,414	-
Change in net pension liability	9,413,889	(1,025,165)	8,388,724	-
Change in deferred outflows - pensions	(2,579,373)	(1,269,769)	(3,849,142)	-
Change in deferred inflows - pensions	(301,657)	(150,828)	(452,485)	-
Change in total OPEB liability	7,037,474	5,747,391	12,784,865	-
Net cash provided by operating activities	\$ 3,650,834	\$ 2,356,213	\$ 6,007,047	\$ 4,291,568

concluded

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

# CITY OF FLINT, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Death Benefit OPEB Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 4,420,368
Investments -		
Corporate stocks	622,150	-
<b>Total assets</b>	<u>622,150</u>	<u>\$ 4,420,368</u>
<b>Liabilities</b>		
Undistributed receipts	-	\$ 3,863,460
Due to other governments	-	556,908
<b>Total liabilities</b>	<u>-</u>	<u>\$ 4,420,368</u>
<b>Net position</b>		
Restricted for other postemployment benefits	<u>\$ 622,150</u>	

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

## CITY OF FLINT, MICHIGAN

### Statement of Changes in Fiduciary Net Position

Other Postemployment Benefits Trust Fund

For the Year Ended June 30, 2019

	Death Benefit OPEB Trust Fund
Additions	
Interest income	\$ 29,635
Net position, beginning of year	<u>592,515</u>
Net position, end of year	<u><u>\$ 622,150</u></u>

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

## COMPONENT UNITS

# CITY OF FLINT, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2019

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community
<b>Assets</b>			
Cash and investments	\$ 130,204	\$ 629,934	\$ 1,078,275
Receivables, net	490,621	8,055,244	19,938
Other assets	5,358	13,544	-
Restricted cash and investments	-	555,807	-
Investment in joint venture	-	-	-
Capital assets not being depreciated	4,878,067	93,860	-
Capital assets being depreciated, net	8,298,480	225,004	-
<b>Total assets</b>	<b>13,802,730</b>	<b>9,573,393</b>	<b>1,098,213</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	-	-	-
Deferred pension amounts	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	602,217	85,407	-
Long-term debt:			
Due within one year	439,896	130,000	-
Due in more than one year	7,399,276	7,585,000	-
Net pension liability (due in more than one year)	-	-	-
Net OPEB liability (due in more than one year)	-	-	-
<b>Total liabilities</b>	<b>8,441,389</b>	<b>7,800,407</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Deferred pension amounts	-	-	-
Deferred other postemployment benefit amounts	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>			
Net investment in capital assets	5,337,375	318,864	-
Restricted	-	489,928	1,098,213
Unrestricted	23,966	964,194	-
<b>Total net position</b>	<b>\$ 5,361,341</b>	<b>\$ 1,772,986</b>	<b>\$ 1,098,213</b>

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





Hurley Medical Center	Totals
\$ 75,558,214	\$ 77,396,627
72,051,477	80,617,280
9,563,386	9,582,288
159,305,475	159,861,282
6,868,375	6,868,375
13,043,945	18,015,872
91,790,330	100,313,814
<u>428,181,202</u>	<u>452,655,538</u>
1,598,213	1,598,213
38,325,585	38,325,585
<u>39,923,798</u>	<u>39,923,798</u>
98,815,266	99,502,890
6,448,820	7,018,716
66,557,286	81,541,562
195,173,840	195,173,840
23,316,745	23,316,745
<u>390,311,957</u>	<u>406,553,753</u>
4,730,859	4,730,859
6,699,321	6,699,321
<u>11,430,180</u>	<u>11,430,180</u>
36,135,329	41,791,568
5,463,084	7,051,225
24,764,450	25,752,610
<u>\$ 66,362,863</u>	<u>\$ 74,595,403</u>

# CITY OF FLINT, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2019

	Downtown Development Authority	Economic Development Corporation	Flint Area Enterprise Community
Expenses			
Downtown Development Authority	1,844,960	\$ -	\$ -
Economic Development Corporation	-	703,531	-
Flint Area Enterprise Community	-	-	96,010
Hurley Medical Center	-	-	-
Total expenses	1,844,960	703,531	96,010
Program revenues			
Charges for services	987,787	781,462	-
Operating grants and contributions	-	20,358	-
Total program revenues	987,787	801,820	-
Net program revenue (expense)	(857,173)	98,289	(96,010)
General revenues			
Property taxes	524,083	-	-
Unrestricted investment earnings	31	28,708	77,656
Other revenue	284,866	30,000	34
Total general revenues	808,980	58,708	77,690
Change in net position	(48,193)	156,997	(18,320)
Net position, beginning of year, as restated	5,409,534	1,615,989	1,116,533
Net position, end of year	\$ 5,361,341	\$ 1,772,986	\$ 1,098,213

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



Hurley Medical Center	Totals
\$ -	\$ 1,844,960
-	703,531
-	96,010
<u>487,492,663</u>	<u>487,492,663</u>
<u>487,492,663</u>	<u>490,137,164</u>
421,152,786	422,922,035
<u>74,628,343</u>	<u>74,648,701</u>
<u>495,781,129</u>	<u>497,570,736</u>
<u>8,288,466</u>	<u>7,433,572</u>
-	524,083
8,698,588	8,804,983
<u>484,085</u>	<u>798,985</u>
<u>9,182,673</u>	<u>10,128,051</u>
17,471,139	17,561,623
<u>48,891,724</u>	<u>57,033,780</u>
<u>\$ 66,362,863</u>	<u>\$ 74,595,403</u>

## NOTES TO FINANCIAL STATEMENTS

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

#### *Discretely Presented Component Units*

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

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

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

The Flint Area Enterprise Community (the "FAEC") is a non-profit organization, established under state law. FAEC is responsible for coordinating and implementing a strategic plan to advocate and develop business and community development in a federally designated zone that includes portions of Mt. Morris Township and the City of Flint. The City appoints a majority of the board of directors, provides the majority of its funding for operations, and any assets remaining at the cessation of its operating activities would be returned to the City of Flint. The FAEC is presented as a governmental activity. The FAEC plans to cease operations during the fiscal year ending 2020. They are currently working with the State to determine which organization will take over the loans.

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

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

#### *Component Unit Financial Statements*

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

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

Flint 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, Michigan 48503

#### *Joint Ventures*

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

Genesys Hurley Cancer Institute (GHCI) is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001 to provide outpatient oncology services, including laboratory and radiation oncology. The Medical Center's net investment at June 30, 2019 was \$6,868,375. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. The equity income (loss) to the Medical Center from this joint venture was approximately \$501,125 for the year ended June 30, 2019, and is included in other income (expense) on the statement of activities. No distributions were made to the Medical Center during the year ended June 30, 2019. GHCI paid the Medical Center \$621,516 for leased employees for the year ended June 30, 2019. The following is a summary of financial position and results of operations of GHCI as of and for the year ended June 30, 2019 (in thousands):

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

Total assets	\$ 19,502
Total liabilities	<u>5,891</u>
Net assets	<u>\$ 13,611</u>
Operating revenues	\$ 9,036
Operating expenses	<u>8,463</u>
Operating income	573
Nonoperating income	<u>85</u>
Excess of revenues over expenses	<u>\$ 658</u>

#### *Government-wide and Fund Financial Statements*

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

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

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

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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



# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

*Agency funds.* The agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

### Property Tax Revenue

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

The City of Flint 2018 tax is levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 taxable valuation of the City of Flint totaled approximately \$715 million, on which taxes levied consisted of 7.5 mills for operating purposes, 2.5 mills for public improvement, 0.5 mills for parks and recreation, 6.0 for public safety, and 2.0 mills for neighborhood police.

## Notes to Financial Statements

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

#### *Deposits and Investments*

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

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

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

#### *Restricted Cash and Investments*

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

#### *Receivables and Payables*

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

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

#### *Inventories and Prepaids*

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### *Capital Assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

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

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

### *Deferred Outflows of Resources*

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

### *Compensated Absences*

The City's policy concerning compensated absences changed as of July 1, 2014. All time off including vacation, personal time as well as health, maternity leave and FMLA was reclassified to paid time off (PTO). All employees had up to 200 hours of their accumulated annual bank placed in the employee's maximum accumulation hours bank. PTO time in excess of 200 hours was placed in a holding bank to be paid out at retirement, death, termination of employment at the rate of 100% of the employee's straight time hourly rate in effect as of July 1, 2014. Such payment shall not be included as final average compensation for the purpose of computing retirement benefits. PTO time is computed and accrued on a basis of each payroll period that a regular employee has at least 72 straight time hours or a part time employee has at least 29 straight time hours. PTO time is based on City seniority as defined in the article entitled Seniority of this Agreement.

### *Long-term Obligations*

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

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

### *Deferred Inflows of Resources*

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

### *Fund Balances*

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

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

### *Interfund Transactions*

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

### *Pensions and Other Postemployment Benefits*

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

### *Use of Estimates*

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

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

#### *Hurley Medical Center - Patient Accounts Receivable*

Patient accounts receivable at June 30, 2019 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 \$9,000,000 for 2019. The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

#### *Hurley Medical Center - Net Patient Service Revenue*

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs and are subject to audit by fiscal intermediaries. The Medical Center recognized increases totaling approximately \$1,934,000 in net patient service revenue during the year ended June 30, 2019 as a result of unfavorable and favorable changes to prior year settlement estimates and activity.

#### *Hurley Medical Center - Charity Care*

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

## 2. BUDGETARY INFORMATION

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

1. On June 25, 2018, the City Council approved adopting the operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included expenditures and the means of financing them for the general and special revenue funds (these funds are required to have budgets per Michigan law). Informational summaries of projected revenue and expenditures/expenses were provided for all City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
2. Department heads are authorized to transfer budgeted amounts with departmental appropriation accounts, except as those designated by the City's newly adopted "Amendment of Adopted Budgets" ordinance. Revisions that require Council approval must be adopted by resolution.
3. Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the grant funds, were adopted on a basis consistent with generally accepted accounting principles. The grant budgets were rolled from the prior year based on the budget balances of the grants at year end. Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

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

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### *Expenditures in Excess of Appropriations*

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

	Final Budget	Actual	Over Budget
General fund			
General government -			
General government	\$ 8,380,790	\$ 8,443,306	\$ 62,516
Facilities maintenance	1,471,018	1,531,620	60,602
Grants fund			
Debt service - interest	246,505	256,267	9,762
Major streets fund			
Debt service:			
Principal	99,710	112,288	12,578
Interest	5,623	6,332	709
Senior citizens fund			
Community development	-	2,231	2,231
Street light fund			
Public works	2,473,768	2,619,544	145,776

#### *Deficit Fund Equity*

The sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$48,253,659 at June 30, 2019. The fund had total deficit net position of \$125,265.

The water enterprise fund reported a deficit in unrestricted net position in the amount of \$42,095,083 at June 30, 2019. The fund had total net position of \$52,701,410.

The self-insurance internal service fund reported a deficit in unrestricted net position in the amount of \$1,302,364 at June 30, 2019 which was also equal to total net position.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 4. DEPOSITS AND INVESTMENTS

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

As of June 30, 2019 the City's deposits and investments were reported in the basic financial statements in the following categories:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 149,599,564	\$ 77,396,627	\$ 226,996,191
Restricted cash and investments	-	159,861,282	159,861,282
	<u>149,599,564</u>	<u>237,257,909</u>	<u>386,857,473</u>
<b>Statement of Fiduciary Net Position</b>			
OPEB trust fund:			
Cash and investments	622,150	-	622,150
Agency funds:			
Cash and investments	<u>4,420,368</u>	<u>-</u>	<u>4,420,368</u>
	<u>5,042,518</u>	<u>-</u>	<u>5,042,518</u>
<b>Total</b>	<u><u>\$ 154,642,082</u></u>	<u><u>\$ 237,257,909</u></u>	<u><u>\$ 391,899,991</u></u>
<b>Deposits and investments</b>			
Bank deposits (checking and savings accounts)			\$ 149,687,308
Certificates of deposit with maturities less than one year			11,462,703
Certificates of deposit with maturities greater than one year			3,499,270
Investments:			
Commercial paper			27,936,905
Equity mutual funds			622,150
Other mutual funds			1,161,204
U.S. government bonds			5,958,020
U.S. treasury securities			803,560
Money market accounts			31,448,621
Hurley Medical Center restricted cash and investments			159,305,475
Cash on hand			<u>14,775</u>
<b>Total</b>			<u><u>\$ 391,899,991</u></u>



# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### *Investment and Deposit Risk*

*Interest Rate Risk.* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates for funds are disclosed below:

	Fair Value	Weighted Average Maturity (Years)
Commercial paper	\$ 27,936,905	0.35
U.S. government bonds	5,958,020	5.31
U.S. treasury securities	803,560	0.04
Total	<u>\$ 34,698,485</u>	

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2019, the City's investment ratings are disclosed below:

	Fair Value	Standard & Poor's Rating
Commercial paper	\$ 16,937,036	A1
Commercial paper	1,977,775	A1+
Commercial paper	9,022,094	A2
Equity mutual funds	622,150	N/A
Other mutual funds	1,161,204	AAA
U.S. government bonds	5,958,020	AA+
U.S. treasury securities	803,560	N/A
Money market accounts	31,448,621	N/A
Total	<u>\$ 67,930,460</u>	

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of yearend, approximately \$158,067,000 of the City's bank balance of approximately \$161,567,000 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk - Investments.* As of June 30, 2019, the City's investments consisted of commercial paper, mutual funds, government obligations and other assets. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2019, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

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

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

The City had the following recurring fair value measurements as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 27,936,905	\$ -	\$ 27,936,905
Equity mutual funds	622,150	-	-	622,150
Other mutual funds	605,399	555,805	-	1,161,204
U.S. government bonds	-	5,958,020	-	5,958,020
U.S. treasury securities	-	803,560	-	803,560
Total investments at fair value	<u>\$ 1,227,549</u>	<u>\$ 35,254,290</u>	<u>\$ -</u>	<u>36,481,839</u>
Money market funds (carried at amortized cost)				31,448,621
				<u>\$ 67,930,460</u>

### Hurley Medical Center Component Unit

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

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

#### 5. RECEIVABLES

Receivables, of which \$9,122,872 of loans receivable in governmental activities and \$1,559,079 of loans receivable and \$7,585,000 of leases receivable in the component units are not expected to be collected within one year, are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,286,599	\$ 31,866,359	\$ 8,740,851
Property taxes	53,916	-	-
Income taxes	5,569,343	-	-
Patient	-	-	54,962,324
Estimated third-party payor settlements	-	-	17,895,969
Loans	9,122,872	-	1,559,079
Leases	-	-	7,744,561
Due from other governments	11,685,702	9,165,079	-
Due from GLWA	-	100,167,775	-
Due from component units	7,320,000	-	-
Less: allowance for uncollectibles	(7,779,733)	(13,678,789)	(10,285,504)
	<u>\$ 27,258,699</u>	<u>\$ 127,520,424</u>	<u>\$ 80,617,280</u>

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

#### 6. INTANGIBLE ASSET - RIGHT TO USE

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

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

An interfund balance existed between governmental activities and business-type activities in the amount of \$4,383,024. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

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

	Transfers In			
	General	Grants	Nonmajor Governmental Funds	Totals
Transfers out				
General fund	\$ -	\$ 15,641	\$ -	\$ 15,641
Major streets	-	-	1,502,764	1,502,764
Nonmajor governmental funds	-	-	1,878,285	1,878,285
Sewer fund	1,286,854	-	-	1,286,854
Water fund	1,283,854	-	-	1,283,854
Internal service funds	787,998	-	-	787,998
	<u>\$ 3,358,706</u>	<u>\$ 15,641</u>	<u>\$ 3,381,049</u>	<u>\$ 6,755,396</u>

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

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 8. CAPITAL ASSETS

Capital asset activity for the current year was as follows:

#### Primary Government

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 14,287,016	\$ -	\$ -	\$ -	\$ 14,287,016
Construction in progress	1,237,888	2,310,704	(59,350)	(785,355)	2,703,887
	<u>15,524,904</u>	<u>2,310,704</u>	<u>(59,350)</u>	<u>(785,355)</u>	<u>16,990,903</u>
Capital assets, being depreciated:					
Land improvements	14,574,944	5,000	-	-	14,579,944
Infrastructure	381,546,164	465,363	-	785,355	382,796,882
Buildings, additions and improvements	21,718,469	460,622	-	-	22,179,091
Machinery and equipment	11,625,271	995,461	-	-	12,620,732
Vehicles	12,353,716	3,409,789	-	-	15,763,505
	<u>441,818,564</u>	<u>5,336,235</u>	<u>-</u>	<u>785,355</u>	<u>447,940,154</u>
Less accumulated depreciation for:					
Land improvements	(12,247,416)	(374,206)	-	-	(12,621,622)
Infrastructure	(302,340,497)	(9,465,689)	-	-	(311,806,186)
Buildings, additions and improvements	(17,534,670)	(290,891)	-	-	(17,825,561)
Machinery and equipment	(9,936,753)	(515,460)	-	-	(10,452,213)
Vehicles	(10,913,357)	(733,798)	-	-	(11,647,155)
	<u>(352,972,693)</u>	<u>(11,380,044)</u>	<u>-</u>	<u>-</u>	<u>(364,352,737)</u>
Total capital assets being depreciated, net	<u>88,845,871</u>	<u>(6,043,809)</u>	<u>-</u>	<u>785,355</u>	<u>83,587,417</u>
Governmental activities capital assets, net	<u>\$ 104,370,775</u>	<u>\$ (3,733,105)</u>	<u>\$ (59,350)</u>	<u>\$ -</u>	<u>\$ 100,578,320</u>

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 762,394	\$ -	\$ -	\$ -	\$ 762,394
Construction in progress	-	2,095,203	-	-	2,095,203
	<u>762,394</u>	<u>2,095,203</u>	<u>-</u>	<u>-</u>	<u>2,857,597</u>
Capital assets, being depreciated:					
Land improvements	5,432,597	589,275	-	169,074	6,190,946
Infrastructure	139,938,214	37,626,563	-	(169,074)	177,395,703
Buildings, additions and improvements	65,637,203	1,196,549	-	-	66,833,752
Machinery and equipment	103,731,963	1,770,521	-	-	105,502,484
Vehicles	7,426,705	195,905	-	-	7,622,610
	<u>322,166,682</u>	<u>41,378,813</u>	<u>-</u>	<u>-</u>	<u>363,545,495</u>
Less accumulated depreciation for:					
Land improvements	(2,635,519)	(176,072)	-	(1,690)	(2,813,281)
Infrastructure	(87,363,182)	(2,559,656)	-	1,690	(89,921,148)
Buildings, additions and improvements	(51,991,556)	(1,010,322)	-	-	(53,001,878)
Machinery and equipment	(67,409,499)	(2,748,028)	-	-	(70,157,527)
Vehicles	(6,489,397)	(550,442)	-	-	(7,039,839)
	<u>(215,889,153)</u>	<u>(7,044,520)</u>	<u>-</u>	<u>-</u>	<u>(222,933,673)</u>
Total capital assets being depreciated, net	<u>106,277,529</u>	<u>34,334,293</u>	<u>-</u>	<u>-</u>	<u>140,611,822</u>
Business-type activities capital assets, net	<u>\$ 107,039,923</u>	<u>\$ 36,429,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,469,419</u>

