

# CITY OF FLINT MICHIGAN



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2014**

**City of Flint, Michigan**  
**Comprehensive Annual Financial Report**  
**June 30, 2014**

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

# Table of Contents

Section	Page
<b><u>Introductory Section</u></b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	vi
Organization Chart	vii
List of Elected, Civil Service, and Appointed Officials	viii
<b><u>Financial Section</u></b>	
<b>1 Independent Auditors' Report</b>	<b>1 – 1</b>
<b>2 Management's Discussion and Analysis</b>	<b>2 – 1</b>
<b>3 Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	3 – 1
Statement of Activities	3 – 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3 – 4
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	3 – 6
Statement of Revenues, Expenditures and Changes in Fund Balances	3 – 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 – 9

<b>Section</b>	<b>Page</b>
<b>3 Basic Financial Statements</b>	
Proprietary Funds	
Statement of Net Position	3 – 10
Statement of Revenues, Expenses and Changes in Fund Net Position	3 – 12
Statement of Cash Flows	3 – 14
Fiduciary Funds	
Statement of Fiduciary Net Position	3 – 16
Statement of Changes in Fiduciary Net Position	3 – 17
Component Units	
Combining Statement of Net Position	3 – 18
Combining Statement of Activities	3 – 20
Notes to Financial Statements	3 – 21
<b>4 Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	4 – 1
Federal Grants	4 – 3
Municipal Employees Retirement System of Michigan	4 – 4
Other Postemployment Benefits	4 – 6
<b>5 Other Supplemental Information</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	5 – 1
Combining Statement of Revenue, Expenditures and Changes in Fund Balance Fund Balance	5 – 3

<b>Section</b>	<b>Page</b>
<b>5</b>	<b>Other Supplemental Information</b>
	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
	Major Streets 5 – 5
	Local Streets 5 – 6
	Neighborhood Policing 5 – 7
	State Act 251 – Forfeitures 5 – 8
	EDA Revolving Loan 5 – 9
	Public Improvement 5 – 10
	Parks and Recreation 5 – 11
	Senior Citizen Centers 5 – 12
	Building Department 5 – 13
	Garbage Collection 5 – 14
	Public Safety 5 – 15
	Street Light 5 – 16
	Internal Service Funds
	Combining Statement of Net Position 5 – 17
	Combining Statement of Revenues, Expenses, and Changes in Fund Balance 5 – 18
	Combining Statement of Cash Flows 5 – 19
	Fiduciary Funds
	Combining Statement of Assets and Liabilities – Pension Trust and Agency Funds 5 – 21
	Combining Statement of Changes in Fiduciary Net Position 5 – 22
	Combining Statement of Changes in Assets and Liabilities – Agency Funds 5 – 23
<b>6</b>	<b>Statistical Section (Unaudited)</b>
	Financial Trend Information
	Net Position by Component 6 – 1
	Changes in Governmental Net Position 6 – 2
	Changes in Business-type Net Position 6 – 3
	Fund Balances, Governmental Funds 6 – 4
	Changes in Fund Balances, Governmental Funds 6 – 5

<b>Section</b>	<b>Page</b>
<b>6</b>	
<b>Statistical Section (Unaudited)</b>	
Revenue Capacity Information:	
Taxable Value and Actual Value of Taxable Property	6 – 6
Direct and Overlapping Property Tax Rates	6 – 7
Principal Property Taxpayers	6 – 9
Property Tax Levies and Collections	6 – 10
Debt Capacity Information:	
Ratios of Outstanding Debt	6 – 11
Ratios of General Bonded Debt Outstanding	6 – 12
Direct and Overlapping Governmental Activities Debt	6 – 13
Legal Debt Margin	6 – 14
Pledged-revenue Coverage	6 – 15
Demographic and Economic Information:	
Demographic and Economic Statistics	6 – 16
Principal Employers	6 – 17
Operating Information:	
Full-time Equivalent Government Employees	6 – 18
Operating Indicators	6 – 20
Capital Asset Statistics	6 – 21
Employees' Retirement System – Comparative Schedule – Actuarial Valuations	6 – 22



**Dayne Walling**  
Mayor

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

**Darnell Earley**  
Emergency Manager

**Gerald Ambrose**  
Finance Director

December 23, 2014

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

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Flint for the fiscal year ended June 30, 2014.

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

Yeo & Yeo, P.C., a firm of licensed certified public accountants, has audited the City of Flint's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Flint's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

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

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

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

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

However, on December 1, 2011, the Governor of the State of Michigan appointed an Emergency Manager for the City of Flint, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The appointed Emergency Manager was authorized by virtue of his appointment to “act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint.” The Emergency Manager assumed control at the mid-point of the FY12 budget, which was found to be significantly out of balance. 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 and FY14 budgets were under the control of the Emergency Manager. Under the direction of these Emergency Managers, considerable progress has been made in reducing the City’s June 30, 2012 accumulated General Fund deficit of \$19.2 million. As of June 30, 2012, the deficit had been reduced to \$12.9 million, and as of June 30, 2104, the deficit has been reduced to \$9.0 million. A state approved Deficit Elimination and Reserve Accumulation Plan is now in place, with a target of eliminating the remaining deficit within the next five years and accumulating a General Fund reserve equal to 15% of General Fund revenues within the succeeding five years. Significant steps have also been taken to reduce OPEB liabilities, which currently stand at \$240 million, compared to more than \$850 million two years ago. With these significant achievements in place, steps are now being taken to prepare for the return of operations to its Charter-designated leaders.

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

### **Factors Affecting Economic and Financial Condition**

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

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

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

Property values within the City are believed to have hit the bottom, declining from \$1.804 billion in 2002 to \$1.192 in 2011 and further declining to \$969.13 million in 2012. The rate of decline has ceased, and slight increases are projected over the next few years. While property values for Flint's ten largest employers are well below the 2009 value of \$279.7 million, the 2014 values of \$150.2 million are significantly increased from \$145.82 million in 2013. The total number of employees in the City is projected at 51,128 in 2013, an increase from 2012, but still below the 79,312 reported in 2004. Following the trend of decreased employment and median income, income tax revenues have decreased significantly as well.

*Cash management policies and practices.* Cash flow for the City has been a concern for several years, but in 2014 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 in Note 4 of the Notes of the June 30, 2014 Audited Financial Statements.

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

The Workers' Compensation function resides in the Human Resources Department, which allows for a coordinated effort to minimize accident-related losses. Additional information on the City of Flint's risk management activities can be found in Note 13 of the Notes of the June 30, 2014 Audited Financial Statements.

*Pension and other post-employment benefits.* As of June 30, 2014, the City of Flint is a member of the Municipal Employees Retirement System, a statewide multiple employer pension system which administers various defined benefit pension plans for its public safety and most non-public safety employees. Some employees participate in a defined contribution plan, whose administration will be transferred to MERS. Beginning in fiscal year 2013, however, new non-public safety employees will be enrolled in a hybrid plan administered by MERS, with similar plans anticipated for new public safety employees in the near future.

Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes quarterly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of June 30, 2011 (the latest actuarial report) was 61.1% funded. As of the June 30, 2011 valuation there were 2,894 retirees and beneficiaries receiving pension benefits from the City of Flint.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of the current fiscal year, there were 2,058 retired employees and beneficiaries receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2014, the City paid \$19.4 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$240 million at June 30, 2014. The City has made and continues to pursue changes in pension and retiree healthcare to due legacy costs, which are among the highest in the State of Michigan per capita. For example, beginning in this fiscal year, new employees will not be eligible for retiree health care but will be enrolled in a retiree medical savings account. Many of the changes to retiree health care have resulted in litigation which is

currently underway. Additional information on the City of Flint's Retirement Plan can be found in Section 4 B of the Notes of the June 30, 2014 Audited Financial Statements.

**Awards and Acknowledgements**

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flint for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The City has now received this award eleven years in a row. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

  
Jerry Ambrose,  
Finance Director

  
Antonio Brown,  
Deputy Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Flint**  
**Michigan**