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

### Depreciation of governmental activities by function

General government	\$ 406,326
Public safety	377,302
Public works	9,276,114
Recreation and culture	515,170
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>805,132</u>

Total depreciation expense - governmental activities \$ 11,380,044

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### Depreciation of business-type activities by function

Sewer	\$ 3,780,206
Water	<u>3,264,314</u>

Total depreciation expense - business-type activities	<u>\$ 7,044,520</u>
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### Construction Commitments

The City has active construction projects as of June 30, 2019. The projects and City commitments with contractors with contractors were as follows:

	Spent to Date	Remaining Commitment
Water supply improvements	\$ 39,483,491	\$ 17,049,752
Road rehabilitation	1,845,250	3,856,765
Water pollution control	109,680	2,304,614
Bridge work	<u>35,190</u>	<u>23,760</u>
Total	<u>\$ 41,473,611</u>	<u>\$ 23,234,891</u>

### Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit -				
Downtown Development Authority				
Capital assets, not being depreciated -				
Land	<u>\$ 4,878,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,878,067</u>
Capital assets, being depreciated:				
Land improvements	10,934,166	-	-	10,934,166
Leasehold improvements	5,787,190	-	-	5,787,190
Buildings, additions and improvements	331,632			331,632
Machinery and equipment	1,561,365	155,767		1,717,132
Vehicles	<u>24,501</u>	<u>-</u>	<u>-</u>	<u>24,501</u>
	<u>18,638,854</u>	<u>155,767</u>	<u>-</u>	<u>18,794,621</u>
Less accumulated depreciation for:				
Land improvements	(3,517,241)	(283,040)	-	(3,800,281)
Leasehold improvements	(5,615,590)	(26,567)	-	(5,642,157)
Buildings, additions and improvements	(28,739)	(8,291)		(37,030)
Machinery and equipment	(914,688)	(93,127)		(1,007,815)
Vehicles	<u>(6,356)</u>	<u>(2,502)</u>	<u>-</u>	<u>(8,858)</u>
	<u>(10,082,614)</u>	<u>(413,527)</u>	<u>-</u>	<u>(10,496,141)</u>
Total capital assets being depreciated, net	<u>8,556,240</u>	<u>(257,760)</u>	<u>-</u>	<u>8,298,480</u>
Downtown Development Authority				
capital assets, net	<u>\$ 13,434,307</u>	<u>\$ (257,760)</u>	<u>\$ -</u>	<u>\$ 13,176,547</u>

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Economic Development Corporation					
Capital assets, not being depreciated -					
Land	\$ 93,860	\$ -	\$ -	\$ -	\$ 93,860
Capital assets, being depreciated:					
Buildings	514,782	-	-	-	514,782
Building improvements	1,000,646	-	(16,093)	(259,456)	725,097
Machinery and equipment	17,046	-	-	259,456	276,502
	<u>1,532,474</u>	<u>-</u>	<u>(16,093)</u>	<u>-</u>	<u>1,516,381</u>
Less accumulated depreciation for:					
Buildings	(514,782)	-	-	-	(514,782)
Building improvements	(728,821)	(32,184)	1,456	259,456	(500,093)
Machinery and equipment	(17,046)	-	-	(259,456)	(276,502)
	<u>(1,260,649)</u>	<u>(32,184)</u>	<u>1,456</u>	<u>-</u>	<u>(1,291,377)</u>
Total capital assets being depreciated, net	<u>271,825</u>	<u>(32,184)</u>	<u>(14,637)</u>	<u>-</u>	<u>225,004</u>
Economic Development Corporation					
capital assets, net	<u>\$ 365,685</u>	<u>\$ (32,184)</u>	<u>\$ (14,637)</u>	<u>\$ -</u>	<u>\$ 318,864</u>



# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals and Transfers	Ending Balance
Component Unit - Hurley Medical Center				
Capital assets, not being depreciated:				
Land	\$ 4,930,372	\$ -	\$ -	\$ 4,930,372
Construction in progress	6,298,688	14,131,066	(12,316,181)	8,113,573
	<u>11,229,060</u>	<u>14,131,066</u>	<u>(12,316,181)</u>	<u>13,043,945</u>
Capital assets, being depreciated:				
Land improvements	3,428,144	138,829	(78,982)	3,487,991
Buildings	190,068,497	3,782,764	(3,158,549)	190,692,712
Machinery and equipment	124,503,495	8,400,310	(5,738,450)	127,165,355
Automotive equipment	265,310	-	-	265,310
Leasehold improvements	307,680	-	(5,130)	302,550
Equipment and furnishings	1,219,539	16,620	(330,845)	905,314
	<u>319,792,665</u>	<u>12,338,523</u>	<u>(9,311,956)</u>	<u>322,819,232</u>
Less accumulated depreciation for:				
Land improvements	(1,693,303)	(251,053)	78,065	(1,866,291)
Buildings	(125,942,282)	(4,759,973)	2,657,499	(128,044,756)
Machinery and equipment	(96,663,382)	(8,780,548)	5,526,225	(99,917,705)
Automotive equipment	(181,126)	(23,963)	-	(205,089)
Leasehold improvements	(179,739)	(11,497)	4,005	(187,231)
Equipment and furnishings	(790,371)	(90,879)	73,420	(807,830)
	<u>(225,450,203)</u>	<u>(13,917,913)</u>	<u>8,339,214</u>	<u>(231,028,902)</u>
Total capital assets being depreciated, net	<u>94,342,462</u>	<u>(1,579,390)</u>	<u>(972,742)</u>	<u>91,790,330</u>
Hurley Medical Center capital assets, net	<u>\$ 105,571,522</u>	<u>\$ 12,551,676</u>	<u>\$ (13,288,923)</u>	<u>\$ 104,834,275</u>

## 9. LONG-TERM DEBT

### Primary Government

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

Long-term debt activity for the primary government for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 7,680,000	\$ -	\$ (360,000)	\$ 7,320,000	\$ 375,000
Notes from direct borrowings and direct placements -					
Loans payable	20,825,545	-	(1,260,288)	19,565,257	1,285,849
	28,505,545	-	(1,620,288)	26,885,257	1,660,849
Capital leases payable	264,558	813,930	(327,196)	751,292	200,885
Total installment debt	28,770,103	813,930	(1,947,484)	27,636,549	1,861,734
Compensated absences	3,164,375	1,499,744	(1,686,096)	2,978,023	522,000
<b>Total governmental activities</b>	<b>\$ 31,934,478</b>	<b>\$ 2,313,674</b>	<b>\$ (3,633,580)</b>	<b>\$ 30,614,572</b>	<b>\$ 2,383,734</b>
<b>Business-type Activities</b>					
KWA agreement payable	\$ 105,395,370	\$ -	\$ (2,129,623)	\$ 103,265,747	\$ 2,236,273
Capital leases payable	607,348	-	(313,346)	294,002	294,002
Total installment debt	106,002,718	-	(2,442,969)	103,559,749	2,530,275
Compensated absences	447,974	403,034	(387,620)	463,388	78,000
<b>Total business-type activities</b>	<b>\$ 106,450,692</b>	<b>\$ 403,034</b>	<b>\$ (2,830,589)</b>	<b>\$ 104,023,137</b>	<b>\$ 2,608,275</b>

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

Bonds and loans payable outstanding for governmental activities as of the end of the year are as follows:

	Interest Rate	Year of Maturity	Outstanding Principal	Original Amount
Bonds payable:				
G.O. Capital Improvement Bonds	4.00-6.00%	2032	\$ 7,320,000	\$ 10,000,000
Loans payable:				
Section 108 Loan - 500 Block	1.34-4.13%	2025	2,070,000	3,840,000
Section 108 Loan - Guaranteed Funds	0.56-4.28%	2027	3,465,000	5,180,000
Section 108 Loan - W. Carpenter Rd	LIBOR + 1.50%	2028	996,000	1,875,000
Local Government Loan Program (Fiscal Stabilization Bonds)	3.50-6.00%	2035	6,530,000	8,000,000
SIB 3rd Avenue Reconstruction Loan	0.50%	2028	1,154,257	2,241,000
Emergency Loan - G.O. Limited Tax 2014-15	2.09%	2030	5,350,000	7,000,000
			19,565,257	28,136,000
Total			\$ 26,885,257	\$ 38,136,000

Annual debt service requirements to maturity for bonds and loans payable for governmental activities are as follows:

Year Ended June 30,	Governmental Activities			
	Bonds Payable		Loans Payable	
	Principal	Interest	Principal	Interest
2020	\$ 375,000	\$ 350,044	\$ 1,285,849	\$ 705,594
2021	390,000	333,300	1,305,418	671,155
2022	410,000	314,788	1,336,983	634,940
2023	430,000	294,838	1,440,553	596,230
2024	450,000	273,938	1,472,125	552,680
2025-2029	2,630,000	1,000,500	8,734,329	1,921,455
2030-2034	2,635,000	271,875	2,855,000	710,516
2035-2039	-	-	1,135,000	69,150
	\$ 7,320,000	\$ 2,839,283	\$ 19,565,257	\$ 5,861,720

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

KWA Agreement Payable - Karegnondi Water Authority (KWA) was formed in 2013 for the purpose of constructing a new raw water supply system (the "System"). Effective August 1, 2013, the City entered into an agreement (the "Agreement") with KWA and Genesee County (the "County") to issue debt to acquire, construct, and operate the System, which became operational in 2018. The County's share of the debt is 65.8 percent and the City's share of the debt is 34.2 percent. The City pledged its full faith and credit of certain state revenue as security of the repayment of the City's portion of this debt. During the year ended June 30, 2019, the City made total payments on this agreement in the amount of \$6,798,734. In addition, the City reached a 30-year agreement with the Great Lakes Water Authority ("GLWA") to purchase water. The contract with GLWA includes a monthly credit to the City equal to 97% (17.46 MGD of the 18 MGD) of the City's obligation under the Agreement, which offsets the debt and is recorded as a receivable in the City's water fund. The City pays the debt service payments to KWA on a monthly basis. The agreement payable and corresponding receivable were not recorded by the City in prior years.

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

Business-type Activities		
Agreement Payable		
Year Ended June 30,	Principal	Interest
2020	\$ 2,236,273	\$ 5,226,769
2021	2,326,356	5,127,271
2022	2,435,923	5,017,359
2023	2,546,395	4,900,432
2024	2,669,651	4,769,416
2025-2029	15,513,312	21,636,522
2030-2034	19,935,140	17,102,308
2035-2039	25,790,050	11,944,447
2040-2044	27,352,647	5,426,177
2045-2046	2,460,000	124,500
	<u>\$ 103,265,747</u>	<u>\$ 81,275,201</u>

Capital Leases - In the current and prior years, the City entered into lease agreements as lessee for financing the acquisitions of vector trucks and dump trucks. The interest rates range from 2.665-4.750% and mature in 2024. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are summarized as follows:

Machinery and equipment	\$ 1,411,158
Less accumulated depreciation	<u>(794,229)</u>
Net book value	<u>\$ 616,929</u>

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

The net present value of future minimum lease payments as of June 30, 2019, were as follows:

	Governmental Activities	Business-type Activities
2020	\$ 234,699	\$ 301,836
2021	151,980	-
2022	146,980	-
2023	146,980	-
2024	173,163	-
Total minimum lease payments	853,802	301,836
Less: amount representing interest	(102,510)	(7,834)
Present value of minimum lease payments	<u>\$ 751,292</u>	<u>\$ 294,002</u>

*Revenues Pledged in Connection with Component Unit Debt* - The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City's state-shared revenues. The bonds issued during 2008 in the amount of \$10,000,000 were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2032. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Cash flow projections indicate that the DDA's annual debt service to the City for repayment of the bonds will not coincide with the City's annual debt service obligation. During the current year, the City has forgiven a portion of the debt payment made by the City on behalf of the DDA.

*Section 108 Loans* - The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the programs are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### Discretely Presented Component Units

#### *Downtown Development Authority*

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Downtown Development Authority				
James Rutherford Parking Deck Note Payable	2032	4.00% - 6.00%	\$ 10,000,000	\$ 7,320,000
Parking System Improvement Revenue Bonds	2026	2.5%	648,964	519,172
Total				<u>\$ 7,839,172</u>

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

Year Ended June	Note Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2020	\$ 375,000	\$ 350,044	\$ 64,896	\$ 12,168
2021	390,000	333,300	64,896	10,546
2022	410,000	314,788	64,896	8,923
2023	430,000	294,838	64,896	7,301
2024	450,000	273,938	64,896	5,678
2025-2029	2,630,000	1,000,500	194,692	7,301
2030-2034	2,635,000	271,875	-	-
	<u>\$ 7,320,000</u>	<u>\$ 2,839,283</u>	<u>\$ 519,172</u>	<u>\$ 51,917</u>

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for fiscal year 2019 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Downtown Development Authority					
Notes from direct borrowings and direct placements -					
James Rutherford Parking - Deck Note Payable	\$ 7,680,000	\$ -	\$ (360,000)	\$ 7,320,000	\$ 375,000
Parking System Improvement Revenue Bonds	584,068	-	(64,896)	519,172	64,896
Key State Bank Loan - Kearsley Street Lights	12,500	-	(12,500)	-	-
Total	<u>\$ 8,276,568</u>	<u>\$ -</u>	<u>\$ (437,396)</u>	<u>\$ 7,839,172</u>	<u>\$ 439,896</u>

Contractual Obligations - The above contractual obligations to the City for the James Rutherford Parking Deck are the result of the City's issuance of bonds on the Authority's behalf. The Authority has pledged tax increment revenue and net operating revenue of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2019, principal and interest to be paid on the bonds is a total of \$10,884,946. During the current year, the net loss from the parking operations was \$443,162.

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

### *Economic Development Corporation*

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

Long-term liability activity for EDC for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Economic Development Corporation					
Revenue Bond	<u>\$ 7,840,000</u>	<u>\$ -</u>	<u>\$ (125,000)</u>	<u>\$ 7,715,000</u>	<u>\$ 130,000</u>

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

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

Year Ending June 30,	Principal	Interest
2020	\$ 130,000	\$ 389,475
2021	135,000	382,850
2022	145,000	376,213
2023	170,000	369,125
2024	180,000	361,250
2025-2029	1,090,000	1,670,338
2030-2034	1,665,000	1,330,650
2035-2039	2,290,000	817,625
2040-2042	1,910,000	163,275
	<u>\$ 7,715,000</u>	<u>\$ 5,860,801</u>

### *Hurley Medical Center*

Long-term debt activity for Hurley Medical Center for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Hurley Medical Center					
Notes from direct borrowings and direct placements:					
Series 2010	\$ 31,715,000	\$ -	\$ (500,000)	\$ 31,215,000	\$ 500,000
Series 2011	413,810	-	(413,810)	-	-
Series 2013A	21,940,000	-	(15,000)	21,925,000	530,000
Series 2013B	25,010,000	-	(5,150,000)	19,860,000	5,350,000
Mortgage payable	876,707	-	(512,630)	364,077	51,701
	<u>79,955,517</u>	<u>-</u>	<u>(6,591,440)</u>	<u>73,364,077</u>	<u>6,431,701</u>
Capital leases payable	58,204	-	(41,085)	17,119	17,119
Unamortized bond premium	432,611	-	(69,433)	363,178	-
Unamortized bond discount	<u>(789,070)</u>	<u>-</u>	<u>50,802</u>	<u>(738,268)</u>	<u>-</u>
Total Hurley Medical Center	<u>\$ 79,657,262</u>	<u>\$ -</u>	<u>\$ (6,651,156)</u>	<u>\$ 73,006,106</u>	<u>\$ 6,448,820</u>



## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 6,431,701	\$ 4,068,730
2021	7,079,346	3,724,610
2022	2,512,126	3,597,242
2023	2,640,049	3,463,294
2024	2,773,121	3,322,509
2025-2029	15,877,734	14,194,289
2030-2034	13,185,000	9,915,207
2035-2039	18,380,000	4,327,880
2040	4,485,000	-
	<u>\$ 73,364,077</u>	<u>\$ 46,613,761</u>

#### *Unused Line of Credit*

Hurley Health Services has an unused line of credit in the amount of \$150,000 renewable on October 1 of each year as of June 30, 2019 that is collateralized by a certificate of deposit.

#### *Direct Borrowings and Direct Placements*

The Medical Center's outstanding revenue refunding bonds are payable from the revenue of the Medical Center pursuant to lease/purchase agreements between the Medical Center and the City of Flint Hospital Building Authority. Under terms of the lease/purchase agreements, the Medical Center transferred title to substantially all of its facilities to the Authority and leases such facilities from the Authority. Ownership of the facilities reverts to the Medical Center upon payment of the bonds. Rental payments to the Authority are equal to the amounts required to make principal and interest payments on the bonds. Payments on Series 2010 range from \$500,000 in 2020 to \$3,555,000 in 2040, plus interest from 5.84 to 7.5 percent through 2040. Payments on Series 2013A range from \$530,000 in 2020 to \$930,000 in 2040, plus interest from 5.0 to 5.25 percent. Payments on Series 2013B range from \$5,350,000 in 2020 to \$1,305,000 in 2029, plus interest ranging from 3.5 percent to 5.0 percent over the life of the bond.

The net revenue of the Medical Center is pledged for payment of principal and interest on the revenue rental and revenue refunding bonds. Accordingly, the basic financial statements of the Medical Center include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center.

The outstanding 2013 Series bond lease agreement with the Authority includes certain financial covenants that, if not met, require the hiring of a consultant. The Medical Center is not in default as a result of violating the covenants unless the Medical Center fails to hire a consultant within 90 days of year end or if days cash on hand falls below 35 days.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### *Other Debt*

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

During 2016, HHS entered into a mortgage note payable to acquire real property and a building in Lapeer, Michigan. The mortgage note payable is due in monthly installment of \$5,728, including interest of 5 percent. The mortgage note payable is collateralized by the building and real property and is due on August 3, 2025.

## 10. RISK MANAGEMENT

### *Primary Government*

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

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

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

### *Component Units*

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

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

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

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

### *Conditional Asset Retirement Obligation*

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

## 11. SELF INSURANCE

### General Liability

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

Changes in the reported liability for the fiscal years 2018 and 2019 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2018	\$ 1,186,488	\$ 318,303	\$ (239,316)	\$ 1,265,475
2019	1,265,475	194,109	(444,642)	1,014,942

As of June 30, 2019, general liability insurance has \$469,016 of current claims payable, and the remaining \$968,595 is classified as long-term. Other types of risk are covered by commercial insurance. There were no insurance settlements that exceeded coverage in the last three years.

### Health, Dental and Eye Insurance

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay-as-you-go basis. Claims are being paid out of the fringe benefits internal service fund for active employee and retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and HAP of Michigan. Once the individual contract or aggregate stop-loss amount is reached. Reinsurance provides the remaining benefits. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$175,000 self-insured retention (SIR). The City did not have any claims in excess of the stop-loss deductible during the year. The self-insured coverages provided through BCBSM were protected by specific stop-loss coverage, which provided an unlimited excess with a \$175,000 deductible. The City also provides fully insured HMO health insurance coverage to a limited number of employees.