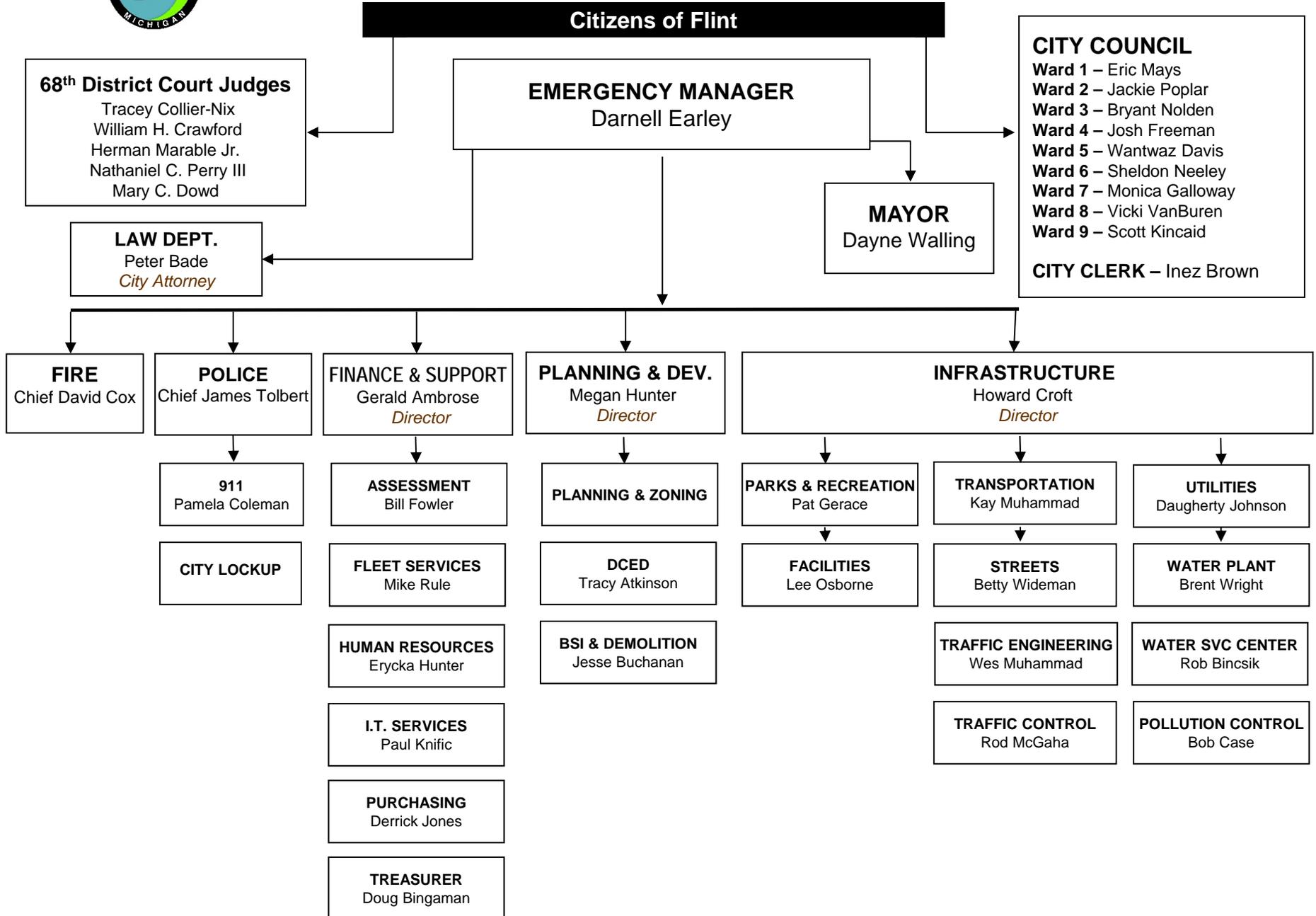
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# CITY OF FLINT – ORGANIZATIONAL CHART



**City of Flint**  
**List of Elected, Civil Service, and Appointed Officials**  
**June 30, 2014**

---

**Emergency Financial Manager**

Darnell Earley – Appointed by Governor Snyder on October 8, 2013

**Elected Officials**

Dayne Walling – Elected Mayor November 2011

**City Council**

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

Eric Mays – First Ward

Jacqueline Foster Poplar – Second Ward

Bryant W. Nolden – Third Ward

Joshua M. Freeman – Fourth Ward

Wantwaz D. Davis – Fifth Ward

Sheldon A. Neeley – Sixth Ward

Monica Calloway – Seventh Ward

Vicki VanBuren – Eighth Ward

Scott Kincaid – Ninth Ward

**Appointed and Other City Officials**

Gerald Ambrose – Director of Finance

Tracy Atkinson – Director, Department of Community & Economic Development

Peter Bade – Chief Legal Officer

Rob Bincsik – Water Service Center Supervisor

**City of Flint**  
**List of Elected, Civil Service, and Appointed Officials**  
**June 30, 2014**

---

**Appointed and Other City Officials (continued)**

Douglas Bingaman – City Treasurer

Inez M Brown – City Clerk

Gerard Burnash – Chief Operating Officer, Downtown Development Authority

Robert Case – Water Pollution Control Supervisor

Pamela Coleman – Emergency 911 Administrator

David Cox – Fire Chief

Howard Croft – Infrastructure & Development Director

Daugherty Johnson III – Utilities Admin/Water Service Center

William Fowler – City Assessor

Erycka Hunter – Director of Human Resources & Labor Relations & Human Relations Commission

Megan Hunter – Planning & Development Director

Derrick Jones – Purchasing Manager

Paul Knific – Information Technology Services Administrator

Jason Lorenz – Communications Director

Paula McGlown – 68th District Court Administrator

Kay Muhammad – Transportation Director

Liz Murphy – Assistant to the Emergency Manager

Michael Rule – Fleet & Yards Superintendent

James Tolbert – Chief of Police

Brent Wright – Water Plant Supervisor

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hurley Medical Center and Flint Area Enterprise Community, which represent 95 percent, 94 percent, and 99 percent, respectively, of the assets, net position, and revenues of the total component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for total component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hurley Medical Center, the Downtown Development Authority, the Economic Development Corporation, and the Flint Area Enterprise Community were not audited under *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

#### **Deficit Fund Balance:**

The City has an accumulated unassigned deficit in the General Fund of \$8,961,427 as of June 30, 2014, which has resulted from operating deficits. The deficit and status of the City's Deficit Elimination Plan that is required by the State, are disclosed in Note 2. Our opinions are not modified with respect to this matter. The Economic Development Corporation has an unassigned deficit of \$119,234 as of June 30, 2014, which resulted from operating deficits. The Economic Development Corporation has filed a Deficit Elimination Plan filed with the State.

#### **Adoption of New Accounting Standards:**

As described in Note 1 to the financial statements, during the year ended June 30, 2014, the City adopted GASB Statements No. 63 and 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and *Items Previously Reported as Assets and Liabilities* and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinions are not modified with respect to this matter.

#### **Prior Period Adjustment:**

As described in Note 17 to the financial statements, the beginning net position has been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

#### **Other Matters:**

#### **Required Supplemental Information**

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

### **Other Supplemental Information**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the City of Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Flint's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Flint, Michigan  
December 23, 2014

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

Following is a brief overview and analysis of the financial statements for the City of Flint, Michigan (the "City") for the 2014 fiscal year, which began on July 1, 2013 and ended on June 30, 2014. The reader is encouraged to not only consider the comments made here but to review the statements in their entirety.

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

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

**Financial Highlights**

In fiscal year 2014, the City billed \$167.2 million in taxes, fees, and grants for governmental and business-type activities, and spent \$154.3 million to provide the services. During the course of the year, the City acquired capital assets totaling \$870 thousand in governmental activities and \$6.4 million in building improvements and equipment in business-type activities. At the end of the year, the assets of the City governmental and business-type activities totaled \$351.2 million and liabilities totaled \$227.4 million, for net position totaling \$123.7 million. However, unrestricted net position totaled a negative \$138.7 million. The majority of the negative unrestricted net position reflects the \$153.4 million liability for unfunded retiree healthcare liabilities; the business-type activities reflected \$13.2 million in unrestricted net position.

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

Although there have been several changes since December 2011 in the laws providing for the appointment of an emergency manager, and there have been three different emergency managers since then, the City has remained under the control of a state appointed manager. These managers exercise direct control of the City's financial and operational matters and have been authorized to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint."

With the fiscal year 2012 half complete at the time the emergency manager was appointed, it was clear that significant long-term solutions to the City's financial condition could not be achieved in the remainder of that fiscal year. Addressing any significant reductions at that time would have required unthinkable reductions in the level of public safety and other essential City services, and would have been done in an atmosphere of crisis. As a result, it was determined to contain spending as much as possible for the balance of fiscal year 2012, while building a credible spending plan

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

for fiscal year 2013 and laying the necessary groundwork for substantially reducing the City's cost base for fiscal year 2013 and beyond. Consequently, the fiscal year 2012 financial statements showed a \$19.2 million General Fund deficit, an increase of \$11.9 million.

The initial efforts of the emergency managers and City staff were focused on assuring that, at the end of each fiscal year after 2012 that expenses would not exceed revenues, and that the accumulated deficit would be steadily reduced. This goal was achieved in FY13, as the deficit was reduced from \$19.2 million to \$12.9 million. It was reduced again in FY14, as revenues exceeded expenses in the General Fund by \$3.9 million, reducing the accumulated deficit to less than \$9 million as of June 30, 2014.

Additionally, the City's cash flow has been improved significantly. Cash flow in December 2011 was projected at approximately \$13 million in comparison to current cash on hand on as of June 30, 2014 in excess of \$50 million.

Significant steps have also been taken beginning in FY13 and continuing through FY14 to reduce legacy costs associated with health care and pensions. Actions taken to date with respect to healthcare benefits for current employees and retirees have had a significant impact on current costs and long-term liabilities, reducing a long term OPEB liability of more than \$850 million in 2012 to \$240 million in 2014. Restructuring health benefits has involved consolidating and updating plans, imposing premium sharing, limiting access of spouses and dependents, and eliminating the promise of retiree health care for new employees. Similar changes have taken place with respect to retirement benefits, with increased contributions, changes in multipliers, and enrollment of new employees into hybrid pension plans in lieu of the traditional defined benefits plans. Administration of the pension system has also been transferred to the Municipal Employees' Retirement System, a state wide multi-employer system.

In FY14, a plan to not only eliminate the remaining deficit but to accumulate a reserve equal to 15% of General Fund revenues was approved by the State Treasurer. The plan anticipates continuing tight control on expenses and a commitment to annually budget \$1 million less in expenses than projected revenues. There is also a continuing commitment to dedicate \$800,000 annually in Public Improvement Funds for Utility Capital Improvements as an additional means of eliminating the deficit and achieving the desired level of financial reserves. The plan projects that it will take no more than five years to eliminate the remaining deficit and to begin to accumulate reserves. Financial results in both FY13 and FY14 have exceeded expectations in terms of reducing the deficit.

With the significant progress made towards reducing the accumulated deficit and reducing legacy costs, steps are now being taken to prepare for the return of operations to its Charter-designated leaders. The steps deemed necessary for such transition have been outlined in a Seven-Point Transition Plan presented by the Emergency Manager. Consistent with that plan, the voters of the City approved the formation of a Charter Revision Commission, who will focus on updating the City's Charter.