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

Changes in the reported liability for the fiscal years 2018 and 2019 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2018	\$ 1,177,505	\$ 10,857,864	\$ (10,698,106)	\$ 1,337,263
2019	1,337,263	8,545,013	(8,784,245)	1,098,031

The claims payable as of June 30, 2019 are included in accounts payable on the financial statements.

The City is self-insured for active employee dental and eye care benefits on a pay-as-you-go basis. The self-insurance program is administered by a third-party administrator. All claims and benefits are paid out of the fringe benefits internal service fund. The amount of estimated claims payable at June 30, 2019 was not material.

#### Workers' Compensation

The City is self-insured for worker's compensation on a pay-as-you go basis for claims up to \$1,000,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self-insurance program is administered by a third-party administrator. All workers' compensation benefits are paid out of the fringe benefits internal service fund.

Changes in the reported liability for the fiscal years 2018 and 2019 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2018	\$ 1,141,423	\$ 327,502	\$ (391,228)	\$ 1,077,697
2019	1,077,697	627,991	(250,478)	1,455,210

The claims payable as of June 30, 2019 are included in accounts payable on the financial statements.

#### Hurley Medical Center

The Medical Center's self-insured retention is \$6 million per occurrence annually, with excess claims made coverage up to \$20 million annually. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

Changes in the aggregate malpractice claims for the fiscal years 2018 and 2019 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2018	\$ 24,445,924	\$ 293,984	\$ (555,473)	\$ 24,184,435
2019	24,184,435	10,613,967	(10,845,474)	23,952,928

Professional liability for claims is reported in other long-term liabilities, net of \$3,815,775 included as a current liability in accrued expenses for the year ending June 30, 2019. The carrying amount of the insurance trust assets (at market) amounted to \$14,019,847 at June 30, 2019.

The Medical Center is self-insured for workers' compensation claims with a self-insured retainer of \$600,000 per claim. As of June 30, 2019, the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,901,763. The changes in the aggregate workers' compensation claims for the past three years were as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2018	\$ 1,439,441	\$ 1,612,688	\$ (1,326,951)	\$ 1,725,178
2019	1,725,178	2,059,522	(1,882,937)	1,901,763

Total long-term accrued liabilities as of June 30, 2019 are \$22,007,188.

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

## 12. CONTINGENT LIABILITIES

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

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

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

There are numerous cases arising out of the Flint Water Crisis that remain pending. These cases name the City or one of its former officials or employees (including, for these purposes, former state-appointed Emergency Managers). There are over 60 cases that are pending in one of the federal courts, and 12 cases are pending in a state court. Two of those matters are putative class actions (1 in federal and 1 in state court). To date, the City has successfully gotten many claims in those cases dismissed, with the exception of claims based on a violation of bodily integrity under the state or federal constitutions. Procedurally discovery is ongoing. Because the underlying allegations in those cases against the City or its former officials/employees have not been litigated or proven, and because various State proposals to resolve these cases through alternative means have been discussed but not enacted, it is premature to assess what effect, if any, these lawsuits or actions might have on the City's finances and budget.

The City also is involved in 2 pending water rates litigation matters in the Genesee County Circuit Court. On December 13, 2019, the Michigan Supreme Court vacated the Court of Appeals decision and allowing unjust enrichment claims to move forward removing governmental immunity protection from municipalities across the state, opening the City up for a broad range of litigation of grievances that individuals may have against the City and significant liability for Cities. The cases will be remanded back to Circuit Court. The City will file a motion to consolidate the cases and file motions for summary disposition to have the cases dismissed. Therefore, it is unknown what the financial impact will likely be until the matter is presented again before the Court.

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

### 13. PENSION PLANS

#### Michigan Municipal Employees' Retirement System

##### *General Information about the Pension Plan*

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

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

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

*Employees Covered by Benefit Terms.* At the December 31, 2018 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,773
Inactive employees entitled to but not yet receiving benefits	151
Active employees	<u>443</u>
Total membership	<u><u>2,367</u></u>

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

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.50%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male,

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.98%
Diversifying strategies	12.5%	5.00%	0.63%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2018 was 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### *Changes in Net Pension Liability*

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 543,168,639	\$ 197,128,499	\$ 346,040,140
Changes for the year:			
Service cost	2,225,716	-	2,225,716
Interest	41,507,314	-	41,507,314
Differences between expected and actual experience	1,196,815	-	1,196,815
Employer contributions	-	23,514,772	(23,514,772)
Employee contributions	-	1,624,560	(1,624,560)
Net investment loss	-	(6,736,753)	6,736,753
Benefit payments, including refunds of employee contributions	(50,880,152)	(50,880,152)	-
Administrative expense	-	(357,675)	357,675
Net changes	(5,950,307)	(32,835,248)	26,884,941
Balances at December 31, 2018	\$ 537,218,332	\$ 164,293,251	\$ 372,925,081

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 419,963,005	\$ 372,925,081	\$ 332,364,715

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

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

#### *Pension Expense and Deferred Outflows of Resources Related to Pensions*

For the year ended June 30, 2019, the City recognized pension expense of \$35,048,087. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	598,407
Net difference between projected and actual earnings on pension plan investments	<u>13,010,462</u>
	13,608,869
Contributions subsequent to the measurement date	<u>11,003,202</u>
Total	<u><u>24,612,071</u></u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	5,977,517
2021	989,413
2022	2,349,322
2023	<u>4,292,617</u>
Total	<u><u>\$ 13,608,869</u></u>

*Payable to the Pension Plan.* At June 30, 2019, the City had no amounts payable for contributions to the pension plan.

#### **Hurley Medical Center Component Unit**

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 14. OTHER POSTEMPLOYMENT BENEFITS

#### *General Information about the OPEB Plan*

*Plan Description.* The City administers a single-employer defined-benefit other postemployment benefits plan (the "Plan"). The Plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the Plan through employer contributions. The Plan does not cover Hurley Medical Center employees. City Council has the authority to establish and amend the contribution requirements of the City and the Plan members.

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

The City also provides postemployment death benefits to certain retirees who retired after July 1, 1978, under the terms of collective bargaining agreements with two employee unions. If the retiree was a member of one of the bargaining units at the time of retirement, his or her designated beneficiary will receive a death benefit at the time of the retiree's death. The death benefit ranges from \$2,000 to \$38,000 depending on the employee's contract. Employees who retired as of June 30, 2012 are eligible for this benefit. The death benefit trust fund is reported as an other postemployment benefits trust fund; however, the City has not created a formal irrevocable trust in accordance with GASB 74. Therefore, the assets in the death benefit trust fund are not considered assets of the plan.

*Employees Covered by Benefit Terms.* At June 30, 2019 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	1,366
Active employees	<u>249</u>
Total membership	<u><u>1,615</u></u>

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

#### *Total OPEB Liability*

The City is not prefunding the plan and the total OPEB liability was measured as of June 30, 2019.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2019 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

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

Mortality rates were based on the following tables: (1) General retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019, (2) Police and Fire retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019 and (3) Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study done during 2005.

*Discount Rate.* The discount rate used to measure the total OPEB liability was 3.51%. The projection of cash flows used to determine the discount rate assumed that Plan does not require and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Plan is funded on a pay-as-you-go basis, therefore, the AA municipal index bond rate of 3.51% was applied for future periods. The municipal index bond rate was obtained from the Bond Buyer 20-Bond GO index.

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

	Total OPEB Liability
Balances at June 30, 2018	<u>\$ 279,350,782</u>
Changes for the year:	
Service cost	1,919,202
Interest on total OPEB liability	10,625,304
Differences between expected and actual experience	(42,174,650)
Changes in assumptions	13,670,455
Benefit payments	(13,557,337)
Net changes	<u>(29,517,026)</u>
Balances at June 30, 2019	<u><u>\$ 249,833,756</u></u>

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, calculated using the discount rate of 3.51%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
City's total OPEB liability	\$ 288,705,325	\$ 249,833,756	\$ 218,755,760

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 8.0% (decreasing to an ultimate rate of 4.50%), as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (7.0% trending to 3.50%) or 1% higher (9.0% trending to 5.50%) than the current rate:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
City's total OPEB liability	\$ 219,508,948	\$ 249,833,756	\$ 287,518,460

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$15,959,689. The City reported no deferred outflows or inflows of resources related to OPEB.

*Payable to the OPEB Plan.* At June 30, 2019, the City had no amount payable to the OPEB plan.

### **Hurley Medical Center Component Unit**

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

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2019, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 16,990,903	\$ 2,857,597
Capital assets being depreciated, net	83,587,417	140,611,822
	<u>100,578,320</u>	<u>143,469,419</u>
Total debt	30,614,572	104,023,137
Less noncapital debt:		
Grant program related debt	(6,531,000)	-
Debt used for noncapital purposes	(19,200,000)	(103,265,747)
Compensated absences	(2,978,023)	(463,388)
	<u>1,905,549</u>	<u>294,002</u>
Net investment in capital assets	<u>\$ 98,672,771</u>	<u>\$ 143,175,417</u>

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

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

### 16. LEASES

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

Year Ended June 30,	Amount
2020	\$ 1,764,530
2021	1,632,848
2022	1,427,688
2023	1,402,245
2024	768,667
Thereafter	<u>747,755</u>
	<u>\$ 7,743,733</u>

Total rent expense under these leases was approximately \$1,143,000 for the year ended June 30, 2019.

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

### 17. TAX ABATEMENTS

The City received reduced property tax revenues during 2019 as a result of industrial facilities tax exemptions (IFT's) entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$378,000 in reduced tax revenues for 2019.

### 18. PRIOR PERIOD ADJUSTMENTS

Beginning equity was restated by the following amounts:

	Beginning Equity As Restated	2018 Change in Net Position/ Fund Balance Understated (Overstated)
<b>Governmental funds</b>		
Grants special revenue fund:		
Fund balance, beginning of year, as previously reported	\$ 1,534,016	
Seized gun sales were recorded as unearned revenue instead of restricted fund balance.	262,123	\$ -
Fund balance, end of year, as restated	<u>1,796,139</u>	
State Act 251 special revenue fund:		
Fund balance, beginning of year, as previously reported	467,743	
Drug forfeitures were recorded as unearned revenue and were not being released and recognized as revenue once the case is settled or otherwise closed.	737,868	-
Fund balance, end of year, as restated	<u>1,205,611</u>	
Garbage special revenue fund:		
Fund balance, beginning of year, as previously reported	1,630,490	
Prior year deferred inflows of resources exceeded the net property tax receivable.	284,536	284,536
Fund balance, end of year, as restated	<u>1,915,026</u>	
Parks special revenue fund:		
Fund balance, beginning of year, as previously reported	310,555	
Prior year deferred inflows of resources exceeded the net property tax receivable.	14,485	14,485
Fund balance, end of year, as restated	<u>325,040</u>	

continued ...

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Equity As Restated	2018 Change in Net Position/ Fund Balance Understated (Overstated)
<b>Governmental funds (concluded)</b>		
Neighborhood police special revenue fund:		
Fund balance, beginning of year, as previously reported	\$ 1,323,764	
Prior year deferred inflows of resources exceeded the net property tax receivable.	57,977	\$ 57,977
Fund balance, end of year, as restated	<u>1,381,741</u>	
Public safety special revenue fund:		
Fund balance, beginning of year, as previously reported	3,364,829	
Prior year deferred inflows of resources exceeded the net property tax receivable.	172,604	172,604
Fund balance, end of year, as restated	<u>3,537,433</u>	
Public improvement debt service fund:		
Fund balance, beginning of year, as previously reported	7,035,208	
Prior year deferred inflows of resources exceeded the net property tax receivable.	72,471	72,471
In a prior year, the City recorded an allowance against the due from DDA receivable, which resulted in the primary government receivable being reported for less than the payable amount that the component unit reported. In addition, the City had not recorded a deferred inflow of resources since the long-term receivable from the DDA will not be collected within 60 days after year end.	(5,759,221)	(194,221)
Fund balance, end of year, as restated	<u>1,348,458</u>	
Fringe benefit internal service fund:		
Fund balance, beginning of year, as previously reported	6,455,680	
Payables recorded in a previous year and not appropriately reversed in the subsequent year.	1,177,505	(1,177,505)
Fund balance, end of year, as restated	<u>7,633,185</u>	

continued ...



# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Equity As Restated	2018 Change in Net Position/ Fund Balance Understated (Overstated)
Government activities:		
Net position, beginning of year, as previously reported	\$ (299,841,483)	
Net restatements from governmental funds and internal service fund	(2,979,652)	\$ (769,653)
Certain amounts were reported as unearned revenue that should have been reported as deferred inflows of resources in the grants special revenue fund.	569,295	569,295
The receivable from the DDA was recorded correctly at the government-wide level and incorrectly at the fund level. The prior period adjustment recorded at the fund level needs to be reversed in the governmental activities.	7,320,000	-
Deferred inflows for property taxes were incorrectly reported in the governmental funds in prior year, which resulted in the governmental activities recognizing the related revenue incorrectly in the prior years.	(2,355,373)	(2,355,373)
Governmental activities net position, as restated	<u>\$ (297,287,213)</u>	<u>\$ (3,325,384)</u>
Business-type Activities		
Sewer Fund:		
Net position, beginning of year, as previously reported	\$ 16,384,706	
Miscellaneous receivable incorrectly recorded twice in the prior year.	(1,916,628)	\$ (1,916,628)
Prior year receivables and corresponding revenue not recorded to match allowable grant expenditures.	396,983	396,983
Utility billings placed on the tax role recorded in wrong period.	(434,557)	(434,557)
Net position, beginning of year, as restated	<u>14,430,504</u>	
Water Fund:		
Net position, beginning of year, as previously reported	21,396,371	
Miscellaneous receivable incorrectly recorded twice in the prior year.	(945,458)	(945,458)
Unrecorded GLWA invoices related to fiscal year 2018.	(1,400,048)	-
Utility billings placed on the tax role recorded in wrong period.	1,533,658	1,533,658
Net position, beginning of year, as restated	<u>20,584,523</u>	
Business-type activities net position, as restated	<u>\$ 35,015,027</u>	<u>\$ (1,366,002)</u>

continued...

# CITY OF FLINT, MICHIGAN

## Notes to Financial Statements

	Beginning Equity As Restated	2018 Change in Net Position/ Fund Balance Understated (Overstated)
EDC Component Unit		
Net position, beginning of year, as previously reported	\$ 1,156,317	
Accrued interest on bonds payable was not recorded in the prior year.	(66,284)	\$ -
The EDC recorded all of the debt related activity in previous years to a liability account instead of presenting the gross revenue and expenditures and the difference as equity.	525,956	(155,264)
Net position, beginning of year, as previously reported	<u>\$ 1,615,989</u>	<u>\$ (155,264)</u>
		Concluded

## 19. DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

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

	General	Grants	Major Streets	Nonmajor Governmental Funds	Total Governmental Funds
Restricted					
Grants	\$ -	\$ 1,784,020	\$ -	\$ -	\$ 1,784,020
Roads	-	-	14,421,677	5,275,546	19,697,223
Public safety	-	-	-	2,950,730	2,950,730
Police	-	-	-	1,562,056	1,562,056
Parks and recreation	-	-	-	357,675	357,675
Street lights	-	-	-	1,128,127	1,128,127
Garbage collection	-	-	-	2,093,575	2,093,575
Revolving loans	-	-	-	677,789	677,789
State forfeitures	-	-	-	1,144,195	1,144,195
Building	-	-	-	3,636,470	3,636,470
Debt service	-	-	-	1,019,467	1,019,467
	-	1,784,020	14,421,677	19,845,630	36,051,327
Assigned					
Subsequent					
years expenditures	2,070,811	-	-	-	2,070,811
Unassigned	22,366,581	-	-	-	22,366,581
	<u>\$ 24,437,392</u>	<u>\$ 1,784,020</u>	<u>\$ 14,421,677</u>	<u>\$ 19,845,630</u>	<u>\$ 60,488,719</u>

## CITY OF FLINT, MICHIGAN

### Notes to Financial Statements

#### 20. SUBSEQUENT EVENT

On July 9, 2019 the City issued \$6,475,000 of Local Government Loan Program Revenue Refunding Bonds, Series 2019A and \$6,795,000 of Local Government Loan Program Revenue Refunding Bonds, Series 2019B. Interest will be payable semi-annually on May 1 and November 1 of each year beginning November 2, 2019.

■ ■ ■ ■ ■

## REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF FLINT, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Change in total pension liability					
Service cost	\$ 2,225,716	\$ 2,271,177	\$ 2,233,013	\$ 2,240,734	\$ 2,288,673
Interest	41,507,314	41,968,824	42,351,721	41,160,626	41,626,038
Differences between expected and actual experience	1,196,815	823,878	1,729,337	(3,016,376)	-
Changes in assumptions	-	-	-	24,031,996	-
Benefit payments, including refunds of member contributions	(50,880,152)	(50,739,893)	(51,497,082)	(50,963,762)	(51,039,410)
Other changes	-	(3)	(882)	1,705,992	1,293,199
Net change in total pension liability	(5,950,307)	(5,676,017)	(5,183,893)	15,159,210	(5,831,500)
Total pension liability, beginning	543,168,639	548,844,656	554,028,549	538,869,339	544,700,839
Total pension liability, ending (a)	537,218,332	543,168,639	548,844,656	554,028,549	538,869,339
Change in plan fiduciary net position					
Contributions - employer	23,514,772	18,869,912	22,022,738	8,119,213	20,420,923
Contributions - member	1,624,560	1,558,004	1,665,719	2,128,481	2,999,208
Net investment income (loss)	(6,736,753)	24,736,166	22,386,661	(3,316,770)	16,151,453
Benefit payments, including refunds of member contributions	(50,880,152)	(50,739,893)	(51,497,082)	(50,963,762)	(51,039,410)
Administrative expense	(357,675)	(395,183)	(443,862)	(512,817)	(584,862)
Net change in plan fiduciary net position	(32,835,248)	(5,970,994)	(5,865,826)	(44,545,655)	(12,052,688)
Plan fiduciary net position, beginning	197,128,499	203,099,493	208,965,319	253,510,974	265,563,662
Plan fiduciary net position, ending (b)	164,293,251	197,128,499	203,099,493	208,965,319	253,510,974
City's net pension liability, ending (a)-(b)	\$ 372,925,081	\$ 346,040,140	\$ 345,745,163	\$ 345,063,230	\$ 285,358,365
Plan fiduciary net position as a percentage of the total pension liability	30.58%	36.29%	37.00%	37.72%	47.04%
Covered payroll	\$ 22,408,172	22,010,179	21,427,792	18,783,674	\$ 18,635,475
City's net pension liability as a percentage of covered payroll	1664.24%	1572.18%	1613.54%	1837.04%	1531.26%

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

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Note: The 2016 assumption changes resulted from a change in the investment rate of return from 8.00% to 7.75% and the mortality table was adjusted to reflect longer lifetimes.

## CITY OF FLINT, MICHIGAN

### Required Supplementary Information

#### MERS Agent Multiple-Employer Defined Benefit Pension Plan

##### Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$538,869,339	\$ 253,510,974	\$285,358,365	47.04%	\$ 18,635,475	1531.26%
2016	554,028,549	208,965,319	345,063,230	37.72%	18,783,674	1837.04%
2017	548,844,656	203,099,493	345,745,163	37.00%	21,427,792	1613.54%
2018	543,168,639	197,128,499	346,040,140	36.29%	22,010,179	1572.18%
2019	537,218,332	164,293,251	372,925,081	30.58%	22,408,172	1664.24%

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

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# CITY OF FLINT, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Contributions

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

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2019, based on the 12/31/2016 actuarial valuation)

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	22 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

# CITY OF FLINT, MICHIGAN

## Required Supplementary Information Other Postemployment Benefits Plan

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

	Year Ended June 30,	
	2019	2018
Total OPEB liability		
Service cost	\$ 1,919,202	\$ 2,312,576
Interest	10,625,304	11,083,100
Differences between expected and actual experience	(42,174,650)	(23,163,328)
Changes of assumptions	13,670,455	(12,462,521)
Benefit payments, including refunds of employee contributions	(13,557,337)	(14,730,209)
Net change in total OPEB liability	(29,517,026)	(36,960,382)
Total OPEB liability, beginning of year	279,350,782	316,311,164
Total OPEB liability, end of year	<u>\$ 249,833,756</u>	<u>\$ 279,350,782</u>
Covered payroll	\$ 14,281,760	\$ 17,034,088
City's total OPEB liability as a percentage of covered payroll	1749.32%	1639.95%

#### Notes:

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

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



## CITY OF FLINT, MICHIGAN

### Required Supplementary Information Other Postemployment Benefits Plan

#### Schedule of the Net OPEB Liability

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Total OPEB Liability as Percentage of Covered Payroll
2018	\$ 279,350,782	\$ -	\$ 279,350,782	0.0%	\$ 17,034,088	1639.95%
2019	249,833,756	-	249,833,756	0.0%	14,281,760	1749.32%

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

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

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

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

# CITY OF FLINT, MICHIGAN

## Required Supplementary Information

### Other Postemployment Benefits Plan

#### Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2018	\$ 14,730,209	\$ 14,730,209	\$ -	\$ 17,034,088	86.5%
2019	13,557,337	13,557,337	-	14,281,760	94.9%

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

#### Notes to Schedule of Contributions

Valuation Date                      Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Discount rate	3.87%
Inflation	2.50%
Salary increases	3.75%, including inflation
Retirement age	Experience-based tables of rates are specific to the type of eligibility condition
Mortality	RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Database Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement).

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

# CITY OF FLINT, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

	Special Revenue	Debt Service	Totals
<b>Assets</b>			
Cash and investments	\$ 19,065,799	\$ 1,122,443	\$ 20,188,242
Property taxes receivable	23,856	-	23,856
Loans receivable	6,966	-	6,966
Due from other governments	522,024	-	522,024
Due from component unit	-	7,320,000	7,320,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<u><u>\$ 19,618,645</u></u>	<u><u>\$ 8,442,443</u></u>	<u><u>\$ 28,061,088</u></u>
<b>Liabilities</b>			
Accounts payable	\$ 481,823	\$ 102,976	\$ 584,799
Accrued and other liabilities	178,873	-	178,873
Deposits payable	84,798	-	84,798
Unearned revenue	40,022	-	40,022
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	785,516	102,976	888,492
<b>Deferred inflows of resources</b>			
Unavailable revenue - loans	6,966	7,320,000	7,326,966
<b>Fund balances</b>			
Restricted	<u>18,826,163</u>	<u>1,019,467</u>	<u>19,845,630</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 19,618,645</u></u>	<u><u>\$ 8,442,443</u></u>	<u><u>\$ 28,061,088</u></u>

# CITY OF FLINT, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Totals
Revenues			
Property taxes	\$ 13,109,295	\$ 1,691,231	\$ 14,800,526
State sources	3,842,002	119,384	3,961,386
Charges for services	146,310	-	146,310
Fines and forfeitures	27,257	-	27,257
Licenses and permits	2,061,309	-	2,061,309
Local contributions	468,246	-	468,246
Interest	247,443	14,704	262,147
Other revenues	167,196	-	167,196
Total revenues	20,069,058	1,825,319	21,894,377
Expenditures			
Current expenditures:			
Public safety	8,175,494	-	8,175,494
Public works	11,737,160	-	11,737,160
Recreation and culture	330,309	286,865	617,174
Community development	10,812	-	10,812
Debt service:			
Principal	-	1,025,000	1,025,000
Interest	-	853,285	853,285
Total expenditures	20,253,775	2,165,150	22,418,925
Revenues under expenditures	(184,717)	(339,831)	(524,548)
Other financing sources (uses)			
Transfers in	1,502,764	1,878,285	3,381,049
Transfers out	-	(1,878,285)	(1,878,285)
Total other financing sources	1,502,764	-	1,502,764
Net change in fund balances	1,318,047	(339,831)	978,216
Fund balances, beginning of year, as restated	17,508,116	1,359,298	18,867,414
Fund balances, end of year	\$ 18,826,163	\$ 1,019,467	\$ 19,845,630

## CITY OF FLINT, MICHIGAN

### Nonmajor Special Revenue Funds

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

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

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

*Parks and Recreation Fund* - This fund was established to account for the annual ½ mil tax levy for the purpose of providing dedicated funds for the improvement and maintenance of City parks, forestry, and recreation services.

*Senior Citizens Centers Fund* - This fund was established to account for grants received from Genesee County for senior citizens services.

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

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

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

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

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

# CITY OF FLINT, MICHIGAN

## Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2019

	Local Streets	Public Safety	Neighborhood Policing	Parks and Recreation	Senior Citizens
<b>Assets</b>					
Cash and investments	\$ 4,945,180	\$ 3,026,827	\$ 1,649,581	\$ 392,572	\$ -
Property taxes receivable	-	10,465	7,541	-	-
Loans receivable	-	-	-	-	-
Due from other governments	522,024	-	-	-	-
<b>Total assets</b>	<b>\$ 5,467,204</b>	<b>\$ 3,037,292</b>	<b>\$ 1,657,122</b>	<b>\$ 392,572</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable	\$ 130,306	\$ -	\$ 78,112	\$ 33,554	\$ -
Accrued and other liabilities	49,752	86,562	16,954	1,343	-
Deposits payable	-	-	-	-	-
Unearned revenue	11,600	-	-	-	-
<b>Total liabilities</b>	<b>191,658</b>	<b>86,562</b>	<b>95,066</b>	<b>34,897</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans	-	-	-	-	-
<b>Fund balances</b>					
Restricted	5,275,546	2,950,730	1,562,056	357,675	-
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,467,204</b>	<b>\$ 3,037,292</b>	<b>\$ 1,657,122</b>	<b>\$ 392,572</b>	<b>\$ -</b>



Street Light	Garbage Collection	EDA Revolving Loan	State Act 251 - Forfeiture	Building Department	Totals
\$ 1,351,536	\$ 2,103,294	\$ 706,363	\$ 1,231,294	\$ 3,659,152	\$ 19,065,799
-	5,850	-	-	-	23,856
-	-	6,966	-	-	6,966
-	-	-	-	-	522,024
<u>\$ 1,351,536</u>	<u>\$ 2,109,144</u>	<u>\$ 713,329</u>	<u>\$ 1,231,294</u>	<u>\$ 3,659,152</u>	<u>\$ 19,618,645</u>
\$ 223,192	\$ 13,341	\$ 152	\$ 269	\$ 2,897	\$ 481,823
217	2,228	-	2,032	19,785	178,873
-	-	-	84,798	-	84,798
-	-	28,422	-	-	40,022
223,409	15,569	28,574	87,099	22,682	785,516
-	-	6,966	-	-	6,966
<u>1,128,127</u>	<u>2,093,575</u>	<u>677,789</u>	<u>1,144,195</u>	<u>3,636,470</u>	<u>18,826,163</u>
<u>\$ 1,351,536</u>	<u>\$ 2,109,144</u>	<u>\$ 713,329</u>	<u>\$ 1,231,294</u>	<u>\$ 3,659,152</u>	<u>\$ 19,618,645</u>



# CITY OF FLINT, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2019

	Local Streets	Public Safety	Neighborhood Policing	Parks and Recreation	Senior Citizens
<b>Revenues</b>					
Property taxes	\$ -	\$ 4,032,247	\$ 1,328,326	\$ 332,012	\$ -
State sources	3,436,094	286,523	95,508	23,877	-
Charges for services	-	41,175	37,162	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Local contribution	468,246	-	-	-	-
Interest	65,293	39,923	21,683	5,175	-
Other revenues	71,116	-	24,639	1,880	-
<b>Total revenues</b>	<b>4,040,749</b>	<b>4,399,868</b>	<b>1,507,318</b>	<b>362,944</b>	<b>-</b>
<b>Expenditures</b>					
Current:					
Public safety	-	4,986,571	1,327,003	-	-
Public works:					
Streets	4,474,254	-	-	-	-
Street lights	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-
Recreation and culture	-	-	-	330,309	-
Community development	-	-	-	-	2,231
<b>Total expenditures</b>	<b>4,474,254</b>	<b>4,986,571</b>	<b>1,327,003</b>	<b>330,309</b>	<b>2,231</b>
<b>Revenues over (under) expenditures</b>	<b>(433,505)</b>	<b>(586,703)</b>	<b>180,315</b>	<b>32,635</b>	<b>(2,231)</b>
<b>Other financing sources</b>					
Transfers in	1,502,764	-	-	-	-
<b>Net change in fund balances</b>	<b>1,069,259</b>	<b>(586,703)</b>	<b>180,315</b>	<b>32,635</b>	<b>(2,231)</b>
<b>Fund balances, beginning of year, as restated</b>	<b>4,206,287</b>	<b>3,537,433</b>	<b>1,381,741</b>	<b>325,040</b>	<b>2,231</b>
<b>Fund balances, end of year</b>	<b>\$ 5,275,546</b>	<b>\$ 2,950,730</b>	<b>\$ 1,562,056</b>	<b>\$ 357,675</b>	<b>\$ -</b>

Street Light	Garbage Collection	EDA Revolving Loan	State Act 251 - Forfeiture	Building Department	Totals
\$ 2,663,421	\$ 4,753,289	\$ -	\$ -	\$ -	\$ 13,109,295
-	-	-	-	-	3,842,002
-	39,520	-	650	27,803	146,310
-	-	-	27,257	-	27,257
-	840	-	-	2,060,469	2,061,309
-	-	-	-	-	468,246
17,836	27,762	3,203	16,249	50,319	247,443
-	500	69,061	-	-	167,196
<u>2,681,257</u>	<u>4,821,911</u>	<u>72,264</u>	<u>44,156</u>	<u>2,138,591</u>	<u>20,069,058</u>
-	-	-	105,572	1,756,348	8,175,494
-	-	-	-	-	4,474,254
2,619,544	-	-	-	-	2,619,544
-	4,643,362	-	-	-	4,643,362
-	-	-	-	-	330,309
-	-	8,581	-	-	10,812
<u>2,619,544</u>	<u>4,643,362</u>	<u>8,581</u>	<u>105,572</u>	<u>1,756,348</u>	<u>20,253,775</u>
61,713	178,549	63,683	(61,416)	382,243	(184,717)
-	-	-	-	-	1,502,764
61,713	178,549	63,683	(61,416)	382,243	1,318,047
<u>1,066,414</u>	<u>1,915,026</u>	<u>614,106</u>	<u>1,205,611</u>	<u>3,254,227</u>	<u>17,508,116</u>
<u>\$ 1,128,127</u>	<u>\$ 2,093,575</u>	<u>\$ 677,789</u>	<u>\$ 1,144,195</u>	<u>\$ 3,636,470</u>	<u>\$ 18,826,163</u>

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State sources	\$ 3,059,835	\$ 3,059,835	\$ 3,436,094	\$ 376,259
Local contributions	-	-	468,246	468,246
Interest	-	-	65,293	65,293
Charges for services	15,000	15,000	-	(15,000)
Other revenues	233,571	233,571	71,116	(162,455)
Total revenues	3,308,406	3,308,406	4,040,749	732,343
Expenditures				
Current -				
Public works -				
Streets	4,965,179	5,106,751	4,474,254	(632,497)
Revenues under expenditures	(1,656,773)	(1,798,345)	(433,505)	1,364,840
Other financing sources				
Transfers in	1,502,764	1,502,764	1,502,764	-
Net change in fund balance	(154,009)	(295,581)	1,069,259	1,364,840
Fund balance, beginning of year	4,206,287	4,206,287	4,206,287	-
Fund balance, end of year	\$ 4,052,278	\$ 3,910,706	\$ 5,275,546	\$ 1,364,840

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,769,494	\$ 3,769,494	\$ 4,032,247	\$ 262,753
State sources	625,000	625,000	286,523	(338,477)
Interest	-	-	39,923	39,923
Charges for services	15,000	15,000	41,175	26,175
Total revenues	4,409,494	4,409,494	4,399,868	(9,626)
Expenditures				
Current -				
Public safety	5,158,131	5,158,131	4,986,571	(171,560)
Net change in fund balance	(748,637)	(748,637)	(586,703)	161,934
Fund balance, beginning of year, as restated	3,537,433	3,537,433	3,537,433	-
Fund balance, end of year	\$ 2,788,796	\$ 2,788,796	\$ 2,950,730	\$ 161,934

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Neighborhood Policing Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,256,498	\$ 1,256,498	\$ 1,328,326	\$ 71,828
State sources	295,000	295,000	95,508	(199,492)
Interest	-	-	21,683	21,683
Charges for services	8,100	8,100	37,162	29,062
Other revenues	-	-	24,639	24,639
Total revenues	1,559,598	1,559,598	1,507,318	(52,280)
Expenditures				
Current -				
Public safety	1,383,214	1,456,814	1,327,003	(129,811)
Net change in fund balance	176,384	102,784	180,315	77,531
Fund balance, beginning of year, as restated	1,381,741	1,381,741	1,381,741	-
Fund balance, end of year	<u>\$ 1,558,125</u>	<u>\$ 1,484,525</u>	<u>\$ 1,562,056</u>	<u>\$ 77,531</u>

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 314,125	\$ 314,125	\$ 332,012	\$ 17,887
State sources	-	-	23,877	23,877
Interest	-	-	5,175	5,175
Other revenues	1,500	1,500	1,880	380
Total revenues	315,625	315,625	362,944	47,319
Expenditures				
Current -				
Recreation and culture	372,970	372,970	330,309	(42,661)
Net change in fund balance	(57,345)	(57,345)	32,635	89,980
Fund balance, beginning of year, as restated	325,040	325,040	325,040	-
Fund balance, end of year	\$ 267,695	\$ 267,695	\$ 357,675	\$ 89,980

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Senior Citizens Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current -				
Community development	-	-	2,231	2,231
Net change in fund balance	-	-	(2,231)	(2,231)
Fund balance, beginning of year	2,231	2,231	2,231	-
Fund balance, end of year	\$ 2,231	\$ 2,231	\$ -	\$ (2,231)

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Street Light Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,473,768	\$ 2,473,768	\$ 2,663,421	\$ 189,653
Interest	-	-	17,836	17,836
Total revenues	2,473,768	2,473,768	2,681,257	207,489
Expenditures				
Current -				
Public works -				
Street lights	2,473,768	2,473,768	2,619,544	145,776
Net change in fund balance	-	-	61,713	61,713
Fund balance, beginning of year	1,066,414	1,066,414	1,066,414	-
Fund balance, end of year	\$ 1,066,414	\$ 1,066,414	\$ 1,128,127	\$ 61,713



# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Garbage Collection Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,369,348	\$ 4,369,348	\$ 4,753,289	\$ 383,941
Charges for services	-	-	39,520	39,520
Licenses and permits	1,500	1,500	840	(660)
Interest	-	-	27,762	27,762
Other revenues	-	-	500	500
Total revenues	4,370,848	4,370,848	4,821,911	451,063
Expenditures				
Current -				
Public works -				
Garbage and rubbish	4,447,990	4,720,590	4,643,362	(77,228)
Net change in fund balance	(77,142)	(349,742)	178,549	528,291
Fund balance, beginning of year, as restated	1,915,026	1,915,026	1,915,026	-
Fund balance, end of year	\$ 1,837,884	\$ 1,565,284	\$ 2,093,575	\$ 528,291

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - EDA Revolving Loan Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest	\$ 11,875	\$ 11,875	\$ 3,203	\$ (8,672)
Other revenues	34,200	34,200	69,061	34,861
Total revenues	46,075	46,075	72,264	26,189
Expenditures				
Current -				
Community development	4,863	99,863	8,581	(91,282)
Net change in fund balance	41,212	(53,788)	63,683	117,471
Fund balance, beginning of year	614,106	614,106	614,106	-
Fund balance, end of year	<u>\$ 655,318</u>	<u>\$ 560,318</u>	<u>\$ 677,789</u>	<u>\$ 117,471</u>

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - State Act 251 Forfeiture Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 17,000	\$ 17,000	\$ 650	\$ (16,350)
Fines and forfeitures	75,000	75,000	27,257	(47,743)
Interest	-	-	16,249	16,249
Total revenues	92,000	92,000	44,156	(47,844)
Expenditures				
Current -				
Public safety	201,298	201,298	105,572	(95,726)
Net change in fund balance	(109,298)	(109,298)	(61,416)	47,882
Fund balance, beginning of year, as restated	1,205,611	1,205,611	1,205,611	-
Fund balance, end of year	\$ 1,096,313	\$ 1,096,313	\$ 1,144,195	\$ 47,882

# CITY OF FLINT, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Building Department Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal sources	\$ 380,473	\$ 100,000	\$ -	\$ (100,000)
Charges for services	30,000	30,000	27,803	(2,197)
Licenses and permits	1,977,000	1,977,000	2,060,469	83,469
Interest	13,000	13,000	50,319	37,319
	<u>2,400,473</u>	<u>2,120,000</u>	<u>2,138,591</u>	<u>18,591</u>
Total revenues	2,400,473	2,120,000	2,138,591	18,591
Expenditures				
Current -				
Public safety	<u>2,313,267</u>	<u>2,029,217</u>	<u>1,756,348</u>	<u>(272,869)</u>
Net change in fund balance	87,206	90,783	382,243	291,460
Fund balance, beginning of year	<u>3,254,227</u>	<u>3,254,227</u>	<u>3,254,227</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,341,433</u>	<u>\$ 3,345,010</u>	<u>\$ 3,636,470</u>	<u>\$ 291,460</u>

## CITY OF FLINT, MICHIGAN

### ■ Nonmajor Debt Service Funds

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

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

# CITY OF FLINT, MICHIGAN

## Combining Balance Sheet Nonmajor Debt Service Funds June 30, 2019

	Parking Deck	Public Improvement Fund	Totals
<b>Assets</b>			
Cash and investments	\$ 10,985	\$ 1,111,458	\$ 1,122,443
Due from component unit	-	7,320,000	7,320,000
<b>Total assets</b>	<u>\$ 10,985</u>	<u>\$ 8,431,458</u>	<u>\$ 8,442,443</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 102,976	\$ 102,976
<b>Deferred inflows of resources</b>			
Unavailable revenue - loans	-	7,320,000	7,320,000
<b>Fund balances</b>			
Restricted	<u>10,985</u>	<u>1,008,482</u>	<u>1,019,467</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 10,985</u>	<u>\$ 8,431,458</u>	<u>\$ 8,442,443</u>