**Overview of the Financial Statements**

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

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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

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

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

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

**Government-wide Financial Statements**

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate component units of Hurley Medical Center, Downtown Development Authority, Economic Development Corporation, Atwood Stadium Building Authority, and the Flint Area Enterprise Community, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 3-1 to 3-3 of this report.

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

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

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

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 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Federal Grants Fund. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3-21 to 3-55 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 4-1 to 4-6 of this report.

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 5-1 to 5-23 of this report.

**Government-wide Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. Total assets of the City are \$351.1 million. Total net position (total assets less total liabilities) is \$123.7 million, of which the largest portion of \$215.6 million reflects its net investment in capital assets (e.g., land, buildings, streets, sidewalks, machinery, and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining portion of the City's total net position, \$46.8 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was \$138.7 million, which is down from 2013 deficit of \$150.1 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 \$151.9 million deficit in unrestricted net position. The \$151.9 million deficit results from the increase in the short-term and long-term liabilities, mainly \$125.3 million in postemployment healthcare liability, which decreased by \$4.30 million in total from 2013.

**Table 2 - City of Flint's Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 60,337,519	\$ 48,590,753	\$ 51,675,967	\$ 49,858,902	\$ 112,013,486	\$ 98,449,655
Capital assets	140,835,499	155,524,545	98,345,052	102,445,146	239,180,551	257,969,691
Total assets	<u>201,173,018</u>	<u>204,115,298</u>	<u>150,021,019</u>	<u>152,304,048</u>	<u>351,194,037</u>	<u>356,419,346</u>
Current liabilities	12,881,140	11,686,990	3,953,905	7,382,301	16,835,045	19,069,291
Long-term liabilities	160,272,556	165,941,598	50,336,492	53,652,568	210,609,048	219,594,166
Total liabilities	<u>173,153,696</u>	<u>177,628,588</u>	<u>54,290,397</u>	<u>61,034,869</u>	<u>227,444,093</u>	<u>238,663,457</u>
Net position:						
Net investment in capital assets	138,929,966	153,329,640	76,669,716	78,604,810	215,599,682	231,934,450
Restricted	40,976,633	31,548,910	5,848,116	4,385,534	46,824,749	35,934,444
Unrestricted (deficit)	<u>(151,887,277)</u>	<u>(158,391,840)</u>	<u>13,212,790</u>	<u>8,278,835</u>	<u>(138,674,487)</u>	<u>(150,113,005)</u>
Total net position	<u>\$ 28,019,322</u>	<u>\$ 26,486,710</u>	<u>\$ 95,730,622</u>	<u>\$ 91,269,179</u>	<u>\$ 123,749,944</u>	<u>\$ 117,755,889</u>

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

Business-type activities have \$95.7 million of total net position. Business-type activities do not encumber at year end and normally do not appropriate net position as part of the budget process.

**Governmental Activities** - Changes in net position provide some insight into current year activities as compared to those of the prior year. Total net position for governmental activities increased by \$1.3 million. Revenues in 2014 were \$14.2 million lower than in 2013. This decrease in revenue is mainly due to a loss in grant revenues. The 2014 expenses were \$7.8 million lower than in 2013. The decrease in expenses was largely in part due to reduction in the cost of grant programs.

**Business-type Activities** - Total net position increased by \$4.5 million in business-type activities. The main reason for the increase was due to the City increasing the water and sewer user rates in the latter part of fiscal year 2012. The increased rates, along with a delay in making budgeted capital improvements, have played a vital role in sustaining the fiscal year's budget.

**Table 3 - City of Flint's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 14,232,326	\$ 17,667,440	\$ 72,157,314	\$ 80,073,103	\$ 86,389,640	\$ 97,740,543
Operating grants and contributions	14,562,573	14,213,238	-	-	14,562,573	14,213,238
Capital grants and contributions	11,218,347	21,872,060	-	99,240	11,218,347	21,971,300
General revenues:						
Property taxes	21,292,833	21,722,352	-	-	21,292,833	21,722,352
Income taxes	13,038,276	14,674,274	-	-	13,038,276	14,674,274
State shared revenue	14,140,573	13,667,182	-	-	14,140,573	13,667,182
Cable franchise fees	1,048,150	1,084,668	-	-	1,048,150	1,084,668
Unrestricted investments earnings	860,821	445,325	155,578	945	1,016,399	446,270
Gain on sale of capital assets	16,800	1,046,990	3,593,677	-	3,610,477	1,046,990
Miscellaneous	2,942,613	1,203,070	-	52,537	2,942,613	1,255,607
Total revenues	<u>93,353,312</u>	<u>107,596,599</u>	<u>75,906,569</u>	<u>80,225,825</u>	<u>169,259,881</u>	<u>187,822,424</u>
<b>Expenses:</b>						
General government	7,691,189	7,880,521	-	-	7,691,189	7,880,521
Judicial	5,031,863	5,095,682	-	-	-	-
Public safety	41,576,320	39,022,487	-	-	41,576,320	39,022,487
Building inspection	2,452,420	4,017,923	-	-	2,452,420	4,017,923
Public works	27,278,596	22,978,241	-	-	27,278,596	22,978,241
Community development	6,751,200	19,981,427	-	-	6,751,200	19,981,427
Parks and recreation	3,096,360	2,864,223	-	-	3,096,360	2,864,223
Interest on long-term debt	1,203,196	1,021,815	-	-	1,203,196	1,021,815
Sewer	-	-	24,209,301	42,089,874	-	42,089,874
Water	-	-	44,245,825	25,185,405	44,245,825	25,185,405
Total expenses	<u>95,081,144</u>	<u>102,862,319</u>	<u>68,455,126</u>	<u>67,275,279</u>	<u>134,295,106</u>	<u>165,041,916</u>
Transfers	<u>2,990,000</u>	<u>2,990,000</u>	<u>(2,990,000)</u>	<u>(2,990,000)</u>	-	-
Increase (decrease) in net position	1,262,168	7,724,280	4,461,443	9,960,546	5,723,611	17,684,826
Net position, beginning of year (restated)	26,757,154	18,762,430	91,269,179	81,308,633	118,026,333	100,071,063
Prior period adjustment	-	270,444	-	-	-	270,444
Total net position (restated)	<u>\$ 28,019,322</u>	<u>\$ 26,757,154</u>	<u>\$ 95,730,622</u>	<u>\$ 91,269,179</u>	<u>\$ 123,749,944</u>	<u>\$ 118,026,333</u>

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

**Analysis of Fund Financial Statements**

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

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

The City's governmental funds show an operating surplus (or fund balance) of \$19.5 million as of June 30, 2014. This is a significant turnaround from \$7.2 million. One significant factor is the continuing emphasis on containing expenses wherever possible. Another contributing factor was the approval in November, 2012, by City voters for a public safety millage that generated \$5.6 million in its first year, but which was not budgeted for use until later. Finally, the financial impact of changes in active and retiree health care benefits began to be seen.

The reduction of the \$12.9 million deficit for the General Fund in fiscal year 2013 to \$8.96 million in 2014 was a result of projecting a realistic budget and managing it. Managing the General Fund has been difficult due to significant reductions in property tax revenues, income tax revenues, and state-shared revenues. However, the Emergency Manager and his team took the necessary and difficult steps needed to reduce costs.

The remaining non-major governmental funds have a fund balance of \$27.2 million, of which virtually all is restricted for specific purposes. The largest fund balances among the non-major governmental funds are the public improvement, \$9.3 million, and the public safety fund, \$8.7 million. Other special revenue funds are maintained primarily to demonstrate accountability. Federal and state laws place restrictions on how these funds can be spent.

State law requires the preparation of a deficit elimination plan for all fund deficits, unless current assets of the fund exceed current liabilities. A plan to address the remaining \$8.96 million in the General Fund has been approved by the Department of Treasury. However, the Economic Development Corporation will be filing its own deficit elimination plan to address its \$119,234 deficit.

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

Total net position in the Water Fund is \$28.3 million, an increase of \$1.8 million from the previous year. Unrestricted net position is no longer negative. Net operating income decreased from \$13.0 million to \$4.6 million. The decrease is due to the City funding 100% of major upgrades to the Water Plant. The Water Fund has a bond reserve account of \$2.8 million and an equipment reserve account of \$3 million.

Net position in the Sewer Fund is \$67.8 million, an increase of \$3 million from 2013. Net operating income was a positive \$4.7 million. The 2013 rate increases averaging 25 percent was necessary to restore the financial solvency of the water and sewer systems. Rate increases for FY14 and FY15 average approximately 6%, and were determined based on the recommendations of a rate study commissioned by the City.

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

Because of the age of the system, and the significant loss of customer base over the past years, water and sewer rates are high in comparison to other municipalities. Significant steps are being taken to assure the systems future financial viability, including the decision to terminate a long standing relationship with the Detroit Water and Sewer System as the City's water supplier and to join with Genesee County in the formation of the Karegnondi Water Authority, which is now in the process of constructing a water supply pipeline from Lake Huron.

**Capital Assets and Debt Administration**

**Capital Assets** - The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$239.1 million (net of accumulated depreciation), a net decrease of \$18.8 million. This net investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City's capital assets can be found in Note 6.

**Table 4 City of Flint's Capital Assets - Net of Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2014	2013	2014	2013	2014	2013
Land	\$ 14,313,536	\$ 14,313,536	\$ 762,394	\$ 762,394	\$ 15,075,930	\$ 15,075,930
Construction in progress	-	132,616	100,488	1,282,967	100,488	1,415,583
Land improvements	3,349,033	3,744,629	3,480,436	3,679,064	6,829,469	7,423,693
Infrastructure	114,268,730	127,286,007	-	-	114,268,730	127,286,007
Buildings, additions, and improvements	5,350,861	5,411,605	30,520,252	31,414,204	35,871,113	36,825,809
Machinery and equipment	3,553,339	4,636,152	63,481,482	65,306,517	67,034,821	69,942,669
<b>Total</b>	<u>\$ 140,835,499</u>	<u>\$ 155,524,545</u>	<u>\$ 98,345,052</u>	<u>\$ 102,445,146</u>	<u>\$ 239,180,551</u>	<u>\$ 257,969,691</u>

The City governmental activities made major capital improvements during 2014:

- Streets and enhancements \$ 266,400
- Building enhancements \$ 383,433
- Machinery \$ 220,956

Total capital improvements, as a result of governmental activities, were \$870,789. Depreciation was \$15.4 million.

The City's business-type activities were significant in 2014. Major improvements and upgrades were made in the water plant. Many of these changes were necessary to prepare for the Karegnondi Water Authority pipeline now being built. The improvements to the water plant were also used to allow the City of Flint to utilize the Flint River as its water supply. Prior to this, the City of Flint was the customer to the Detroit Water Supply Department.

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Debt Administration** - Debt is administered through three debt service funds and the Public Improvement Fund. In addition, the Water Fund services debt for bonds issued for plant improvements (see Table 5).

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

**Long-term Debt** - At year end, the City had \$34.6 million in bonds and notes and compensated absences outstanding for governmental activities and \$22.4 million in bonds and notes and compensated absences outstanding for business-type activities. Additional information on the City's long-term debt can be found in Note 9.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation debt	\$ 8,955,000	\$ 9,230,000	\$ -	\$ -	\$ 8,955,000	\$ 9,230,000
Local government loan	7,620,000	7,815,000	-	-		
Revenue bonds and notes	-	-	21,675,336	23,840,336		
Other notes	12,214,143	12,962,667	-	-	12,214,143	12,962,667
Capital leases	195,390	375,244	-	-		
Accrued annual and sick pay	<u>5,591,879</u>	<u>4,435,256</u>	<u>565,750</u>	<u>538,175</u>	<u>6,157,629</u>	<u>4,973,431</u>
<b>Total</b>	<b><u>\$ 34,576,412</u></b>	<b><u>\$ 34,818,167</u></b>	<b><u>\$ 22,241,086</u></b>	<b><u>\$ 24,378,511</u></b>	<b><u>\$ 27,326,772</u></b>	<b><u>\$ 27,166,098</u></b>

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

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

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

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

The reinvention of Flint & Genesee is underway with increased investment and job creation as well as an enhanced quality of life that makes the area more attractive to residents, businesses, students, and visitors.

The region offers a strong business climate with growing businesses, new jobs, declining unemployment, strong neighborhoods, and great schools. Through private and public collaboration, we are harnessing the community's many resources to support greater diversification, innovation, and entrepreneurship.

The Flint and Genesee Regional Chamber of Commerce has identified Flint & Genesee as one of Michigan's success stories -- leading the way with these measurable achievements:

- New investment projects underway in 2014
  - American Spiral Weld Pipe construction of 180,000sf on former Buick City acreage; \$14 million invested; 60 new jobs;
  - Karegnondi Water Authority 67-mile pipeline is under construction from Lake Huron to Flint; \$267 million investment; 1,100 jobs at peak; Completion in 2016;
  - General Motors Flint Truck and Engine facility expansions; \$800 million invested; 150 new jobs (7,500 GM jobs in Flint & Genesee currently);
  - Flint's Health & Wellness Corridor project includes over \$30 million investment in the expanded Flint Farmer's Market, Genesys PACE Project, and MSU College of Human Medicine facility, representing over 130 new jobs;
  - Numerous employment and investment expansions are underway by area firms representing service, IT, manufacturing, transportation/logistics, and medical technology sectors.
- Increasing employment in Flint & Genesee
  - Over 1,800 jobs are currently posted in MiTalent.org by employers located within 25 miles of Flint. Positions range from entry level to high paying/skilled.
  - With more workers entering the labor market, Genesee County's 2014 unemployment rate dropped to 7.0% in September, lower than the State of Michigan unemployment rate of 7.4%;
  - More citizens are benefiting from new private sector job growth. Total non-farm employment increased to 137,000 in September, 2014 a return to 2008 levels according to Michigan Labor Market Information;
  - Flint and Genesee County saw some of the fastest reductions in unemployment in the state of Michigan in 2013;
- Diversifying in new markets
  - As sales of Flint & Genesee products increase, more equipment, medical products, food, electronics, vehicles, and automotive parts are destined for international markets;
  - Area manufacturers increased exporting in 2012-2013 with funding support from the Michigan State Trade Export Program (STEP)
  - Our universities and hospitals have unique strengths that are attracting new revenue -- students, patients, and partners -- from across the globe.

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

- Growing enrollment across our higher education institutions
  - The University of Michigan - Flint achieved record enrollment of 8,555 in 2013, an increase of 33% since 2005. International student enrollment grew by 56% from 2012-2013. Additionally, UM Flint recently announced a doubling of the size of its engineering program;
  - Kettering University Mechanical and Industrial/Manufacturing Systems Engineering programs are #1 and #2 in the country according to US News & World Report;
  - Mott Community College is among the nation's Top 10 community colleges according to Aspen Institute;
  - Baker College-Flint received a \$200,000 National Science Foundation grant in 2013 to establish the state's first Photonics & Laser Technology Associate Degree program. Baker boasts an employment rate of 97% of available grads;
  - Additional satellite campuses combine with our four major campuses to represent over 30,000 enrolled college students in Flint & Genesee.
- Growing downtowns
  - Downtown Flint is recognized as the fastest growing neighborhood in Genesee County with continued growth of loft residential, retail/restaurant, and offices. Flint was one of 11 US cities recognized by Kiplinger in 2011 for our "comeback;"
  - Fenton Fire Hall and Grand Blanc downtown redevelopment are among a number of new Genesee County redevelopment projects underway;
- Improving health outcomes, quality of life, and environmental sustainability
  - Commit to Fit, a growing Flint-based initiative of the Greater Flint Health Coalition promotes healthy habits;
  - Public safety collaboration has significantly improved the City's quality of life with federal, state, county, city and institutional partners actively involved.

In January 2014, Public Sector Consultants issued a forecast that projects seven percent job growth in our region in the next decade.

In February 2013, an economic forecast by the University of Michigan Institute for Research on Labor, Employment and the Economy, predicted "steady job growth will continue for Genesee, Lapeer, Livingston, Macomb, Oakland, St. Clair, and Shiawassee Counties." The report forecasted job growth of approximately 78,000 from 2013 through 2015, and highlighted the creation of 75,000 new jobs in the past three years. The study predicts new jobs in professional services and trade/transportation/utilities, as well as private education and health, with many of these jobs within commuting distance from Flint and Genesee County. The report also predicts 0.9 percent job growth per year for Flint and Genesee County.

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

- 
- More than \$1 billion in General Motors investment in the past three years, including their most recent announcement of plans for a \$600 million expansion of GM Flint Truck to accommodate a new paint facility
- Nearly \$200 million in new non-GM investment in the past three years

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

Many new businesses, housing options, and restaurants have been created as part of the downtown Flint investments. The formerly all-commuter downtown has been transformed into a vibrant scene where 3,600 college students are living in newly developed multi-institution residence halls and lofts. Notably, two landmark hotels that had been closed for business (the Hyatt Regency and Durant) are fully renovated and now house college students, faculty, and professionals.

Genesee County has collaborated with Uptown Developments and the Flint & Genesee Chamber to support the recent growth of area businesses including: GM Flint Truck, GM Flint Engine South, Powers Catholic High School (private), CFI Medical, Sustainable Environmental Technologies, Windstream, Signs by Crannie, TMI Climate Solutions, and Barrette Outdoor Living.

Diplomat Specialty Pharmacy is now the country's largest independent specialty pharmacy and recently launched an IPO on the New York Stock Exchange. They continue to grow ahead of plans at the Great Lakes Technology Center in Flint which has become their corporate headquarters with support from the City, Genesee County, Flint & Genesee Chamber and many other partner. Plans include the creation of 1,100 new jobs by 2016 and they are well on their way. Diplomat has been a supportive partner of the St. Luke's NEW Life Center project which will create up to 100 new jobs for area residents. Both were recognized by Michigan Governor Rick Snyder in his 2014 State of the State address.

In health care, our three major medical centers represent over 8,000 direct employees. Genesys Health System recently announced plans for a new PACE clinic in downtown Flint with \$4 million investment and 70 new jobs. The main campus of Genesys continues to be a significant medical asset in Grand Blanc. Hurley Hospital established a new children's hospital and completed a \$30 million new emergency and trauma care facility. McLaren Health System invested over \$78 million in a new proton beam cancer treatment facility and patient residence. All three hospitals are actively engaged in medical education and research activities at their facilities.

The City of Flint recently approved a new Master Plan for the City, the first new plan in sixty years. The plan paints a new vision for the City and is focused on making Flint an attractive place to live, work, learn, and play. The development of the plan attracted several thousand residents as active participants, many of whom have not traditionally been involved in local municipal activities.

Further, federal investment is growing. Recent awards include \$20 million for blight elimination from the U.S. Troubled Asset Relief Program, \$550,000 from EPA for Chevy in the Hole site clean-up and environmental remediation training at Mott Community College, and \$140,000 for a four-county regional CEDS plan. These combine with \$33 million from the EPA to clean up the Buick City Brownfield, a HUD challenge planning grant, a SAFER grant, and several research and development grants.

The I-69 Thumb Region is a seven-county collaboration administered by the Flint & Genesee Chamber, Genesee County Planning Commission and other key organizations in workforce development, transportation, infrastructure, government, and economic development. This partnership provides communities throughout the region the opportunity to spotlight their respective strengths and development opportunities. This collaboration has helped to identify over \$600,000 in new economic development funding in the past three years. This partnership was recently recognized by the International Economic Development Council with an *Excellence in Economic Development Award*.