# CITY OF FLINT, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2019

	Parking Deck	Public Improvement Fund	Totals
Revenues			
Property taxes	\$ -	\$ 1,691,231	\$ 1,691,231
State sources	-	119,384	119,384
Interest	145	14,559	14,704
Total revenues	145	1,825,174	1,825,319
Expenditures			
Current -			
Recreation and culture	-	286,865	286,865
Debt service:			
Principal	1,025,000	-	1,025,000
Interest	853,285	-	853,285
Total expenditures	1,878,285	286,865	2,165,150
Revenues over (under) expenditures	(1,878,140)	1,538,309	(339,831)
Other financing sources (uses)			
Transfers in	1,878,285	-	1,878,285
Transfers out	-	(1,878,285)	(1,878,285)
Total other financing sources (uses)	1,878,285	(1,878,285)	-
Net change in fund balances	145	(339,976)	(339,831)
Fund balances, beginning of year, as restated	10,840	1,348,458	1,359,298
Fund balances, end of year	\$ 10,985	\$ 1,008,482	\$ 1,019,467

## CITY OF FLINT, MICHIGAN

### Internal Service Funds

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

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

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

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



# CITY OF FLINT, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

June 30, 2019

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 15,939,112	\$ 5,857,117	\$ 8,889,532	\$ 718,680	\$ 31,404,441
Accounts receivable, net	93,463	-	473	-	93,936
Due from other governments	-	-	-	334,557	334,557
Inventory	-	-	106,350	-	106,350
Prepays	374,444	-	257,878	228,204	860,526
Total current assets	16,407,019	5,857,117	9,254,233	1,281,441	32,799,810
Noncurrent assets -					
Capital assets being depreciated, net	-	319,749	4,116,349	-	4,436,098
<b>Total assets</b>	<b>16,407,019</b>	<b>6,176,866</b>	<b>13,370,582</b>	<b>1,281,441</b>	<b>37,235,908</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	4,862,841	70,031	152,520	1,146,194	6,231,586
Accrued liabilities	101,726	12,702	15,659	-	130,087
Current portion of claims payable	-	-	-	469,016	469,016
Current portion of notes payable	-	-	200,885	-	200,885
Total current liabilities	4,964,567	82,733	369,064	1,615,210	7,031,574
Noncurrent liabilities:					
Claims, net of current portion	-	-	-	968,595	968,595
Notes payable, net of current portion	-	-	550,407	-	550,407
Total noncurrent liabilities	-	-	550,407	968,595	1,519,002
<b>Total liabilities</b>	<b>4,964,567</b>	<b>82,733</b>	<b>919,471</b>	<b>2,583,805</b>	<b>8,550,576</b>
<b>Net position</b>					
Net investment in capital assets	-	319,749	3,365,057	-	3,684,806
Unrestricted (deficit)	11,442,452	5,774,384	9,086,054	(1,302,364)	25,000,526
<b>Total net position</b>	<b>\$ 11,442,452</b>	<b>\$ 6,094,133</b>	<b>\$ 12,451,111</b>	<b>\$ (1,302,364)</b>	<b>\$ 28,685,332</b>

# CITY OF FLINT, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2019

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Operating revenues					
Charges for services	\$ 50,912,574	\$ 3,265,834	\$ 5,272,206	\$ 3,524,130	\$ 62,974,744
Other	358,438	-	2,985	339,534	700,957
Total operating revenues	51,271,012	3,265,834	5,275,191	3,863,664	63,675,701
Operating expenses					
Salaries and benefits	254,593	1,188,761	1,410,277	504,567	3,358,198
Supplies	-	3,307	1,125,490	-	1,128,797
Contractual services	592,677	2,081,686	94,688	5,772,303	8,541,354
Utilities	-	-	29,108	-	29,108
Repairs and maintenance	-	38,111	288,991	-	327,102
Insurance	-	-	-	448,717	448,717
Costs of materials and services rendered	46,034,790	-	-	-	46,034,790
Other	-	29,231	140,864	2,075	172,170
Depreciation	-	74,694	730,438	-	805,132
Total operating expenses	46,882,060	3,415,790	3,819,856	6,727,662	60,845,368
Operating income (loss)	4,388,952	(149,956)	1,455,335	(2,863,998)	2,830,333
Nonoperating revenues (expenses)					
Interest revenue	208,313	77,517	117,454	10,883	414,167
Interest expense and fees	-	-	(39,707)	-	(39,707)
Total nonoperating revenues	208,313	77,517	77,747	10,883	363,577
Income (loss) before transfers	4,597,265	(72,439)	1,533,082	(2,853,115)	3,193,910
Transfers out	(787,998)	-	-	-	(787,998)
Change in net position	3,809,267	(72,439)	1,533,082	(2,853,115)	2,416,795
Net position, beginning of year, as restated	7,633,185	6,166,572	10,918,029	1,550,751	26,268,537
Net position, end of year	\$ 11,442,452	\$ 6,094,133	\$ 12,451,111	\$ (1,302,364)	\$ 28,685,332

# CITY OF FLINT, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2019

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Cash flows from operating activities					
Cash received from interfund services	\$ 51,273,504	\$ 3,265,957	\$ 5,275,150	\$ 3,530,682	\$ 63,345,293
Cash payments for goods and services	(45,623,121)	(2,186,935)	(2,307,476)	(5,750,131)	(55,867,663)
Cash payments to employees	(254,593)	(1,188,761)	(1,410,277)	(332,431)	(3,186,062)
Net cash provided by (used in) operating activities	5,395,790	(109,739)	1,557,397	(2,551,880)	4,291,568
Cash flows from noncapital financing activities					
Transfers out	(787,998)	-	-	-	(787,998)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	(279,727)	(3,315,450)	-	(3,595,177)
Proceeds from issuance of long-term debt	-	-	813,930	-	813,930
Principal paid on long-term debt	-	-	(327,196)	-	(327,196)
Interest paid on long-term debt	-	-	(39,707)	-	(39,707)
Net cash used in capital and related financing activities	-	(279,727)	(2,868,423)	-	(3,148,150)
Cash flows from investing activities					
Interest received	208,313	77,517	117,454	10,883	414,167
Net change in cash and investments	4,816,105	(311,949)	(1,193,572)	(2,540,997)	769,587
Cash and investments, beginning of year	11,123,007	6,169,066	10,083,104	3,259,677	30,634,854
Cash and investments, end of year	\$ 15,939,112	\$ 5,857,117	\$ 8,889,532	\$ 718,680	\$ 31,404,441

continued...

# CITY OF FLINT, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2019

	Fringe Benefits	Data Processing	Central Maintenance Garage	Self-Insurance	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 4,388,952	\$ (149,956)	\$ 1,455,335	\$ (2,863,998)	\$ 2,830,333
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	-	74,694	730,438	-	805,132
Change in operating assets and liabilities that provided (used) cash:					
Accounts receivable, net	2,492	123	(41)	-	2,574
Due from other governments	-	-	-	(332,982)	(332,982)
Inventory	-	-	27,184	-	27,184
Prepays	14,984	-	(257,878)	(228,204)	(471,098)
Accounts payable	1,093,635	(35,697)	(399,713)	701,168	1,359,393
Accrued liabilities	(104,273)	1,097	2,072	-	(101,104)
Claims payable	-	-	-	172,136	172,136
Net cash provided by (used in) operating activities	<u>\$ 5,395,790</u>	<u>\$ (109,739)</u>	<u>\$ 1,557,397</u>	<u>\$ (2,551,880)</u>	<u>\$ 4,291,568</u>

concluded

## CITY OF FLINT, MICHIGAN

### Agency Funds

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

*County Revolving Loan Fund* - This fund is used to account for monies held in an agency capacity for the use of the Genesee County Economic Development Corporation.

# CITY OF FLINT, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2019

	Miscellaneous Agency	County Revolving Loan	Totals
<b>Assets</b>			
Cash and investments	\$ 3,863,460	\$ 556,908	\$ 4,420,368
<b>Liabilities</b>			
Undistributed receipts	\$ 3,863,460	\$ -	\$ 3,863,460
Due to other governments	-	556,908	556,908
<b>Total liabilities</b>	\$ 3,863,460	\$ 556,908	\$ 4,420,368

# CITY OF FLINT, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
Miscellaneous agency				
Assets				
Cash and investments	<u>\$ 724,037</u>	<u>\$ 51,105,276</u>	<u>\$ 47,965,853</u>	<u>\$ 3,863,460</u>
Liabilities				
Undistributed receipts	<u>\$ 724,037</u>	<u>\$ 51,105,276</u>	<u>\$ 47,965,853</u>	<u>\$ 3,863,460</u>
County revolving loan				
Assets				
Cash and investments	<u>\$ 556,701</u>	<u>\$ 2,835</u>	<u>\$ 2,628</u>	<u>\$ 556,908</u>
Liabilities				
Due to other governments	<u>\$ 556,701</u>	<u>\$ 2,835</u>	<u>\$ 2,628</u>	<u>\$ 556,908</u>
Total - all agency funds				
Assets				
Cash and investments	<u>\$ 1,280,738</u>	<u>\$ 51,108,111</u>	<u>\$ 47,968,481</u>	<u>\$ 4,420,368</u>
Liabilities				
Undistributed receipts	<u>\$ 724,037</u>	<u>\$ 51,105,276</u>	<u>\$ 47,965,853</u>	<u>\$ 3,863,460</u>
Due to other governments	<u>556,701</u>	<u>2,835</u>	<u>2,628</u>	<u>556,908</u>
Total liabilities	<u>\$ 1,280,738</u>	<u>\$ 51,108,111</u>	<u>\$ 47,968,481</u>	<u>\$ 4,420,368</u>

## STATISTICAL SECTION



# CITY OF FLINT, MICHIGAN

## Statistical Section Table of Contents

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

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

## CITY OF FLINT, MICHIGAN

### Net Position by Component

Last Ten Fiscal Years

	2010	2011	2012	2013
<b>Governmental activities</b>				
Net investment in capital assets	\$ 180,811,443	\$ 176,533,920	\$ 164,557,732	\$ 153,329,640
Restricted	9,401,616	8,886,933	7,712,381	25,690,959
Unrestricted (deficit)	(120,251,900)	(148,784,633)	(149,241,234)	(158,391,840)
<b>Total governmental activities</b>	<b>\$ 69,961,159</b>	<b>\$ 36,636,220</b>	<b>\$ 23,028,879</b>	<b>\$ 20,628,759</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 125,632,814	\$ 127,847,276	\$ 84,181,963	\$ 78,604,810
Restricted	10,761,281	11,432,623	5,585,334	4,385,534
Unrestricted	65,053,326	43,022,814	(8,458,664)	8,278,835
<b>Total business-type activities</b>	<b>\$ 201,447,421</b>	<b>\$ 182,302,713</b>	<b>\$ 81,308,633</b>	<b>\$ 91,269,179</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 306,444,257	\$ 304,381,196	\$ 248,739,695	\$ 231,934,450
Restricted	20,162,897	20,319,556	13,297,715	30,076,493
Unrestricted (deficit)	(55,198,574)	(105,761,819)	(157,699,898)	(150,113,005)
<b>Total primary government</b>	<b>\$ 271,408,580</b>	<b>\$ 218,938,933</b>	<b>\$ 104,337,512</b>	<b>\$ 111,897,938</b>

Table 1 - Unaudited

2014	2015	2016	2017	2018	2019
\$ 138,929,966	\$ 127,601,186	\$ 120,193,431	\$ 112,083,639	\$ 102,839,672	\$ 98,672,771
40,976,633	38,525,638	17,600,308	17,288,837	10,289,601	-
(151,887,277)	(348,263,708)	(335,931,410)	(339,067,428)	(412,970,756)	(393,768,702)
<u>\$ 28,019,322</u>	<u>\$ (182,136,884)</u>	<u>\$ (198,137,671)</u>	<u>\$ (209,694,952)</u>	<u>\$ (299,841,483)</u>	<u>\$ (295,095,931)</u>
\$ 76,669,716	\$ 77,042,464	\$ 75,805,935	\$ 75,820,800	\$ 106,432,575	\$ 143,175,417
5,848,116	5,848,116	5,113,523	5,113,523	6,786,490	-
13,212,790	(33,880,794)	(23,158,249)	(20,785,595)	(72,377,243)	(85,962,501)
<u>\$ 95,730,622</u>	<u>\$ 49,009,786</u>	<u>\$ 57,761,209</u>	<u>\$ 60,148,728</u>	<u>\$ 40,841,822</u>	<u>\$ 57,212,916</u>
\$ 215,599,682	\$ 204,643,650	\$ 195,999,366	\$ 187,904,439	\$ 209,272,247	\$ 241,848,188
46,824,749	44,373,754	22,713,831	22,402,360	17,076,091	-
(138,674,487)	(382,144,502)	(359,089,659)	(359,853,023)	(485,347,999)	(479,731,203)
<u>\$ 123,749,944</u>	<u>\$ (133,127,098)</u>	<u>\$ (140,376,462)</u>	<u>\$ (149,546,224)</u>	<u>\$ (258,999,661)</u>	<u>\$ (237,883,015)</u>

# CITY OF FLINT, MICHIGAN

## Changes in Net Position

### Governmental Activities

#### Last Ten Fiscal Years

	2010	2011	2012	2013
<b>Expenses</b>				
Legislative	\$ -	\$ -	\$ -	\$ -
General government	26,999,131	18,640,073	12,034,876	7,880,521
Judicial	7,549,727	7,504,547	3,673,809	5,095,682
Public safety	57,784,496	53,062,194	42,196,455	39,022,487
Building inspection	6,332,983	8,610,149	7,049,138	4,017,923
Public works	27,224,651	28,549,114	25,942,018	22,978,241
Recreation and culture	5,431,010	6,803,411	4,455,354	2,864,223
Community development	10,835,034	16,541,698	14,668,606	19,981,427
Facilities maintenance	-	-	-	-
Interest on long-term debt	806,637	1,132,521	1,361,513	1,021,815
	<u>142,963,669</u>	<u>140,843,707</u>	<u>111,381,769</u>	<u>102,862,319</u>
<b>Program revenues</b>				
Charges for services:				
General government	16,222,583	18,497,109	9,272,670	11,736,677
Judicial	2,094,107	1,668,559	1,594,061	1,696,157
Public safety	3,291,583	2,878,264	2,594,216	3,180,137
Building inspection	1,728,460	3,173,389	3,949,658	2,062,378
Public works	267,712	186,105	63,496	65,025
Community development	564,698	53,960	11,371	1,659
Recreation and culture	30,193	554,742	229,710	10,075
Operating grants and contributions	22,074,893	27,243,104	20,903,212	14,213,238
Capital grants and contributions	4,436,527	6,414,945	13,290,515	21,872,060
	<u>50,710,756</u>	<u>60,670,177</u>	<u>51,908,909</u>	<u>54,837,406</u>
<b>Net (expenses) revenues</b>	<u>(92,252,913)</u>	<u>(80,173,530)</u>	<u>(59,472,860)</u>	<u>(48,024,913)</u>
<b>General revenues and other changes in net position</b>				
Property taxes	19,224,393	18,142,422	14,263,876	21,722,352
Income taxes	13,551,247	14,396,346	14,839,999	14,674,274
Grants and contributions not restricted to specific programs	16,424,091	16,424,088	13,103,186	13,667,182
Franchise fees	-	-	-	-
Unrestricted investment earnings	624,699	507,915	632,134	445,325
Gain (loss) on capital assets	(327,551)	-	-	1,046,990
Other revenues	54,549	84,408	36,324	1,203,070
Transfers	2,983,177	5,670,849	2,990,000	2,990,000
	<u>52,534,605</u>	<u>55,226,028</u>	<u>45,865,519</u>	<u>55,749,193</u>
<b>Total governmental activities changes in net position</b>	<u>\$ (39,718,308)</u>	<u>\$ (24,947,502)</u>	<u>\$ (13,607,341)</u>	<u>\$ 7,724,280</u>

Table 2 - Unaudited

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,869
7,691,189	10,540,197	14,042,753	15,334,791	6,992,491	4,328,789
5,031,863	5,032,427	5,143,547	530,845	964,009	750,288
41,576,320	36,224,195	49,407,091	48,981,359	34,029,935	27,666,372
2,452,420	1,282,613	1,254,516	1,561,223	667,157	-
27,278,596	26,380,580	27,140,462	25,165,859	23,447,961	20,423,068
3,096,360	4,112,910	1,723,835	1,825,123	2,080,501	918,638
6,751,200	5,617,598	8,988,332	5,750,353	5,283,465	9,222,386
-	-	-	-	-	1,590,576
1,203,196	1,166,786	1,280,956	1,306,639	1,239,453	1,055,294
95,081,144	90,357,306	108,981,492	100,456,192	74,704,972	66,766,280
9,223,175	7,017,607	8,466,185	7,356,125	9,742,833	9,065,826
1,826,600	1,449,274	680,908	177,055	128,854	-
2,180,536	2,531,669	2,285,236	2,313,574	2,419,312	3,265,430
2,004,074	2,726,592	3,149,559	2,232,541	1,687,234	-
35,085	25,798	106,319	47,301	47,437	68,115
6,816	495	523	5,224	692	553,645
4,190	5,171	1,236	61,208	1,124,316	-
14,562,573	16,880,612	18,497,749	18,821,609	23,094,453	35,960,712
11,218,347	1,924,929	6,240,235	2,092,816	1,734,315	-
41,061,396	32,562,147	39,427,950	33,107,453	39,979,446	48,913,728
(54,019,748)	(57,795,159)	(69,553,542)	(67,348,739)	(34,725,526)	(17,852,552)
21,292,833	19,757,581	18,429,084	19,861,396	19,452,524	20,279,812
13,038,276	14,012,171	15,540,594	15,487,439	15,277,949	16,019,035
14,140,573	14,458,731	14,451,256	14,899,242	15,199,286	15,576,579
-	-	-	1,022,650	-	-
860,821	742,926	1,113,097	773,736	1,160,090	1,439,377
16,800	1,567,571	-	-	-	-
2,942,613	2,990,000	1,028,722	967,327	1,094,886	-
2,990,000	-	2,990,000	2,779,668	1,536,235	2,570,708
55,281,916	53,528,980	53,552,753	55,791,458	53,720,970	55,885,511
\$ 1,262,168	\$ (4,266,179)	\$ (16,000,789)	\$ (11,557,281)	\$ 18,995,444	\$ 38,032,959