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

The Flint & Genesee Chamber of Commerce, formerly the Genesee Regional Chamber of Commerce, was tapped to lead tourism efforts in Flint and Genesee County in 2012. In order to expand community marketing to appeal to both investors and visitors, the Chamber led a market research project and developed a new campaign to shape the image of the area. *Seen in 2013 on billboards, in TV commercials and social media, "See What's Possible"* is a rallying cry that invites travelers and investors to see what the County has to offer. The campaign plays off the word "see" and features iconic destinations and human moments through compelling imagery. The campaign was recognized this month (February) with a Gold Award from the American Advertising Federation Greater Flint Chapter.

**Budgets** - The placement of the City into state receivership twice in the past 12 years emphasizes the City's precarious and long standing financial position. Flint is an urban center which has been faced with a very significant loss in employment base in addition to the well-known problems of all mature urban centers. The City will be challenged for several more years as it works to restore its financial solvency while providing a vision and basic level of services which will redevelop the City of Flint as an attractive place to live, play, study, work, and visit.

The challenges are many, including:

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

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

- Strong partnership with entities such as the Greater Regional Flint Chamber of Commerce, Prima Civitas, and the State of Michigan to promote economic development
- Strong support - financial and otherwise - from the Mott Foundation to support many activities helping to restore Flint
- Diversification of Flint's economic base, especially in higher education and health care
- Support of city residents to financially support city initiatives, as evidenced by recent passage of a 6 mill public safety stabilization millage
- Support from the State of Michigan to assist the City, including increases in state trooper presence and assisting financially in reopening the City's lockup
- Willingness by those managing the City to make the necessary decisions to restore financial solvency, as evidenced by the implementation of budgets for FY13 and FY14, and the adoption of budgets for FY15 and FY16 which maintain financial stability while reducing its accumulated deficit
- Taking steps to improve and maintain long-term financial solvency, including reducing the workforce by nearly 20 percent; restructuring health benefits in a manner which reduced OPEB liabilities by nearly 2/3; reduced pension benefits; significantly raised water and sewer rates while implementing new fees for trash pick-up and street lights; and restructuring the way in which City services are provided

**City of Flint, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

- Working collaboratively with other municipalities to consider sharing of services, as evidenced by five recent applications to the State for financial support in implementing shared services
- Completing a five-year strategic plan and biennial budget

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

**City of Flint**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,170,343	\$ -	\$ 1,170,343	\$ 30,552,344
Pooled cash and investments	34,868,031	15,790,191	50,658,222	-
Investments	952,910	-	952,910	38,374,654
Receivables, net of allowance, where applicable				
Property taxes receivable	1,597,832	-	1,597,832	-
Customers	-	20,382,841	20,382,841	65,409,945
Other receivables	2,770,101	509	2,770,610	613,786
Accrued interest	113,189	70,654	183,843	263,342
Due from other units of government	8,358,460	-	8,358,460	-
Internal balances	(8,661,100)	8,661,100	-	-
Due from component unit	7,882,895	-	7,882,895	-
Notes and leases receivable, net	10,718,100	-	10,718,100	753,295
Inventories	185,219	917,114	1,102,333	4,399,364
Prepaid items	-	5,442	5,442	2,580,724
Restricted assets				
Cash and cash equivalents	381,539	5,848,116	6,229,655	22,639,100
Investments	-	-	-	15,272,382
Other assets	-	-	-	1,509,750
Investment in joint venture	-	-	-	7,009,732
Land held for resale	-	-	-	20,000
Capital assets not being depreciated	14,313,536	862,882	15,176,418	15,718,763
Capital assets, net of accumulated depreciation	<u>126,521,963</u>	<u>97,482,170</u>	<u>224,004,133</u>	<u>108,688,963</u>
Total assets	<u>201,173,018</u>	<u>150,021,019</u>	<u>351,194,037</u>	<u>313,806,144</u>
<b>Deferred outflow of resources</b>				
Unamortized bond issuance costs	-	-	-	<u>1,295,225</u>

**City of Flint**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 6,854,318	\$ 2,300,602	\$ 9,154,920	\$ 17,343,203
Checks written against future deposits	2,058,822	-	2,058,822	-
Accrued and other liabilities	2,364,129	832,542	3,196,671	36,182,949
Due to primary government	-	-	-	9,637,895
Due to other units of government	510,547	-	510,547	-
Deposits payable	564,905	820,761	1,385,666	
Claims payable	276,149	-	276,149	1,610,787
Unearned revenue	252,270	-	252,270	17,755
Noncurrent liabilities				
Claims payable	360,181	-	360,181	29,697,151
Payable from restricted assets	-	-	-	441,146
Due within one year	4,481,987	2,785,750	7,267,737	5,707,514
Due in more than one year	30,094,425	19,455,336	49,549,761	97,034,484
Net pension obligation	-	-	-	6,887,282
Other postemployment benefit obligations	<u>125,335,963</u>	<u>28,095,406</u>	<u>153,431,369</u>	<u>801,231</u>
Total liabilities	<u>173,153,696</u>	<u>54,290,397</u>	<u>227,444,093</u>	<u>205,361,397</u>
<b>Net position</b>				
Net investment in capital assets	138,929,966	76,669,716	215,599,682	31,933,119
Restricted for:				
Roads	6,537,499	-	6,537,499	-
Police	917,755	-	917,755	-
Community development	12,743,287	-	12,743,287	44,290
Economic development	757,762	-	757,762	-
Revolving loan program	-	-	-	1,938,238
Capital projects	9,521,073	-	9,521,073	-
Parks and recreation	140,033	-	140,033	-
Building inspection	643,641	-	643,641	-
Public safety	8,540,577	-	8,540,577	-
Public works	457,840	-	457,840	-
Street lighting	709,204	-	709,204	-
Debt service	7,962	2,811,626	2,819,588	-
Capital replacement	-	3,036,490	3,036,490	-
Donor restricted and other	-	-	-	6,363,648
Unrestricted (deficit)	<u>(151,887,277)</u>	<u>13,212,790</u>	<u>(138,674,487)</u>	<u>69,460,677</u>
Total net position	<u>\$ 28,019,322</u>	<u>\$ 95,730,622</u>	<u>\$ 123,749,944</u>	<u>\$ 109,739,972</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 7,361,716	\$ 8,175,025	\$ 213,838	\$ -	\$ 1,027,147	\$ -	\$ 1,027,147	\$ -
Judicial	5,031,863	1,826,600	228,170	-	(2,977,093)	-	(2,977,093)	-
Public safety								
Police	25,239,948	662,887	23,266	2,760,622	(21,793,173)	-	(21,793,173)	-
Fire	13,132,409	104,194	-	-	(13,028,215)	-	(13,028,215)	-
Building inspection	2,452,420	2,004,074	-	79,662	(368,684)	-	(368,684)	-
Emergency dispatch	3,203,963	1,413,455	-	-	(1,790,508)	-	(1,790,508)	-
Public works	4,837,849	740	64,729	-	(4,772,380)	-	(4,772,380)	-
Legislative	329,473	-	-	-	(329,473)	-	(329,473)	-
Community development	6,751,200	6,816	1,476,908	5,386,451	118,975	-	118,975	-
Parks and recreation	3,096,360	4,190	3,502,118	2,991,612	3,401,560	-	3,401,560	-
Transportation	22,440,747	34,345	9,053,544	-	(13,352,858)	-	(13,352,858)	-
Interest on long-term debt	1,203,196	-	-	-	(1,203,196)	-	(1,203,196)	-
Total governmental activities	<u>95,081,144</u>	<u>14,232,326</u>	<u>14,562,573</u>	<u>11,218,347</u>	<u>(55,067,898)</u>	<u>-</u>	<u>(55,067,898)</u>	<u>-</u>
Business-type activities								
Sewer	24,209,301	28,605,162	-	-	-	4,395,861	4,395,861	-
Water	44,245,825	43,552,152	-	-	-	(693,673)	(693,673)	-
Total business-type activities	<u>68,455,126</u>	<u>72,157,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702,188</u>	<u>3,702,188</u>	<u>-</u>
Total primary government	<u>\$ 163,536,270</u>	<u>\$ 86,389,640</u>	<u>\$ 14,562,573</u>	<u>\$ 11,218,347</u>	<u>(55,067,898)</u>	<u>3,702,188</u>	<u>(51,365,710)</u>	<u>-</u>
Component Units								
Downtown development authority	\$ 1,854,973	\$ 927,948	\$ -	\$ -	-	-	-	(927,025)
Atwood stadium building authority	9,252	-	-	-	-	-	-	(9,252)
Economic development corporation	265,476	157,350	64,974	-	-	-	-	(43,152)
Flint area enterprise community	173,543	-	-	-	-	-	-	(173,543)
Hurley medical center	389,379,782	392,639,968	-	-	-	-	-	3,260,186
Total component units	<u>\$ 391,683,026</u>	<u>\$ 393,725,266</u>	<u>\$ 64,974</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107,214</u>
General revenues								
Property taxes					21,292,833	-	21,292,833	391,956
Income taxes					13,038,276	-	13,038,276	-
State shared revenue					14,140,573	-	14,140,573	-
Cable franchise fees					1,048,150	-	1,048,150	-
Unrestricted investment earnings					860,821	155,578	1,016,399	691,395
Gain on sale of capital assets					16,800	3,593,677	3,610,477	-
Miscellaneous					2,942,613	-	2,942,613	1,320,473
Transfers					2,990,000	(2,990,000)	-	-
Total general revenues					<u>56,330,066</u>	<u>759,255</u>	<u>57,089,321</u>	<u>2,403,824</u>
Change in net position					1,262,168	4,461,443	5,723,611	4,511,038
Net position - beginning of year, restated					26,757,154	91,269,179	118,026,333	105,228,934
Net position - end of year					<u>\$ 28,019,322</u>	<u>\$ 95,730,622</u>	<u>\$ 123,749,944</u>	<u>\$ 109,739,972</u>

See Accompanying Notes to Financial Statements

**City of Flint  
Governmental Funds  
Balance Sheet  
June 30, 2014**

	General	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 127,838	\$ 282,626	\$ 366,585	\$ 777,049
Pooled cash and investments	161,059	7,723	20,624,111	20,792,893
Investments	-	952,910	-	952,910
Receivables				
Property taxes receivable	951,490	-	646,342	1,597,832
Other receivables	2,670,762	-	-	2,670,762
Accrued interest and other	-	-	113,189	113,189
Due from other units of government	3,514,214	3,307,867	1,536,379	8,358,460
Due from component unit, net of allowance	132,895	550,000	7,200,000	7,882,895
Notes and leases receivable	-	10,159,600	558,500	10,718,100
Restricted assets				
Cash and cash equivalents	-	381,539	-	381,539
Total assets	<u>\$ 7,558,258</u>	<u>\$ 15,642,265</u>	<u>\$ 31,045,106</u>	<u>\$ 54,245,629</u>
<b>Liabilities</b>				
Accounts payable	\$ 944,379	\$ 796,019	\$ 1,107,596	\$ 2,847,994
Checks written against future deposits	-	2,058,822	-	2,058,822
Deposits and advances	-	-	564,905	564,905
Accrued and other liabilities	668,753	44,137	1,138,911	1,851,801
Due to other funds	4,216,455	-	-	4,216,455
Advances from other funds	9,000,000	-	-	9,000,000
Due to other units of government	510,547	-	-	510,547
Unearned revenue	251,922	-	348	252,270
Total liabilities	<u>15,592,056</u>	<u>2,898,978</u>	<u>2,811,760</u>	<u>21,302,794</u>
<b>Deferred inflows of resources</b>				
Taxes	927,629	-	611,317	1,538,946
Notes and leases receivable	-	10,159,600	391,104	10,550,704
Grants	-	1,322,670	-	1,322,670
Total deferred inflows of resources	<u>927,629</u>	<u>11,482,270</u>	<u>1,002,421</u>	<u>13,412,320</u>

See Accompanying Notes to Financial Statements

**City of Flint  
Governmental Funds  
Balance Sheet  
June 30, 2014**

	<u>General</u>	<u>Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund balances</b>				
Restricted for:				
Roads	\$ -	\$ -	\$ 6,537,499	\$ 6,537,499
Police	-	-	788,629	788,629
Community Development	-	1,261,017	-	1,261,017
Economic development	-	-	366,658	366,658
Debt service	-	-	7,962	7,962
Capital projects	-	-	9,335,338	9,335,338
Parks and recreation	-	-	107,832	107,832
Building inspection	-	-	643,475	643,475
Public safety	-	-	8,457,279	8,457,279
Public works	-	-	277,049	277,049
Street lighting	-	-	709,204	709,204
Unassigned (deficit)	<u>(8,961,427)</u>	<u>-</u>	<u>-</u>	<u>(8,961,427)</u>
Total fund balances	<u>(8,961,427)</u>	<u>1,261,017</u>	<u>27,230,925</u>	<u>19,530,515</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,558,258</u>	<u>\$ 15,642,265</u>	<u>\$ 31,045,106</u>	<u>\$ 54,245,629</u>

**City of Flint**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**June 30, 2014**

---

<b>Total fund balances for governmental funds</b>	\$ 19,530,515
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	125,673,553
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	14,313,536
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	13,412,320
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(289,599)
Compensated absences	(5,591,879)
Net other post employment obligation	(125,335,963)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(28,789,143)
Internal service funds are included as part of governmental activities.	<u>15,095,982</u>
<b>Net position of governmental activities</b>	<u><u>\$ 28,019,322</u></u>

**City of Flint**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	General	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 5,122,808	\$ -	\$ 13,066,841	\$ 18,189,649
Income taxes	13,038,276	-	-	13,038,276
Licenses, permits and cable franchise fees	1,502,536	-	-	1,502,536
Federal grants	149,644	11,257,407	8,628,557	20,035,608
State revenue	17,095,988	371,121	2,000,618	19,467,727
Charges for services	9,609,718	7,342	10,736	9,627,796
Fines and forfeitures	1,993,037	-	1,097,008	3,090,045
Investment income	347,122	275,405	379,209	1,001,736
Local contributions	-	628,448	4,010	632,458
Miscellaneous	36,781	412,728	5,565,251	6,014,760
Total revenues	<u>48,895,910</u>	<u>12,952,451</u>	<u>30,752,230</u>	<u>92,600,591</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	7,466,619	-	-	7,466,619
Judicial - 68th District Court	5,181,415	-	-	5,181,415
Public safety:				
Police department	21,098,077	1,679,846	1,824,137	24,602,060
Combined public safety department	-	-	1,106,325	1,106,325
Fire	10,093,367	3,252,213	-	13,345,580
Building inspection	92,046	-	2,352,722	2,444,768
Emergency dispatch	3,317,707	-	-	3,317,707
Public works	-	-	4,877,476	4,877,476
Legislative	338,638	-	-	338,638
Community development	247,323	6,495,785	7,223	6,750,331
Parks and recreation	1,364,259	44,335	1,320,764	2,729,358
Transportation	-	-	9,731,380	9,731,380

See Accompanying Notes to Financial Statements

**City of Flint**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	General	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
Debt service				
Principal retirement	\$ -	\$ 639,000	\$ 579,524	\$ 1,218,524
Interest and fiscal charges	-	335,849	867,363	1,203,212
Total expenditures	<u>49,199,451</u>	<u>12,447,028</u>	<u>22,666,914</u>	<u>84,313,393</u>
Excess (deficiency) of revenues over expenditures	<u>(303,541)</u>	<u>505,423</u>	<u>8,085,316</u>	<u>8,287,198</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,971,543	-	1,698,248	6,669,791
Transfers out	(775,145)	(71,150)	(1,761,953)	(2,608,248)
Sale of fixed assets	<u>16,800</u>	<u>-</u>	<u>-</u>	<u>16,800</u>
Total other financing sources and uses	<u>4,213,198</u>	<u>(71,150)</u>	<u>(63,705)</u>	<u>4,078,343</u>
Net change in fund balance	3,909,657	434,273	8,021,611	12,365,541
Fund balance (deficit) - beginning of year	<u>(12,871,084)</u>	<u>826,744</u>	<u>19,209,314</u>	<u>7,164,974</u>
Fund balance (deficit) - end of year	<u>\$ (8,961,427)</u>	<u>\$ 1,261,017</u>	<u>\$ 27,230,925</u>	<u>\$ 19,530,515</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2014**

---

<b>Net change in fund balances - Total governmental funds</b>	\$ 12,365,541
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(14,806,633)
Capital outlay	649,833
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	374,553
Property taxes	75,508
Notes and leases receivable	179,915
Expenses are recorded when incurred in the statement of activities	
Accrued interest	16
Compensated absences	(1,156,623)
Net other post employment obligation	4,291,694
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	1,218,524
Internal service funds are also included as governmental activities	<u>(1,930,160)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 1,262,168</u></u>

**City of Flint**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 393,294
Pooled cash and investments	11,349,127	4,441,064	15,790,191	14,075,138
Receivables				
Other	509	-	509	-
Customers	9,310,190	11,072,651	20,382,841	99,339
Due from other funds	-	-	-	4,216,455
Inventories	548,299	368,815	917,114	185,219
Prepaid items	5,442	-	5,442	-
<b>Total current assets</b>	<b>21,213,567</b>	<b>15,882,530</b>	<b>37,096,097</b>	<b>18,969,445</b>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	5,848,116	5,848,116	-
Accrued interest receivable	70,654	-	70,654	-
Advances to other funds	9,000,000	-	9,000,000	-
Capital assets not being depreciated	38,077	824,805	862,882	-
Capital assets, net of accumulated depreciated	54,958,471	42,523,699	97,482,170	848,410
<b>Total noncurrent assets</b>	<b>64,067,202</b>	<b>49,196,620</b>	<b>113,263,822</b>	<b>848,410</b>
<b>Total assets</b>	<b>85,280,769</b>	<b>65,079,150</b>	<b>150,359,919</b>	<b>19,817,855</b>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 434,820	\$ 1,865,782	\$ 2,300,602	\$ 4,006,324
Accrued and other liabilities	292,611	539,931	832,542	222,729
Claims payable - current	-	-	-	276,149
Deposits payable	-	820,761	820,761	-
Current portion of noncurrent liabilities	289,378	2,496,372	2,785,750	132,915
Total current liabilities	<u>1,016,809</u>	<u>5,722,846</u>	<u>6,739,655</u>	<u>4,638,117</u>
Noncurrent liabilities				
Claims payable	-	-	-	360,181
Other postemployment benefit	16,476,467	11,618,939	28,095,406	-
Long-term debt net of current portion	-	19,455,336	19,455,336	62,475
Total noncurrent liabilities	<u>16,476,467</u>	<u>31,074,275</u>	<u>47,550,742</u>	<u>422,656</u>
Total liabilities	<u>17,493,276</u>	<u>36,797,121</u>	<u>54,290,397</u>	<u>5,060,773</u>
<b>Net position</b>				
Net investment in capital assets	54,996,548	21,673,168	76,669,716	653,020
Restricted for:				
Debt service	-	2,811,626	2,811,626	-
Capital replacement	-	3,036,490	3,036,490	-
Unrestricted	12,790,945	760,745	13,551,690	14,104,062
Total net position	<u>\$ 67,787,493</u>	<u>\$ 28,282,029</u>	96,069,522	<u>\$ 14,757,082</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>(338,900)</u>	
Net position of business-type activities			<u>\$ 95,730,622</u>	