# CITY OF FLINT, MICHIGAN

## Changes in Net Position

### Business-type Activities

#### Last Ten Fiscal Years

	2010	2011	2012	2013
Operating revenue				
Sale of water	\$ 31,956,754	\$ 36,762,663	\$ 44,850,678	\$ 49,880,827
Sewage disposal charges	15,957,087	17,637,811	23,214,899	32,025,929
Hurley Medical Center	360,903,987	354,078,435	-	-
Other charges for services	583,498	-	3,761	23,041
	<u>409,401,326</u>	<u>408,478,909</u>	<u>68,069,338</u>	<u>81,929,797</u>
Operating expenses				
Cost of water produced/purchased	17,103,752	20,919,987	21,251,448	23,308,800
Water supply	17,829,720	17,050,216	15,600,804	14,429,553
Sewage disposal	25,923,101	24,780,913	20,249,253	21,203,557
Hurley Medical Center	343,633,278	339,408,386	-	-
Nonmajor enterprise funds	1,156,400	-	-	-
Depreciation	20,394,544	19,529,104	10,056,150	7,538,013
	<u>426,040,795</u>	<u>421,688,606</u>	<u>67,157,655</u>	<u>66,479,923</u>
Operating income (loss)	<u>(16,639,469)</u>	<u>(13,209,697)</u>	<u>911,683</u>	<u>15,449,874</u>
Nonoperating revenue (expenses)				
Federal grants	-	-	-	-
State grants	-	-	-	-
Local grants	-	-	-	-
Investment income	2,186,379	2,048,499	209,179	945
Interest expense	(4,528,788)	(4,594,996)	(694,504)	(787,584)
Income (loss) from joint ventures	742,126	1,469,880	-	-
Gain (loss) on disposal of assets	(165,327)	-	-	(1,856,694)
Capital grants and contributions	(42,567)	797,749	-	99,240
Debt forgiveness	-	-	-	-
Miscellaneous revenue	-	-	51,215	44,765
	<u>(1,808,177)</u>	<u>(278,868)</u>	<u>(434,110)</u>	<u>(2,499,328)</u>
Income (loss) before transfers and capital grants	<u>(18,447,646)</u>	<u>(13,488,565)</u>	<u>477,573</u>	<u>12,950,546</u>
Grants for capital improvements	128,855	14,706	-	-
Transfers from other funds	6,823	285,992	-	-
Transfers to other funds	<u>(2,990,000)</u>	<u>(5,956,841)</u>	<u>(2,990,000)</u>	<u>(2,990,000)</u>
Total business-type activities changes in net position	<u>\$ (21,301,968)</u>	<u>\$ (19,144,708)</u>	<u>\$ (2,512,427)</u>	<u>\$ 9,960,546</u>
Change in net position - primary government	<u>\$ (61,020,276)</u>	<u>\$ (44,092,210)</u>	<u>\$ (16,119,768)</u>	<u>\$ 17,684,826</u>

Table 3 - Unaudited

2014	2015	2016	2017	2018	2019
\$ 43,552,152	\$ 33,777,658	\$ 32,355,881	\$ 30,057,960	\$ 28,154,629	\$ 31,007,646
28,605,162	30,435,699	29,031,074	29,504,500	30,542,329	25,727,230
-	-	-	-	-	-
-	123,224	37,051	-	-	20,077
<u>72,157,314</u>	<u>64,336,581</u>	<u>61,424,006</u>	<u>59,562,460</u>	<u>58,696,958</u>	<u>56,754,953</u>
21,508,040	-	8,354,748	17,307,301	14,798,508	11,566,113
17,381,525	18,805,048	22,478,663	26,786,020	31,868,876	19,989,864
20,180,686	18,898,748	22,052,088	26,003,071	21,385,475	35,638,165
-	-	-	-	-	-
-	-	-	-	-	-
8,806,180	6,036,783	7,039,991	7,067,711	6,932,145	7,044,520
<u>67,876,431</u>	<u>43,740,579</u>	<u>59,925,490</u>	<u>77,164,103</u>	<u>74,985,004</u>	<u>74,238,662</u>
<u>4,280,883</u>	<u>20,596,002</u>	<u>1,498,516</u>	<u>(17,601,643)</u>	<u>(16,288,046)</u>	<u>(17,483,709)</u>
-	-	-	1,253,227	-	-
-	-	6,000,000	19,109,149	-	-
-	-	2,374,748	1,745,252	-	-
155,578	247,222	613,207	362,738	645,390	1,244,819
(572,376)	(565,869)	(170,301)	-	(24,396)	-
-	-	-	-	-	-
3,593,677	225,465	-	(490)	-	-
-	-	-	-	31,735,104	-
-	-	-	-	20,770,336	-
(6,319)	(6,571)	(5,981)	298,954	173,574	-
<u>3,170,560</u>	<u>(99,753)</u>	<u>8,811,673</u>	<u>22,768,830</u>	<u>53,300,008</u>	<u>1,244,819</u>
7,451,443	20,496,249	10,310,189	5,167,187	37,011,962	(16,238,890)
-	-	-	-	-	37,946,742
800,000	800,000	-	210,332	336,041	-
<u>(3,790,000)</u>	<u>(3,790,000)</u>	<u>(2,990,000)</u>	<u>(2,990,000)</u>	<u>(1,872,276)</u>	<u>(2,570,708)</u>
<u>\$ 4,461,443</u>	<u>\$ 17,506,249</u>	<u>\$ 7,320,189</u>	<u>\$ 2,387,519</u>	<u>\$ 35,475,727</u>	<u>\$ 19,137,144</u>
<u>\$ 5,723,611</u>	<u>\$ 13,240,070</u>	<u>\$ (8,680,600)</u>	<u>\$ (9,169,762)</u>	<u>\$ 54,471,171</u>	<u>\$ 57,170,103</u>

# CITY OF FLINT, MICHIGAN

## Fund Balances Governmental Funds

Last Ten Fiscal Years

	2010	2011 <sup>(1)</sup>	2012	2013
General fund				
Nonspendable	\$ -	\$ 1,586,995	\$ -	\$ -
Assigned	-	-	-	-
Unassigned (deficit)	-	(8,863,134)	(19,184,850)	(12,895,642)
Unreserved	(14,621,546)	-	-	-
Total general fund	(14,621,546)	(7,276,139)	(19,184,850)	(12,895,642)
All other governmental funds				
Nonspendable	-	1,180,246	-	-
Restricted	-	5,909,902	7,016,300	8,170,020
Unassigned (deficit)	-	1,667	-	-
Reserved	1,749,242	-	-	-
Unreserved, reported in:				
Special revenue funds	2,502,464	-	-	-
Debt service funds	7,163	-	-	-
Capital projects funds	2,132,148	-	-	-
Total all other governmental funds	6,391,017	7,091,815	7,016,300	8,170,020
Total all governmental funds	\$ (8,230,529)	\$ (184,324)	\$ (12,168,550)	\$ (4,725,622)

<sup>(1)</sup> The City implemented GASB 54 for the fiscal year ended June 30, 2011. Prior years were not restated retroactively.



Table 4 - Unaudited

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,070,811
(8,961,427)	3,346,327	10,037,581	17,073,792	20,374,004	22,366,581
-	-	-	-	-	-
<u>(8,961,427)</u>	<u>3,346,327</u>	<u>10,037,581</u>	<u>17,073,792</u>	<u>20,374,004</u>	<u>24,437,392</u>
-	-	-	-	-	-
28,491,942	26,419,102	28,279,651	30,676,075	35,677,268	36,051,327
-	(108,770)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>28,491,942</u>	<u>26,310,332</u>	<u>28,279,651</u>	<u>30,676,075</u>	<u>35,677,268</u>	<u>36,051,327</u>
<u>\$ 19,530,515</u>	<u>\$ 29,656,659</u>	<u>\$ 38,317,232</u>	<u>\$ 47,749,867</u>	<u>\$ 56,051,272</u>	<u>\$ 60,488,719</u>

# CITY OF FLINT, MICHIGAN

## Changes in Fund Balances Governmental Funds

Last Ten Fiscal Years

	2010	2011	2012	2013
<b>Revenues</b>				
Property taxes	\$ 19,169,740	\$ 18,035,252	\$ 14,409,390	\$ 19,213,064
Income taxes	13,551,247	14,396,346	14,839,999	14,674,274
Cable franchise fees	-	-	-	-
Special assessments	41,479	-	-	-
Federal sources	12,414,929	19,718,598	21,573,103	23,822,041
State sources	27,770,303	26,927,022	22,544,231	24,262,024
Charges for services	11,230,300	12,487,478	12,486,081	11,594,534
Fines and forfeitures	2,470,584	2,087,179	2,148,127	2,415,648
Licenses and permits	2,440,648	3,220,060	2,639,995	3,410,508
Local contributions	1,961,589	-	-	-
Interest	2,825,591	12,104,122	3,624,681	7,142,900
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>93,876,410</b>	<b>108,976,057</b>	<b>94,265,607</b>	<b>106,534,993</b>
<b>Expenditures</b>				
Legislative	1,176,953	1,226,475	1,214,229	344,227
General government	10,976,896	16,875,964	10,905,195	7,999,801
Judicial	5,468,994	5,292,589	5,595,856	4,955,003
Public safety	51,427,770	49,855,922	48,411,343	48,365,173
Public works	20,379,499	16,950,515	15,775,327	15,285,853
Recreation and culture	4,340,478	9,278,896	15,383,788	8,328,093
Community development	14,899,707	8,285,404	8,427,928	9,379,517
Facilities maintenance	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Interest	2,292,187	2,040,435	941,435	896,977
Principal	675,147	623,873	837,291	1,038,376
<b>Total expenditures</b>	<b>111,637,631</b>	<b>110,430,073</b>	<b>107,492,392</b>	<b>96,593,020</b>
<b>Revenues over (under) expenditures</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>				
Proceeds from borrowing	-	8,000,000	-	-
Proceeds from sale of capital assets	54,195	1,750	24,300	100
Transfers in	3,581,463	6,855,239	7,594,781	5,518,457
Transfers out	(1,835,652)	(5,356,768)	(6,376,522)	(1,028,457)
<b>Total other financing sources</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 balance</b>	<b>\$ (15,961,215)</b>	<b>\$ 8,046,205</b>	<b>\$ (11,984,226)</b>	<b>\$ 14,432,073</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.0%</b>	<b>2.6%</b>	<b>1.7%</b>	<b>2.2%</b>

Table 5 - Unaudited

2014	2015	2016	2017	2018	2019
\$ 18,189,649	\$ 16,696,873	\$ 15,581,099	\$ 16,960,809	\$ 16,443,315	\$ 20,279,812
13,038,276	14,314,826	15,864,085	15,644,292	15,471,994	16,019,035
-	-	-	1,022,650	979,569	941,961
-	13,493,216	-	-	-	-
20,035,608	21,699,780	7,007,040	5,783,334	7,905,710	10,995,680
19,467,727	1,144,948	36,047,846	30,386,628	33,417,100	36,389,470
9,627,796	582,869	8,390,598	11,181,260	13,871,362	10,586,067
3,090,045	7,975,310	3,081,246	429,860	273,269	235,651
1,502,536	2,450,924	1,154,277	2,227,748	1,605,360	2,132,138
632,458	4,976,610	275,028	1,046,885	1,800,813	1,910,797
7,016,496	-	983,837	672,739	930,348	1,284,586
-	-	1,460,982	1,499,523	1,739,879	1,039,167
92,600,591	83,335,356	89,846,038	86,855,728	94,438,719	101,814,364
338,638	557,841	841,240	870,950	900,620	765,717
7,466,619	11,033,750	10,771,374	10,339,533	12,688,374	17,194,733
5,181,415	5,294,069	3,783,089	901,361	858,955	750,288
44,816,440	40,331,305	38,680,868	41,497,939	44,776,943	43,483,079
14,608,856	15,801,065	6,155,898	10,714,513	11,105,954	19,832,593
2,729,358	2,980,851	358,444	584,219	360,304	617,174
6,750,331	5,582,858	7,745,212	5,576,085	5,585,435	9,667,090
-	-	1,661,747	1,643,145	1,799,705	1,531,620
-	-	12,012,988	6,084,566	6,813,018	-
1,218,524	1,239,070	1,659,622	1,755,725	2,629,731	1,620,288
1,203,212	1,168,901	1,292,981	1,233,055	1,278,549	1,115,884
84,313,393	83,989,710	84,963,463	81,201,091	88,797,588	96,578,466
8,287,198	(654,354)	4,882,575	5,654,637	5,641,131	5,235,898
-	7,000,000	-	-	-	-
16,800	500	-	-	-	-
6,669,791	5,454,157	5,085,992	5,092,663	6,035,471	6,755,396
(2,608,248)	(1,676,159)	(1,307,994)	(1,314,665)	(3,375,197)	(3,396,690)
4,078,343	10,778,498	3,777,998	3,777,998	2,660,274	3,358,706
\$ 12,365,541	\$ 10,124,144	\$ 8,660,573	\$ 9,432,635	\$ 8,301,405	\$ 8,594,604
3.0%	3.1%	3.8%	4.0%	4.5%	3.0%

## CITY OF FLINT, MICHIGAN

### Taxable Value and Actual Value of Taxable Property

Last Ten Years

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:				
		Real Property			Personal Property	Total Taxable Value
		Residential	Commercial	Industrial		
2010	2011	\$ 799,683,301	\$ 216,082,248	\$ 146,733,154	\$ 142,622,700	\$ 1,305,121,403
2011	2012	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005
2012	2013	505,714,706	196,112,442	129,649,913	158,959,800	991,241,706
2013	2014	362,867,708	181,351,218	77,833,577	154,602,400	776,654,903
2014	2015	358,826,466	174,669,232	78,779,274	146,551,100	758,826,072
2015	2016	351,627,021	175,031,857	67,448,512	155,838,600	749,945,990
2016	2017	344,250,125	171,595,307	66,040,606	129,048,800	710,934,838
2017	2018	341,664,450	173,709,042	66,063,625	133,145,700	714,582,817
2018	2019	337,466,043	177,932,764	73,668,354	144,818,600	733,885,761
2019	2020	338,527,026	179,959,673	73,750,141	150,681,900	742,918,740

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

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

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

*Source: City Assessor*

Table 6 - Unaudited

Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
65.3850	\$ 2,786,085,200	46.84%	\$ 74,687,017
62.8550	2,383,030,600	48.12%	48,290,169
66.3548	1,938,259,600	51.14%	42,861,946
66.4550	1,590,344,800	48.84%	27,773,300
66.4550	1,563,630,500	48.27%	17,607,300
66.9603	1,550,764,900	48.36%	19,771,400
67.9853	1,594,595,400	44.58%	29,670,872
68.1838	1,623,760,348	44.01%	32,175,818
68.1838	1,623,760,348	45.20%	38,387,229
69.1083	1,623,760,348	45.75%	39,887,165

## CITY OF FLINT, MICHIGAN

### Direct and Overlapping Property Tax Rates

Last Ten Years

Fiscal Year Ending	Millage Rates - Direct City Taxes				
	General Operating	Public Improvements	Police	Public Transp	Parks and Recreation
2010	7.5000	2.5000	2.0000	0.6000	0.5000
2011	7.5000	2.5000	2.0000	0.6000	0.5000
2012	7.5000	2.5000	2.0000	0.6000	0.5000
2013	7.5000	2.5000	2.0000	0.6000	0.5000
2014	7.5000	2.5000	2.0000	0.6000	0.5000
2015	7.5000	2.5000	2.0000	0.6000	0.5000
2016	7.5000	2.5000	2.0000	0.6000	0.5000
2017	7.5000	2.5000	2.0000	0.6000	0.5000
2018	7.5000	2.5000	2.0000	0.6000	0.5000
2019	7.5000	2.5000	2.0000	0.6000	0.5000

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

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

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

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

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

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

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

*Source: City Audit Dept. / City Assessor*

Table 7 - Unaudited

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

continued...

## CITY OF FLINT, MICHIGAN

### Direct and Overlapping Property Tax Rates Last Ten Years

Tax Year	Overlapping Tax Rates*				
	Bishop Airport	MTA	District Library	Michigan S.E.T.	Mott Community College
2010	0.4847	0.7998	2.9000	6.0000	2.6796
2011	0.4847	0.7998	2.9000	6.0000	2.8596
2012	0.4847	0.8000	2.9000	6.0000	2.8596
2013	0.4847	0.8000	3.4000	6.0000	2.8596
2014	0.4847	0.8000	3.4000	6.0000	2.8596
2015	0.4847	0.8000	3.4000	6.0000	2.8596
2016	0.4847	1.2250	4.0000	6.0000	2.8596
2017	0.4847	1.2250	4.0000	6.0000	2.8096
2018	0.4847	1.2250	4.0000	6.0000	2.8096
2019	0.4837	1.2225	4.0000	6.0000	2.8047



Table 7 - Unaudited

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Overlapping Tax Rates*			Total Tax Rate	
Intermediate School District	School: Homestead	School: Non- homestead	Homestead	Non-homestead
3.5341	0.0000	18.0000	40.6748	58.6748
3.5341	4.0000	22.0000	44.8548	62.8548
3.5341	4.0000	22.0000	44.8550	62.8550
3.5341	4.0000	22.0000	48.4550	66.4550
3.5341	4.0000	22.0000	48.4550	66.4550
3.5341	4.0000	22.0000	48.9603	66.9603
3.5341	4.0000	22.0000	49.9853	67.9853
3.7826	4.0000	22.0000	50.1838	68.1838
3.7826	4.0000	22.0000	50.1838	68.1838
3.7732	4.0000	22.0000	51.1083	69.1083

concluded

## CITY OF FLINT, MICHIGAN

### Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2019		
	Assessed Value	Rank	Percentage of Total City Assessed Value
Consumers Energy	\$ 94,364,409	1	12.70%
General Motors LLC *	24,793,646	2	3.34%
Matthews Drive LLC	6,785,440	3	0.91%
Lear Corporation	5,305,533	4	0.71%
Continental Drive LP	4,909,100	5	0.66%
Barette Outdoor Living, Inc	4,112,080	6	0.55%
Comcast of Flint, Inc.	4,096,100	7	0.55%
Erie Investments No. 20 LLC	2,228,900	8	0.30%
Evergreen Regency Townhome	2,200,000	9	0.30%
Simply Storage Flint, LLC	2,177,100	10	0.29%
Delphi			
Ramco Lapeer Assoc.			
Citizens Bank			
South Flint Plaza			
Saginaw & Court Assoc.			
Total Assessed Value, Top Ten	<u>\$ 150,972,308</u>		<u>20.32%</u>
Total Ad Valorem Assessed Value	<u>\$ 742,918,740</u>		

\* Includes AC Rochester

Source: City Assessor

Table 8 - Unaudited

2010		
Assessed Value	Rank	Percentage of Total City Assessed Value
\$ 42,592,000	2	3.06%
49,728,100	1	3.57%
7,441,900	4	0.53%
5,703,500	5	0.41%
3,878,800	10	0.28%
11,810,400	3	0.85%
5,553,500	6	0.40%
5,404,800	7	0.39%
4,434,100	8	0.32%
4,052,500	9	0.29%
<u>\$ 140,599,600</u>		<u>10.09%</u>
<u>\$ 1,393,042,600</u>		

**Taxable Value and Actual Value of Taxable Property**  
 Last Ten Years

Tax Year (1)	Fiscal ended June 30,	Total Tax Levy (2)	Current Tax Collections	Percent of Current Taxes Collected (3)	Delinquent Tax Collections (4)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax
2009	2010	\$ 22,864,857	\$ 18,580,520	81.26%	\$ 3,370,201	\$ 21,950,721	96.00%
2010	2011	21,029,361	16,565,947	78.78%	2,865,096	19,431,043	92.40%
2011	2012	18,022,914	14,245,037	79.04%	1,620,980	15,866,017	88.03%
2012	2013	28,192,664	19,113,565	67.80%	5,020,599	24,134,164	85.60%
2013	2014	25,902,601	16,943,948	65.41%	5,443,506	22,387,454	86.43%
2014	2015	25,961,448	16,852,314	64.91%	4,665,668	21,517,982	82.88%
2015	2016	23,794,281	16,075,993	67.56%	3,305,153	19,381,146	81.45%
2016	2017	21,805,219	15,198,951	69.70%	3,252,939	18,451,890	84.62%
2017	2018	21,953,878	15,190,410	69.19%	4,624,255	19,814,665	90.26%
2018	2019	24,255,558	15,941,933	65.72%	5,905,902	21,847,835	90.07%

- 1 Taxes are levied on the first day of the subsequent fiscal year.
- 2 Does not include the taxes levied by the Flint Downtown Development Authority.
- 3 This column reflects the percent of the levy for a given year which was collected during that year.
- 4 Delinquent taxes from any previous years which were collected in the given year plus payments of delinquent taxes by Genesee County.