See Accompanying Notes to Financial Statements

**City of Flint**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Operating revenue</b>				
User charges	\$ 28,605,162	\$ 43,552,152	\$ 72,157,314	\$ 55,090,319
Other revenue	-	-	-	154,846
<b>Total operating revenue</b>	<u>28,605,162</u>	<u>43,552,152</u>	<u>72,157,314</u>	<u>55,245,165</u>
<b>Operating expenses</b>				
Salaries and benefits	12,306,644	8,645,860	20,952,504	2,597,844
Supplies	1,091,133	1,303,206	2,394,339	1,198,985
Contractual services	542,699	3,909,166	4,451,865	3,313,686
Claims	-	-	-	23,518
Utilities	2,453,120	743,000	3,196,120	32,671
Equipment operation	823,075	771,282	1,594,357	-
Repairs and maintenance	1,388,149	1,078,541	2,466,690	363,711
Insurance	-	-	-	655,070
Other expenses	1,236,966	930,470	2,167,436	62,084
Costs of materials and services rendered	-	21,508,040	21,508,040	47,568,785
Depreciation	4,021,398	4,784,782	8,806,180	620,586
<b>Total operating expenses</b>	<u>23,863,184</u>	<u>43,674,347</u>	<u>67,537,531</u>	<u>56,436,940</u>
<b>Operating income (loss)</b>	<u>4,741,978</u>	<u>(122,195)</u>	<u>4,619,783</u>	<u>(1,191,775)</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Nonoperating revenue (expenses)</b>				
Investment income	\$ 85,564	\$ 70,014	\$ 155,578	\$ 105,945
Gain on sale of assets	-	3,593,677	3,593,677	-
Miscellaneous expense	(6,319)	-	(6,319)	-
Interest expense	(898)	(571,478)	(572,376)	(111,687)
 Total nonoperating revenues (expenses)	<u>78,347</u>	<u>3,092,213</u>	<u>3,170,560</u>	<u>(5,742)</u>
 Income (loss) before transfers	4,820,325	2,970,018	7,790,343	(1,197,517)
Transfers in	800,000	-	800,000	-
Transfers out	<u>(2,660,000)</u>	<u>(1,130,000)</u>	<u>(3,790,000)</u>	<u>(1,071,543)</u>
 Change in net position	2,960,325	1,840,018	4,800,343	(2,269,060)
 Net position - beginning of year, restated	<u>64,827,168</u>	<u>26,442,011</u>	<u>91,269,179</u>	<u>17,026,142</u>
 Net position - end of year	<u>\$ 67,787,493</u>	<u>\$ 28,282,029</u>	<u>96,069,522</u>	<u>\$ 14,757,082</u>
 Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>(338,900)</u>	
 Change in net position of business-type activities			<u>\$ 4,461,443</u>	

See Accompanying Notes to Financial Statements

**City of Flint**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 29,227,366	\$ 45,838,232	\$ 75,065,598	\$ 55,225,122
Receipts from other funds	-	-	-	3,653,339
Payments to other funds	(851,200)	-	(851,200)	-
Payments to suppliers	(8,546,474)	(34,135,348)	(42,681,822)	(52,674,863)
Payments to employees	(12,556,357)	(9,561,604)	(22,117,961)	(2,597,844)
Claims paid	-	-	-	(882,964)
Net cash provided by operating activities	<u>7,273,335</u>	<u>2,141,280</u>	<u>9,414,615</u>	<u>2,722,790</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	800,000	-	800,000	-
Transfers to other funds	(2,660,000)	(1,130,000)	(3,790,000)	(1,071,543)
Advances from other funds	<u>800,000</u>	<u>1,000,000</u>	<u>1,800,000</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(1,060,000)</u>	<u>(130,000)</u>	<u>(1,190,000)</u>	<u>(1,071,543)</u>
<b>Cash flows from capital and related financing activities</b>				
Purchases/construction of capital assets	(1,898,344)	(3,301,700)	(5,200,044)	(88,338)
Principal and interest paid on long-term debt	(1,252)	(2,736,478)	(2,737,730)	(291,539)
Proceeds from sale of capital assets	<u>-</u>	<u>4,087,635</u>	<u>4,087,635</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,899,596)</u>	<u>(1,950,543)</u>	<u>(3,850,139)</u>	<u>(379,877)</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Cash flows from investing activities</b>				
Interest received	\$ 79,245	\$ 70,014	\$ 149,259	\$ 105,945
Net change in cash and cash equivalents	4,392,984	130,751	4,523,735	1,377,315
Cash and cash equivalents - beginning of year	6,956,143	4,310,313	11,266,456	13,091,117
Cash and cash equivalents - end of year	\$ 11,349,127	\$ 4,441,064	\$ 15,790,191	\$ 14,468,432
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 4,741,978	\$ (122,195)	\$ 4,619,783	\$ (1,191,775)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	4,021,398	4,784,782	8,806,180	620,586
Changes in assets and liabilities				
Restricted cash	-	(1,462,582)	(1,462,582)	-
Receivables (net)	512,338	2,046,003	2,558,341	(20,043)
Due from other units of government	109,866	-	109,866	-
Due from other funds	-	-	-	3,653,339
Inventories	81,335	137,806	219,141	(15,316)
Prepaid items	(5,442)	-	(5,442)	84,152
Accounts payable	(882,572)	(2,429,872)	(3,312,444)	1,593,830
Accrued and other liabilities	(219,034)	(136,995)	(356,029)	(1,055,781)
Due to other funds	(851,200)	-	(851,200)	-
Unearned revenue	-	-	-	(86,756)
Customer deposits payable	-	240,077	240,077	(859,446)
Other post employment benefit obligation	(249,713)	(928,938)	(1,178,651)	-
Compensated absences	14,381	13,194	27,575	-
Net cash provided by operating activities	\$ 7,273,335	\$ 2,141,280	\$ 9,414,615	\$ 2,722,790

See Accompanying Notes to Financial Statements

**City of Flint**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

---

	<u>Pension and Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,971,321	\$ 1,277,580
Pooled cash and investments	-	1,370,090
Investments:		
U.S government obligations	89,823	-
Agency securities	12,868,606	-
Corporate stocks	17,667,856	-
Corporate bonds	7,954,808	-
Receivables		
Taxes	-	3,264,429
Accrued interest and other	165,499	-
	<u>42,717,913</u>	<u>\$ 5,912,099</u>
<b>Liabilities</b>		
Accounts payable	474,500	\$ 426,919
Due to other units of government	-	4,592,145
Deposits and advances	-	<u>893,035</u>
	<u>474,500</u>	<u>\$ 5,912,099</u>
<b>Net position</b>		
Held in trust for pension benefits and other purposes	<u>\$ 42,243,413</u>	

See Accompanying Notes to Financial Statements

**City of Flint**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2014**

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 3,743,000
Retiree	1,978,257
Employee	<u>123,631</u>
Total contributions	<u>5,844,888</u>
Investment earnings (expenses)	
Interest and dividends	884,838
Change in fair value	3,496,875
Investment related expenses	<u>(205,444)</u>
Total investment earnings	<u>4,176,269</u>
Total additions	<u>10,021,157</u>
<b>Deductions</b>	
Benefits	5,824,354
Administrative expenses	<u>151</u>
Total deductions	<u>5,824,505</u>
Change in net position	4,196,652
Net position - beginning of year	<u>38,046,761</u>
Net position - end of year	<u><u>\$ 42,243,413</u></u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 228,463	\$ -	\$ 212,492	\$ 1,014,756	\$ 29,096,633	\$ 30,552,344
Investments	-	-	-	-	38,374,654	38,374,654
Receivables						
Customers	56,443	-	-	-	65,353,502	65,409,945
Accrued interest receivable	-	-	-	-	263,342	263,342
Other	-	-	-	3,465	610,321	613,786
Notes and leases receivable	-	-	624,262	133,330	-	757,592
Less allowance	-	-	(4,297)	-	-	(4,297)
Inventories	-	-	-	-	4,399,364	4,399,364
Prepaid items	8,823	-	13,415	-	2,558,486	2,580,724
Restricted assets						
Cash and cash equivalents	201,593	-	441,146	-	21,996,361	22,639,100
Investments	-	-	-	-	15,272,382	15,272,382
Other assets	-	-	550,000	-	959,750	1,509,750
Investment in joint ventures	-	-	-	-	7,009,732	7,009,732
Land held for resale	-	-	-	20,000	-	20,000
Capital assets not being depreciated	4,878,067	-	431,860	-	-	5,309,927
Capital assets, net of accumulated depreciation	<u>9,159,918</u>	<u>-</u>	<u>417,655</u>	<u>-</u>	<u>109,520,226</u>	<u>119,097,799</u>
 Total assets	 <u>14,533,307</u>	 <u>-</u>	 <u>2,686,533</u>	 <u>1,171,551</u>	 <u>295,414,753</u>	 <u>313,806,144</u>
<b>Deferred outflow of resources</b>						
Unamortized bond issuance costs	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,295,225</u>	 <u>1,295,225</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Hurley Medical Center	Total
<b>Liabilities</b>						
Accounts payable	\$ 24,957	\$ -	\$ 10,871	\$ -	\$ 17,307,375	\$ 17,343,203
Accrued and other liabilities	84,405	-	2,700	-	36,065,369	36,152,474
Claims payable	-	-	-	-	1,610,787	1,610,787
Due to primary government	8,955,000	-	682,895	-	-	9,637,895
Deposits and advances	30,475	-	-	-	-	30,475
Payable from restricted assets	-	-	441,146	-	-	441,146
Unearned revenue	10,250	-	7,505	-	-	17,755
Noncurrent liabilities						
Due within one year	-	-	-	-	5,707,514	5,707,514
Due in more than one year	-	-	-	-	97,034,484	97,034,484
Net OPEB obligations	-	-	-	-	801,231	801,231
Claims payable	-	-	-	-	29,697,151	29,697,151
Other noncurrent liabilities	-	-	-	-	6,887,282	6,887,282
<b>Total liabilities</b>	<b>9,105,087</b>	<b>-</b>	<b>1,145,117</b>	<b>-</b>	<b>195,111,193</b>	<b>205,361,397</b>
<b>Net position</b>						
Net investment in capital assets	5,284,578	-	849,515	-	25,799,026	31,933,119
Restricted:						
Community development	-	-	-	44,290	-	44,290
Revolving loan program	-	-	811,135	1,127,103	-	1,938,238
Donor restricted and other	-	-	-	-	6,363,648	6,363,648
Unrestricted (deficit)	143,642	-	(119,234)	158	69,436,111	69,460,677
<b>Total net position</b>	<b>\$ 5,428,220</b>	<b>\$ -</b>	<b>\$ 1,541,416</b>	<b>\$ 1,171,551</b>	<b>\$ 101,598,785</b>	<b>\$ 109,739,972</b>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
DDA activities	\$ 1,854,973	\$ 927,948	\$ -	\$ (927,025)
Atwood stadium building authority	9,252	-	-	(9,252)
Economic development corporation	265,476	157,350	64,974	(43,152)
Flint area enterprise community	173,543	-	-	(173,543)
Hurley medical center	<u>389,379,782</u>	<u>392,639,968</u>	<u>-</u>	<u>3,260,186</u>
Total component unit activities	<u>\$ 391,683,026</u>	<u>\$ 393,725,266</u>	<u>\$ 64,974</u>	<u>\$ 2,107,214</u>