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

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

Source: City finance department - audit division

## CITY OF FLINT, MICHIGAN

### Debt Capacity Information

#### Ratios of Outstanding Debt

#### Last Ten Fiscal Years

	2010	2011	2012	2013
<b>Governmental activities</b>				
General obligation bonds	\$ 11,345,000	\$ 9,735,000	\$ 9,490,000	\$ 9,230,000
Local government loan	-	8,000,000	8,000,000	7,815,000
Emergency Loan	-	-	-	-
Notes payable	13,969,551	13,866,079	13,414,642	12,962,665
Capital leases	398,088	286,104	643,039	375,244
Total governmental activities	<u>25,712,639</u>	<u>31,887,183</u>	<u>31,547,681</u>	<u>30,382,909</u>
<b>Business type activities</b>				
Revenue bonds	122,651,259	117,225,336	25,955,336	23,840,336
Notes payable	41,054	-	-	-
KWA agreement payable	-	-	-	-
Capital leases	-	-	-	-
Total business-type activities	<u>122,692,313</u>	<u>117,225,336</u>	<u>25,955,336</u>	<u>23,840,336</u>
<b>Total debt of the government</b>	<u><b>\$ 148,404,952</b></u>	<u><b>\$ 149,112,519</b></u>	<u><b>\$ 57,503,017</b></u>	<u><b>\$ 54,223,245</b></u>
<b>Total residential personal income</b>	<b>\$ 505,681,850</b>	<b>\$ 424,438,563</b>	<b>\$ 385,354,047</b>	<b>\$ 384,627,255</b>
<b>Total debt as percentage of personal income</b>	<b>29.35%</b>	<b>35.13%</b>	<b>14.92%</b>	<b>14.10%</b>
<b>Total population</b>	<b>111,475</b>	<b>102,434</b>	<b>101,558</b>	<b>100,515</b>
<b>Total debt per capita</b>	<b>1,331.28</b>	<b>1,455.69</b>	<b>566.21</b>	<b>539.45</b>

Table 10 - Unaudited

2014	2015	2016	2017	2018	2019
\$ 8,955,000	\$ 8,665,000	\$ 8,355,000	\$ 8,025,000	\$ 7,680,000	\$ 7,320,000
7,620,000	7,420,000	7,210,000	6,990,000	6,765,000	6,530,000
-	7,000,000	6,610,000	6,200,000	5,780,000	5,350,000
12,214,143	11,465,073	10,715,453	9,920,278	8,280,547	7,685,257
195,390	818,935	597,648	433,737	264,558	751,292
<u>28,984,533</u>	<u>35,369,008</u>	<u>33,488,101</u>	<u>31,569,015</u>	<u>28,770,105</u>	<u>27,636,549</u>
21,675,336	20,770,336	20,770,336	20,770,336	-	-
-	-	-	-	-	-
-	-	-	-	-	103,265,747
-	1,763,688	1,188,473	901,815	607,348	294,002
<u>21,675,336</u>	<u>22,534,024</u>	<u>21,958,809</u>	<u>21,672,151</u>	<u>607,348</u>	<u>103,559,749</u>
<u>\$ 50,659,869</u>	<u>\$ 57,903,032</u>	<u>\$ 55,446,910</u>	<u>\$ 53,241,166</u>	<u>\$ 29,377,453</u>	<u>\$ 131,196,298</u>
\$ 308,782,006	\$ 341,319,125	385,227,365	375,944,196	320,705,960	294,137,699
16.41%	16.96%	14.39%	14.16%	9.16%	44.60%
99,763	99,002	98,310	97,386	96,448	95,943
507.80	584.87	564.00	546.70	304.59	1,367.44

## CITY OF FLINT, MICHIGAN

### Debt Capacity Information

Ratios of General Bonded Debt Outstanding  
Last Ten Years

Fiscal Year	Tax-Limited General Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt
2010	\$ 9,910,000	\$ 1,435,000	\$ 11,345,000
2011	9,735,000	8,000,000	17,735,000
2012	9,490,000	16,345,000	25,835,000
2013	9,230,000	16,250,000	25,480,000
2014	8,955,000	15,920,000	24,875,000
2015	8,665,000	22,610,000	31,275,000
2016	8,355,000	21,895,000	30,250,000
2017	8,025,000	21,150,000	29,175,000
2018	7,680,000	20,385,000	28,065,000
2019	7,320,000	19,565,257	26,885,257

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

Table 11 - Unaudited

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Taxable Value		Debt as a Percentage of Taxable Value	Population	Debt per Capita
\$	1,305,121,403	0.87%	111,475	101.77
	1,146,789,005	1.55%	102,434	173.14
	991,241,706	2.61%	101,558	254.39
	776,654,903	3.28%	101,515	251.00
	758,826,072	3.28%	99,763	251.26
	749,945,990	4.17%	99,002	315.90
	710,934,838	4.25%	98,310	307.70
	760,702,865	3.84%	97,386	299.58
	714,582,817	3.93%	96,448	290.99
	738,359,099	3.64%	95,943	280.22



**Debt Capacity Information**

Direct and Overlapping Governmental Activities Debt  
Current Fiscal Year

Governmental Unit	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 226,240,609	7.47%	\$ 16,900,173
Flint School District	3,000,000	100.00%	3,000,000
Genesee Intermediate School District	7,070,000	7.00%	494,900
Airport Authority	7,910,000	7.47%	590,877
Mott Community College	59,445,000	7.01%	4,167,095
Carman School District	27,388,000	5.21%	1,426,915
Kearsley School District	-	0.04%	-
Swartz Creek School District	52,280,000	1.95%	1,019,460
Westwood Heights School District	5,460,000	2.25%	122,850
Mass Transit Authority	-	0.00%	-
Flint Public Library	-	100.00%	-
Total Overlapping Debt			27,722,270
Direct City Debt			27,930,551
Total Direct and Overlapping Debt			<u>\$ 55,652,821</u>

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

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

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

## CITY OF FLINT, MICHIGAN

### Debt Capacity Information

Legal Debt Margin

Last Ten Fiscal Years

	2010	2011	2012	2013
Calculation of legal debt limit				
Assessed valuation	\$ 1,191,515,300	\$ 1,155,999,170	\$ 950,717,387	\$ 780,421,015
7% of assessed valuation *				
(** 10% for 2018- 2019)	<u>83,406,071</u>	<u>80,919,942</u>	<u>66,550,217</u>	<u>54,629,471</u>
Calculation of debt subject to limit:				
Total bonded debt at June 30	149,112,519	57,503,017	54,223,245	50,464,479
Less debt not subject to limitation under City Charter and State Statute:				
Revenue bonds and notes	<u>139,377,519</u>	<u>48,013,014</u>	<u>44,993,245</u>	<u>21,675,336</u>
Debt subject to limitation (net debt)	<u>9,735,000</u>	<u>9,490,003</u>	<u>9,230,000</u>	<u>28,789,143</u>
Legal debt margin (unused debt limitation)	<u>\$ 73,671,071</u>	<u>\$ 71,429,939</u>	<u>\$ 57,320,217</u>	<u>\$ 25,840,328</u>
Net debt subject to limit as % of debt limit	12%	12%	14%	53%

\* Bond limit: Section 7-302 of the City Charter, adopted November 4, 1975, limits "net" debt to 7% of assessed valuation but does not define net debt. Calculations for 2009-2017 continue previous practice and are consistent with State Statutes.

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

Table 13 - Unaudited

2014	2015	2016	2017	2018	2019
\$ 733,003,752	\$ 771,238,344	\$ 790,981,093	\$ 811,340,683	\$ 841,624,456	\$ 874,376,920
<u>51,310,263</u>	<u>53,986,684</u>	<u>55,368,677</u>	<u>56,793,848</u>	<u>84,162,446</u>	<u>87,437,692</u>
49,357,871	42,751,574	53,660,787	51,905,612	28,770,103	27,636,549
<u>20,770,336</u>	<u>20,770,336</u>	<u>20,770,336</u>	<u>20,770,336</u>	-	-
<u>28,587,535</u>	<u>21,981,238</u>	<u>32,890,451</u>	<u>31,135,276</u>	<u>28,770,103</u>	<u>27,636,549</u>
<u>\$ 22,722,728</u>	<u>\$ 32,005,446</u>	<u>\$ 22,478,226</u>	<u>\$ 25,658,572</u>	<u>\$ 55,392,343</u>	<u>\$ 59,801,143</u>
56%	41%	59%	55%	34%	32%

**Debt Capacity Information**

Pledged-Revenue Coverage - Water Fund Revenue Bonds  
Last Ten Fiscal Years

Fiscal Year	Water Fund Revenue Bonds			Water Fund Revenue Bonds			
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Coverage*
				Principal	Interest	Total	
2010	\$ 31,956,754	\$ 32,012,727	\$ (55,973)	\$ 2,040,000	\$ 753,906	\$ 2,793,906	\$ (0)
2011	36,762,663	37,970,203	(1,207,540)	2,140,923	754,013	2,894,936	(0.42)
2012	44,854,439	37,694,085	7,160,354	2,060,000	694,504	2,754,504	2.60
2013	49,903,867	38,525,937	11,377,930	211,500	787,584	999,084	11.39
2014	43,552,152	38,889,565	4,662,587	2,165,000	571,478	2,736,478	1.70
2015	33,808,810	26,142,389	7,666,421	905,000	530,571	1,435,571	5.34
2016	41,053,585	29,609,105	11,444,480	-	259,629	259,629	44.08
2017	51,558,138	41,511,375	10,046,763	-	-	-	0.00
2018	20,770,336	-	20,770,336	-	-	-	0.00
2019	-	-	-	-	-	-	0.00

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

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

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

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

**Demographic and Economic Statistics**  
 Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income *	Michigan Labor Market - Jobless Rate for Flint only
2009	111,475	\$ 505,681,850	\$ 4,536	24.4%
2010	102,434	424,438,563	4,144	23.4%
2011	101,558	385,354,047	3,794	18.9%
2012	100,515	384,627,255	3,827	16.6%
2013	99,763	308,782,006	3,095	15.6%
2014	99,002	341,319,125	3,448	11.7%
2015	98,310	385,227,365	3,918	11.0%
2016	97,386	375,944,196	3,860	9.3%
2017	96,448	320,705,960	3,325	9.5%
2018	95,943	294,137,699	3,066	10.3%

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

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

## CITY OF FLINT, MICHIGAN

### Principal Employers (# of W-2s)

Current Year and Nine Years Ago

Taxpayer	FY 2019 (2018)	Percentage of Total	2019 Rank
General Motors Corp/Motors Liquidation Co	7,625	23.01%	1
Flint School District	2,986	9.01%	2
Hurley Medical Center	2,893	8.73%	3
McLaren Regional Medical Center	2,741	8.27%	4
University of Michigan	2,541	7.67%	5
CS Mott Community College	1,835	5.54%	6
Genesee County	1,830	5.52%	7
Diplomat Pharmacy	1,321	3.99%	8
State of Michigan	948	2.86%	9
City of Flint	688	2.08%	10
Kettering University			
Citizens Bank			
	<u>25,408</u>	<u>76.66%</u>	
Total Employees Working in City	<u>33,144</u>		

Source: City of Flint Income Tax Division

Table 16 - Unaudited

FY 2010 (2009)	Percentage of Total	2010 Rank
18,434	37.24%	1
3,920	7.92%	2
2,984	6.03%	3
2,827	5.71%	4
2,611	5.27%	5
1,849	3.74%	7
2,314	4.67%	6
1,205	2.43%	8
1,115	2.25%	9
763	1.54%	10
<u>38,022</u>	<u>76.81%</u>	
<u><u>49,500</u></u>		

## CITY OF FLINT, MICHIGAN

### Full-time Equivalent Government Employees Last Ten Fiscal Years (as of June 30)

Function / Program	2010	2011	2012	2013	2014
<b>Administration</b>					
City Administration	6.0	5.0	1.0	1.0	2.0
Mayor's Office	2.0	3.0	2.0	2.0	2.0
Legal Department	12.0	11.5	9.0	8.0	8.0
City Clerk's Office <i>(not including election workers)</i>	6.0	6.0	6.0	5.0	5.0
City Council	12.0	11.0	2.0	1.0	2.0
Ombudsman's Office	2.5	2.0	-	-	-
Human Resources - Personnel & Labor Relations	12.0	11.0	7.0	5.0	7.0
Civil Service Commission	1.0	1.0	-	-	-
Human Relations Commission	2.0	1.5	1.0	-	-
Union Representatives	3.0	3.0	3.0	1.0	1.0
<b>68th District Court</b>	<b>55.0</b>	<b>49.0</b>	<b>35.0</b>	<b>30.0</b>	<b>30.0</b>
<b>Finance Administration</b>					
Finance Department/Payroll/Retirement	14.0	12.0	8.0	8.0	8.0
Treasury/Customer Service/Income Tax	36.0	33.0	26.0	21.0	18.0
Assessment	10.5	9.0	8.0	8.0	9.0
Budget Management	1.0	-	-	-	-
Information Services/Data Processing	14.0	14.0	11.0	6.0	5.0
<b>Benefits/Risk Management</b>					
Insurance, Risk & Benefits Management	4.0	4.0	4.0	-	-
Public Service Attendants	14.0	10.0	15.0	-	-
<b>Purchasing</b>					
Administration	3.0	3.0	3.0	2.0	2.0
Inventory Control/Stockkeepers	6.0	5.0	5.0	-	-
<b>Community &amp; Economic Development/Major Grants</b>	<b>11.0</b>	<b>15.0</b>	<b>14.0</b>	<b>11.0</b>	<b>10.0</b>
<b>Fire Department</b>	<b>97.0</b>	<b>75.0</b>	<b>94.0</b>	<b>91.0</b>	<b>79.0</b>
Emergency 9-1-1	25.5	25.5	23.0	22.0	22.0
<b>Police Department</b>					
Sworn Officers	165.0	132.0	133.0	122.0	121.0
Civilians	23.5	18.0	15.0	22.0	17.0
<i>School Crossing Guards (not FTEs)</i>	<i>25.0</i>	<i>34.0</i>	<i>31.0</i>	<i>24.0</i>	<i>29.0</i>
<b>Parks &amp; Recreation</b>					
Administration	7.0	6.0	7.0	2.0	1.0
Forestry Division	3.0	3.0	-	-	-
Golf Division	16.0	12.0	-	-	-



Table 17 - Unaudited

2015	2016	2017	2018	2019
3.0	3.0	3.0	3.0	8.0
2.0	3.0	3.0	5.0	5.0
8.0	8.0	8.0	8.0	8.0
5.0	6.0	6.0	6.0	6.0
2.0	3.0	3.0	3.0	3.0
-	-	-	-	-
5.0	7.0	7.0	7.0	7.0
-	-	-	-	-
-	-	-	-	-
1.0	1.0	1.0	1.0	1.0
28.0	-	-	-	-
8.0	8.0	9.0	9.0	9.0
20.0	19.0	20.0	22.0	22.0
9.0	9.0	9.0	9.0	9.0
-	-	-	-	-
4.0	5.0	5.0	6.0	6.0
-	-	-	-	-
-	-	-	-	-
2.0	2.0	2.0	2.0	2.0
-	-	-	-	-
12.0	14.0	16.0	19.0	20.0
68.0	68.0	68.0	97.0	97.0
18.0	-	-	-	-
97.0	106.0	111.0	111.0	112.0
14.0	16.0	15.0	14.0	14.0
29.0	30.0	30.0	30.0	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

continued...

## CITY OF FLINT, MICHIGAN

### Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2010	2011	2012	2013	2014
Public Works & Utilities Administration					
Building Inspections/Development/Demolition	21.0	26.0	27.0	9.0	12.0
Engineering	6.0	5.0	5.0	-	-
Facilities Maintenance/Grounds	11.0	9.0	8.0	4.0	1.0
Fleet Management	13.0	14.0	12.0	9.0	8.0
Street Maintenance	35.0	27.0	20.0	23.0	16.0
Traffic Engineering	15.0	17.0	9.0	10.0	11.0
Waste Collection/Sanitation	29.0	33.0	27.0	-	-
Transportation-Director/Administration	4.0	4.0	4.0	4.0	4.0
Utilities Administration	5.0	3.0	3.0	3.0	3.0
Water Service Center-Sewer Maintenance	34.0	32.0	25.0	25.0	26.0
Water Plant	33.0	29.0	23.0	20.0	23.0
Water Pollution Control	61.0	65.0	53.0	40.0	38.0
Water Service Center- Water Distribution	54.0	48.0	38.0	31.0	34.0
Total Staffing (excluding school crossing guards)	885.0	792.5	686.0	546.0	525.0

Source: City of Flint Finance Office

Table 17 - Unaudited

2015	2016	2017	2018	2019
13.0	13.0	14.0	13.0	15.0
-	-	-	-	-
2.0	2.0	3.0	3.0	3.0
9.0	9.0	9.0	9.0	9.0
17.0	22.0	21.0	21.0	26.0
10.0	11.0	10.0	10.0	10.0
-	-	-	-	-
4.0	7.0	6.0	7.0	8.0
3.0	3.0	3.0	3.0	3.0
27.0	33.0	34.0	34.0	34.0
22.0	24.0	25.0	25.0	18.0
35.0	38.0	38.0	38.0	38.0
33.0	33.0	34.0	34.0	34.0
<u>481.0</u>	<u>473.0</u>	<u>483.0</u>	<u>519.0</u>	<u>527.0</u>

concluded

## CITY OF FLINT, MICHIGAN

### Operating Indicators by Function/Program

Last Ten Fiscal Years

Function / Program	2010	2011	2012	2013	2014
<b>Election Data (Calendar Year - November Elections):</b>					
Registered voters	84,624	83,063	83,176	83,255	78,992
Voters (at the polls or absentee)	25,573	15,787	N/A	40,348	15,161
Percent voting	30.2%	19.0%		48.5%	19.2%
<b>68th District Court (Calendar Year):</b>					
Number of new court cases	33,516	25,251	N/A	25,972	28,219
<b>Police:</b>					
Physical arrests (fiscal year 2010-2017 & 2019, calendar year 2018)	2,870	1,650	1,003	3,744	2,933
Traffic violations/misdemeanors/civil infractions (fiscal)	13,105	5,351	6,752	6,318	7,408
Investigations (fiscal year 2010-2017 & 2019, calendar year 2018)	19,137	16,547	7,739	12,526	11,576
<b>Fire (Calendar Year):</b>					
Fire runs	3,191	3,111	3,553	3,191	2,679
Emergency medical runs	3,562	3,861	3,095	3,562	1,755
Inspections	308	329	350	308	224
<b>Public Works:</b>					
Miles of streets resurfaced	25.16	113.50	6.82	4.32	-
Potholes repaired	725	750	725	700	32,486
<b>Refuse Collection:</b>					
Household waste & residential compost - cubic yards	116,852	110,577	93,682	100,537	114,949
<b>Parks and Recreation (Calendar Year):</b>					
Recreation Centers - Senior & Youth Participants	5,690	3,326	2,318	1,653	1,045
<b>Water:</b>					
Number of customers billed	38,977	37,437	35,833	32,702	32,085
Total consumption (ccf)	10,027,390	10,140,906	9,649,847	9,470,315	8,114,852
Average consumption per user (ccf)	257	271	269	290	253
<b>Wastewater (Calendar Year):</b>					
Average daily sewage treatment - gallons	20,200,000	19,000,000	21,000,000	19,900,000	19,900,000

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

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

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

\*Enforcement initiatives increased FY17

\*\*Water consumption changed significantly in FY15 due to the fact that the City no longer purchased water from DWSD and sold water to City General Motors began purchasing water from Genesee County, which resulted in a decrease in consumption for the City.

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

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

Table 18 - Unaudited

2015	2016	2017	2018	2019
79,206	75,437	76,276	74,128	73,613
23,182	14,041	33,858	20,190	26,614
29.3%	18.6%	44.4%	27.2%	36.2%
27,959	30,887	-	-	-
1,553	1,464	1,664	1,250	555
6,300	7,285	*17,072	18,874	17,714
12,527	10,513	10,500	9,427	8,165
2,695	3,211	2,609	2,457	2,075
1,281	1,109	1,776	1,580	2,383
380	400	508	564	503
0.75	2.54	-	-	-
15,511	43,081	8,679	23,409	618
101,889	102,137	103,716	107,117	102,651
1,208	3,657	1,654	1,444	1,323
29,596	31,468	30,404	29,984	27,355
2,857,898	2,826,200	3,035,655	2,866,888	2,617,923
97	90	100	96	96
19,900,000	19,900,000	19,900,000	20,200,000	19,253,761

## CITY OF FLINT, MICHIGAN

### Capital Asset Statistics by Function/Program Last Ten Fiscal Years

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

Source: Various City Departments

\* Marked and unmarked police vehicles are included in this number

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

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

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

Table 19 - Unaudited

2015	2016	2017	2018	2019
1	1	1	1	1
6	5	5	6	
91	91	100	101	67
5	5	5	5	5
14	14	14	14	12
3	3	3	3	3
508.18	508.18	508.18	508.18	508.18
152.33	152.33	152.33	152.33	152.33
355.85	355.85	355.85	355.85	355.85
10.93	10.93	10.93	10.93	10.93
986.50	986.50	986.50	986.50	986.50
11,292	11,292	11,292	11,731	11,881
252	252	252	252	252
-	-	-	-	
1,084	1,084	1,084	1,092	1,092
63	63	63	63	63
29	29	29	43	43
14	14	14	12	12
5	5	5	5	5
4	4	4	4	4
540	540	540	540	540
5,200	5,200	5,200	5,200	5,200
57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
570	570	570	570	570
350	350	350	350	350
80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

**Employees' Retirement System - Comparative Schedule - Actuarial Valuations**

Last 10 Actuarial Reports

(\$ amounts expressed in thousands)

Continuation Indicators							
Valuation Date	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll
12/31/2009	623,292	873,088	71.4%	249,796	28.6%	89,636	278.7%
6/30/2010	567,215	835,052	67.9%	267,837	32.1%	68,968	388.3%
6/30/2011	506,504	829,380	61.1%	322,876	38.9%	63,063	512.0%
12/31/2012	291,869	552,783	52.8%	260,914	0.0%	23,285	1120.5%
12/31/2014	264,000	550,119	48.0%	286,120	52.0%	51,039	560.6%
12/31/2015	242,518	565,954	48.0%	323,436	57.1%	50,964	634.6%
12/31/2016	203,100	548,845	37.0%	345,745	63.0%	51,497	671.4%
12/31/2017	197,129	543,169	36.3%	346,040	63.7%	50,740	682.0%
12/31/2018	179,957	537,218	33.5%	357,261	66.5%	50,476	707.8%

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

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

UAPVCPB - unfunded actuarial present value of credited projected benefits.

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

No actuary report 12/2013

Actuarial assumptions were revised in 2015



## INTERNAL CONTROL AND COMPLIANCE

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

December 27, 2019

Members of the City Council  
City of Flint, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Flint, Michigan* (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2019. Our report includes a reference to other auditors who audited the financial statements of the Hurley Medical Center and the Flint Area Economic Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Flint Area Economic Corporation were not audited in accordance with *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2019-001 through 2019-012 that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* with the exception of the item reported as item 2019-009.

#### City of Flint's Response to Findings

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

#### Purpose of this Report

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

*Rehmann Lohman LLC*

# CITY OF FLINT, MICHIGAN

## Schedule of Findings and Responses

For the Year Ended June 30, 2019

2019-001 - Material Audit Adjustments (repeat comment)

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

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

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

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

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

- Pooled cash affecting multiple opinion units was overstated by \$627,884, expenditures were understated by \$644,221 and accounts receivable was overstated by \$16,337. This entry was due to the City not posting activity in the bank accounts to the general ledger.
- Due from other governments and deferred inflows in the general fund were understated by \$243,000.
- Due from other governments and deferred inflows were understated in the general fund by \$243,743. The City did not record a receivable for reimbursable grant expenditures that were received more than 60 days after year end.
- The allowance for uncollectable income taxes in the general fund was understated by \$1,599,273, the related receivable was overstated by \$1,505,731 and income tax revenue was understated by \$53,542. The City was not using the proper reports when recording its receivables, and as a result the receivable, revenue and allowance required adjustment.
- Due to other governments was overstated and revenue understated in the general fund by \$74,553. The City had amounts due to the County for a portion of fees related to police arrests. However, an agreement or other documentation that the City owed these funds to the County were not available. The City therefore recorded this as revenue.
- Prepaids were overstated and expenditures were understated in the general fund and the grants special revenue fund by \$73,793 and \$945,546, respectively. This adjustment was the result of the City recording amounts incorrectly for p-card purchases to prepaid instead of expenditures.

# CITY OF FLINT, MICHIGAN

## Schedule of Findings and Responses

For the Year Ended June 30, 2019

- Unearned revenue was overstated and federal revenue was understated in the grant fund by \$569,295. The City incorrectly recorded amounts reimbursable from its CDBG grants as unearned revenue instead of deferred inflows in the prior year. The revenue was also not recognized as earned in the current year.
- Accounts receivable and other revenue were understated in the insurance internal service fund by \$334,557 due to the City not recorded amounts due from the State for reimbursements of overpayment of worker's compensation claims in prior years.
- Claims payable and the related expense were understated in the insurance internal service fund by \$222,669 to record liabilities identified in auditor initiated attorney letters.
- Charges for water and sewer services and the related receivable were understated in the water and sewer funds by \$778,705 and \$935,445, respectively. The City did not book the amounts being recorded on the tax rolls for delinquent water and sewer bills correctly.
- Due from other governments and grant revenue were understated by \$3,844,401 and \$518,081 in the water fund and grants special revenue fund, respectively. The City required an adjustment to receivables and revenue for expenses/expenditures to equal revenue for reimbursement-based grants.
- Allowance for doubtful accounts and bad debt expense were overstated in the water and sewer funds by \$1,888,288 and \$1,960,647, respectively to properly record accounts deemed uncollectable for water and sewer billings.
- Long-term debt, right to use asset and due from GLWA were understated in the water fund by \$103,265,747, \$3,101,189 and \$100,167,775, respectively. This entry was to record the liabilities and assets related to the City's obligation for debt issued by the KWA and the related receivable from GLWA to offset those debt payments.
- Long-term debt and capital lease receivable in the EDC component unit were understated by \$7,715,000. The City did not record the long-term debt or the related lease receivable related to a building that is leased to the State.
- Deferred inflows and loans receivable in the EDC component unit were overstated by \$176,000. The City determined that two loans were uncollectable and as a result, the allowance for uncollectable accounts and the related deferred inflows were adjusted to equal the receivable.
- Deferred inflows was overstated and interest revenue was understated in the EDC component unit by \$13,477. The City did not properly adjust its deferred inflows and revenue for recognition of current year payments.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

- Expenditures, revenues and accounts receivable were understated in the EDC component unit by \$671,185, \$728,088 and \$56,902, respectively. The EDC component unit was recording all activity in one liability account as net amounts instead of recording income statement amounts as required.

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

View of Responsible Officials. Management concurs with this finding.

# CITY OF FLINT, MICHIGAN

## Schedule of Findings and Responses

For the Year Ended June 30, 2019

### 2019-002 - Prior Period Adjustments

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

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

Condition. The City had various unsupported balances and incorrect amounts presented in its June 30, 2018 comprehensive audited financial report (CAFR).

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

Effect. As a result of this condition, the City's fund balance and/or net position had to be restated by the following amounts:

- Beginning equity and receivables in the water fund and sewer fund were overstated by \$456,101 and \$1,916,628, respectively. Receivables were double-booked in the prior year.
- Beginning equity was understated and accrued liabilities were overstated in the EDC component unit by \$525,956. This is the result of the EDC recorded all of the debt related activity in previous years to a liability account instead of presenting the gross revenue and expenditures and the difference as equity.
- Beginning equity was understated and accrued liabilities were overstated in the Act 251 Fund by \$737,868. Drug forfeitures were recorded as unearned revenue and were not being released and recognized as revenue once the case is settled or otherwise closed.
- Beginning equity was understated and accrued liabilities were overstated in the fringe benefit internal service fund by \$1,177,505. This is the result of payables being recorded in prior years and not being appropriately reversed in the subsequent year.
- Beginning equity was overstated and accrued interest payable was understated in the EDC component unit by \$66,284. Interest payable was not recorded as required in the prior year.
- Beginning equity was understated and unearned revenue was overstated in the grants special revenue fund by \$262,123. This is the result of seized gun sales being recorded as unearned revenue instead of restricted net position.
- Beginning equity was understated and deferred inflows were overstated in the garbage special revenue fund, parks special revenue fund, police special revenue fund, public safety special revenue fund and the public improvement debt service fund by \$284,536, \$14,485, \$57,977, \$172,604 and \$72,471, respectively. Beginning equity was also overstated in governmental activities by \$2,355,373. This is the result of deferred inflows related to taxes exceeding the net property tax receivable in the prior year which also caused a government-wide prior period adjustment due to the revenue being recognized in the government-wide statements in prior years.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

- Beginning equity was understated and unearned revenue was overstated in governmental activities by \$569,295. This is the result of an improper classification of amounts between unearned and deferred inflows in the grants special revenue fund.
- Beginning equity was overstated by \$5,759,221, deferred inflows were understated by \$7,320,000, allowance for bad debt expense was overstated by \$1,755,000 and due from the DDA was overstated by \$194,221. This also resulted in a government-wide adjustment for understated equity of \$7,320,000. This adjustment is the result of the recording of receivables on the City that did not match the payable on the DDA records.
- Beginning equity was overstated in the sewer fund by \$396,983. This is the result of receivables not being recorded to match grant expenses with revenues.
- Beginning equity was overstated in the sewer fund and understated in the water fund by \$434,557 and \$1,533,658, respectively. This is the result of tax liens that should have been recorded as adjustments to receivables and revenue in the prior year being recorded in the current fiscal year.
- Beginning equity was overstated in the water fund by \$1,400,048. This is the result of invoices being expensed in the current year that should have been expensed in the prior year.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries.

View of Responsible Officials. Management concurs with this finding.



# CITY OF FLINT, MICHIGAN

## Schedule of Findings and Responses

For the Year Ended June 30, 2019

### 2019-003 - Segregation of Incompatible Duties

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

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

Condition. As is the case with many organizations of similar size, the City lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function. Specific areas of concern include:

- For several months throughout the year, the City was without a purchasing manager. The City had an employee who had the power to initiate requisitions, approve purchase orders and approve invoices for payment.
- Twelve out of twenty selections for journal entry testing did not have evidence of a reviewer.

Cause. This condition was the result of a lack of management oversight and turnover in key accounting personnel.

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

Recommendation. While there are no easy answers to the challenge of balancing the costs and benefits of internal control and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

#### 2019-004 - Preparation of the Schedule of Expenditures of Federal Awards

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

Criteria. The Uniform Guidance requires that the City “identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.” In addition, the City is required to “prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with the Uniform Guidance.”

Condition. While management was able to provide a mostly complete schedule of expenditures of federal awards (SEFA) at the beginning of audit fieldwork, a material adjustment to properly report the Title IX Revolving Loan Fund was ultimately required resulting in changes to the total federal awards expended, which in turn required a reassessment of risk in determining and selecting major federal programs for testing. Additionally, the City was unable to provide explanation of how this amount is calculated using its accounting records in accordance with the OMB Compliance Supplement for this grant.

Cause. As is the case with other large governments, the City administers a wide array of federal and state grants through its many departments. The function of grant administration is highly decentralized and the finance department and the economic development department were not aware that this grant was required to be reported on the SEFA.

Effect. The City's SEFA preparation process did not detect material variances in the originally reported federal expenditures, resulting in the amount of federal expenditures changing throughout the audit.

Recommendation. The City should evaluate its processes to ensure that all federal programs are appropriately included on the SEFA.

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

2019-005 - Capital Assets (repeat comment)

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

Criteria. The City should maintain complete and accurate capital assets records. The records should be updated and reviewed by the City for completeness and conformity to generally accepted accounting principles (GAAP).

Condition. We noted the following as part of our testing:

- There were four assets that should have been capitalized, but were not, which amounted to \$1,342,404.
- The City included \$613,240 in accounts payable, expenditures and the capital asset records in error.
- Three assets amounting to \$1,985,274 in cost originally had 20 year useful lives, but should have had 50 year useful lives.
- Twelve assets totaling \$5,574,321 did not have the correct placed-in-service dates.
- The City had originally only booked half a year's depreciation expense because of errors in the BS&A capital asset module and report generation.

Cause. Internal controls did not detect all of the necessary items to be capitalized and depreciated.

Effect. The City has not maintained or reconciled accurate reports for capital assets, requiring additional audit work. Governmental activities capital assets were understated and expenditures were overstated by \$729,164. Additionally, the error in useful lives, service dates and errors in the capital asset module resulted in depreciation expense and accumulated depreciation initially being understated by \$9,291,427.

Recommendation. We recommend that the City implement procedures to verify that all capital asset records are correct and all additions are properly included and depreciated.

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

2019-006 - Purchasing Cards (repeat comment)

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

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

Condition. In order to observe the internal controls over purchasing cards (p-cards), we selected five transactions for testing. Of the five selected, we noted three instances in which the department head authorized an individual to have a p-card, but the p-card administrator did not approve the card in accordance with the City's policy. We also noted one instance in which the approval form could not be provided to us at all and one form in which every signature was the same individual in the finance department. Additionally, the City was unable to provide expense reports or receipts for two of the five transactions selected for testing. Finally, the City also has a process in place where department head purchases are approved by subordinates in that department. This is not a proper level of independent review.

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

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

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

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

2019-007 - Unsupported Accounts (repeat comment)

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

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

Condition. The agency fund has cash and an offsetting liability for \$705,811 that the City was not able to provide a detailed list of who the City is holding these funds for. Additionally, the City has \$634,545 recorded in the general fund which is management's estimate for the amount due to the District Court.

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

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

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

View of Responsible Officials. Management concurs with this finding.

# CITY OF FLINT, MICHIGAN

## Schedule of Findings and Responses

For the Year Ended June 30, 2019

### 2019-008 - Utility Billing

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

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

Condition. The City has approximately \$2.5 million in credit balances spread across roughly 8,000 accounts in the utility billing module. Included in the \$2.5 million is a \$1.2 million dollar credit to a large corporate entity that should either be applied against other billings or remitted to that entity. Additionally, any credits to customer accounts do not appear to have a formal approval process in place. The billing supervisor can approve credits and then also approve the final billings before they are sent to customers. This is an inappropriate segregation of incompatible duties. Water Residential Assistance Program ("WRAP") credits can be applied to an account without any oversight over whether someone is eligible or independently approved. Finally, the service charges for water in the utility billing system did not agree to the approved rates.

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

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

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

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

#### 2019-009 - Investments

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

Criteria. Michigan State law requires the City to have an investment policy and that the City's investments are allowable in accordance with Public Act 20 of 1943.

Condition. The City was unable to provide an approved investment policy. Additionally, the City has \$625,650 recorded in a Death Benefit "trust fund". However, a formal trust agreement does not exist, so the investments are required to comply with PA 20. We noted that the investments are not in compliance and the amounts are material to the financial statements.

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

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

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

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

#### 2019-010 - Payroll Documentation

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

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

Condition. We noted one instance out of six files tested as part of our OPEB census testing for which documentation of an employee's union code was not available in their employee file. Additionally, we noted one instance out of seven individuals tested as part of the pension census that did not have documentation of the employee's hire date in the file. We also noted two instances, one of which was part of the OPEB census testing, in which an employee had a pay increase and documentation of approval of this increase was not available and did not agree to the City's compensation schedule.

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

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

Recommendation. We recommend that the City document all employee's salaries, raises and changes with documentation that contains the proper approval. Additionally, the City should verify that census data being provided to the actuaries is correct and supported by documentation in the employee files.

View of Responsible Officials. Management concurs with this finding.



## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

#### 2019-011 - Cash Receipts

Finding Type. Significant Deficiency in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining internal control to safeguard the City's assets.

Condition. The City does not have a process in place to properly document and approve cash overages or shortages when reconciling cash drawers in the Treasurer's Office. The drawers in the Treasurer's Office also do not lock and there is often a significant amount of cash on hand because there is no procedure to transfer cash to the safe throughout the day.

Cause. This condition appears to be the result of City not considering and implementing proper internal controls.

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

Recommendation. We recommend that the City implement procedures that require cash overages and shortages be documented, reviewed and approved. Additionally, the City should require cash transfers from the customer service drawers to the safe when cash reaches a certain amount as determined by the City's policy.

View of Responsible Officials. Management concurs with this finding.

## CITY OF FLINT, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2019

#### 2019-012 - Purchasing

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

Criteria. The City's purchasing ordinance states that some form of competitive bidding based upon adequate and complete specifications will be implemented for all purchases projected to exceed \$10,000. Any competitive bids and the related bid selection documentation should be retained by the City. Purchases should not be made until an approved purchase order is in place.

Condition. During our testing of the procurement process for the Department of Public Works ("DPW") we noted two vendors starting work prior to purchase order approval and/or contracts with vendors being fully executed. We further noted two issues with contracts where they were not dated. We were not able to test bid tabulation for two requests for proposals because the City could not provide support for the selected requests.

Additionally, we examined a City Council resolution for a fire truck purchase that had signatures from another document taped over it and copied. We were unable to find an original signed copy of the final resolution.

Finally, the City had approximately \$11.5 million in expenditures that did not have an associated purchase order. Most of the largest items are for construction contractors.

Cause. This condition appears to be the result of City not implementing proper internal controls.

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

Recommendation. We recommend that the City implement procedures over purchasing that requires all requisitions, purchase orders and contracts be approved before a purchase is made or work commences. Additionally, the City should require and retain a purchase order for all payments being made.

View of Responsible Officials. Management concurs with this finding.