	<b>Component Units</b>					Total
	DDA activities	Atwood stadium building authority activities	Economic development corporation activities	Flint area enterprise community activities	Hurley Medical Center activities	
Changes in net position						
Net expense	<u>\$ (927,025)</u>	<u>\$ (9,252)</u>	<u>\$ (43,152)</u>	<u>\$ (173,543)</u>	<u>\$ 3,260,186</u>	<u>\$ 2,107,214</u>
General revenues:						
Property taxes	391,956	-	-	-	-	391,956
Unrestricted investment earnings	210	-	30,085	44,251	616,849	691,395
Miscellaneous	52,334	-	63,351	451	867,013	983,149
Gain on extinguishment of debt	<u>337,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,324</u>
Total general revenues	<u>781,824</u>	<u>-</u>	<u>93,436</u>	<u>44,702</u>	<u>1,483,862</u>	<u>2,403,824</u>
Change in net position	(145,201)	(9,252)	50,284	(128,841)	4,744,048	4,511,038
Net position, beginning of year, restated	<u>5,573,421</u>	<u>9,252</u>	<u>1,491,132</u>	<u>1,300,392</u>	<u>96,854,737</u>	<u>105,228,934</u>
Net position, end of year	<u>\$ 5,428,220</u>	<u>\$ -</u>	<u>\$ 1,541,416</u>	<u>\$ 1,171,551</u>	<u>\$ 101,598,785</u>	<u>\$ 109,739,972</u>

See Accompanying Notes to Financial Statements

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Note 1 - Summary of Significant Accounting Policies**

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

**Reporting Entity**

City of Flint is currently governed and administered by an emergency financial manager (EFM) appointed pursuant to state statute by the governor of the State of Michigan. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Units

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

Discretely Presented Component Units

The component unit column in the government-wide financial statements include the financial data of the City's five component units. These units are reported in a separate column to emphasize that they are legally separate from the City. Separately issued financial statements are prepared for all of the discretely presented component units, except the Atwood Stadium Building Authority.

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

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

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

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

Flint Area Enterprise Community  
805 Welch Boulevard  
Flint, Michigan 48504

Hurley Medical Center  
One Hurley Plaza  
Flint, MI 48503

**Government-wide and Fund Financial Statements**

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they

are collected within 60 days of the end of the current fiscal period for property taxes and within 90 days for all other sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

Additionally, the government reports the following:

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

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

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

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

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

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

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

**Property Tax Revenue**

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

The 2014 taxable valuation of the City totaled \$795 million. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	7.5	\$ 5,122,740
Public improvement	2.5	1,775,182
Parks and recreation	0.5	355,029
Public safety	6.0	4,435,187
Neighborhood police	2.0	1,420,142
Total	18.5	\$ 13,108,280

**Assets, Liabilities, and Net Position or Equity**

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

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

At June 30, 2014, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as checks written against future deposits.

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

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

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

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

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

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

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

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

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

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

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

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

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

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

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.

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

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

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

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

Committed – amounts constrained on use imposed by the government's highest level of decision-making, the Emergency Financial Manager. A fund balance commitment may be established, modified, or rescinded by a resolution of the Emergency Financial Manager.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

Assigned – amounts intended to be used for specific purposes. The Emergency Financial Manager may assign fund balance for a specific purpose. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

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

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

**Use of Estimates**

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

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

Patient accounts receivable at June 30, 2014 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 \$26,000,000 for 2014.

**Hurley Medical Center – Revenues and Expenses Accounting Policy**

Net patient service revenue – Net patient service revenue is reported at the estimated net realized amounts from patients and third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Approximately 82 percent of the Medical Center's revenues are based on participation in the Blue Cross/Blue Shield, Medicare, and Medicaid programs for the year ended June 30, 2014.

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

**Adoption of New Accounting Standards**

The Governmental Accounting Standards Board has issued Statements 63 and 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Items Previously Reported as Assets and Liabilities, which the government adopted effective July 1, 2013. The new standards provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures.

Statement 70 addresses the accounting and disclosure of situations in which one government offers a financial guarantee on behalf of another government, not-for-profit organization, private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction) A government that extends a nonexchange financial guarantee will be required to recognize a liability when qualitative factors and/or historical data

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

indicate that it is “more likely than not” that the government will be required to make a payment on the guarantee. It further requires governments to disclose any outstanding financial guarantees in the notes to the financial statements. Statement 70 was adopted by the City July 1, 2013.

**Upcoming Accounting and Reporting Changes**

The Governmental Accounting Standards Board has issued *Statement 68 Accounting and Financial Reporting for Pensions*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The effect of these changes has not been determined. Statement 68 is effective for the year ending June 30, 2015.

The Governmental Accounting Standards Board has also issued *Statement 69, Government Combinations and Disposals of Government Operations, and Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

Statement 71, improves accounting and financial reporting by addressing an issue in Statement 68, *Accounting and Financial Reporting of Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans

prior to implementation of that Statement by employers and nonemployer contributing entities. Statement 71 should be applied simultaneously with the provisions of Statement 68.

**Subsequent Events**

Management has evaluated subsequent events through December 23, 2014 which is the date the financial statements were available to be issued.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

On June 7, 2013, the emergency fiscal manager signed Order No. 4, adopting the operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included expenditures and the means of financing them for the General and Special Revenue Funds (these funds are required to have budgets per Michigan law). Informational summaries of projected revenue and expenditures/expenses were provided for all City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

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

Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the Federal Grants Fund, were adopted on a basis consistent with generally accepted accounting principles. The budget for the Federal Grants Fund includes grant revenue and expenditures

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

which were passed through to other City funds and recorded as revenue and expenditures in the grant receiving fund. For the fund financial statements, the Federal Grants Fund includes only those revenue and expenditures incurred directly by that fund.

Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.

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

**Excess of Expenditures over Appropriations**

The following funds had excess expenditures over appropriation at the legal level of budgetary control:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Parks and recreation	\$ 1,010,572	\$ 1,364,259	\$ 353,687
Federal Grants Fund			
Public safety	4,899,108	4,932,059	32,951
Parks and recreation	-	44,335	44,335
Transfers out	-	71,150	71,150
Local Streets Fund			
Transportation	1,952,705	1,997,311	44,606
Neighborhood Policing			
Police department	1,196,000	1,625,521	429,521
Building Department			
Transfers out	-	110,000	110,000

**Deficit Fund Equity**

The City has reported an unassigned deficit fund balance at June 30, 2014 in the following funds:

Primary government - general fund	\$ 8,961,427
Component unit - Economic Development Corporation	119,234

The deficit in these funds was caused by expenditures in excess of revenues. A deficit elimination plan has been prepared and filed with the Local Audit and Finance Division of the State of Michigan.

**State Construction Code Act**

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

**Note 3 - Pooled Cash and Investments**

The pooled cash and investments account at June 30, 2014 is comprised of the following:

Cash deposits and restricted cash	\$ 31,177,783
Investments	19,480,439
Total	<u>\$ 50,658,222</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Note 4 - Deposits and Investments**

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

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

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

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

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

The City was in compliance with all aspects of its investment policy at June 30, 2014.

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

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

No single investment of the City or Hurley exceeded 5% of the investment portfolio at June 30, 2014.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Custodial Credit Risk of Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's bank deposits (certificates of deposit, checking, and savings) in the name of the City totaling \$33,060,569 were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits its funds, and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. Hurley does have a deposit policy for custodial credit risk that requires the investments be held by a nationally chartered custodian bank. The chief investment officer shall select the custodian bank based on various factors including bank stability.

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

Investment Type	Carrying Value	How Held
<b>Primary government:</b>		
U.S government or agency bonds	\$ 15,406,120	Counterparty trust dept.
Corporate bonds	1,998,510	Counterparty trust dept.
Mutual funds	17,404,630	Counterparty
Total	<u>\$ 34,809,260</u>	
<b>Fiduciary fund - corporate stocks</b>	<u>\$ 596,234</u>	Counterparty trust dept.
<b>Component unit:</b>		
U.S government or agency bonds	\$ 56,940,190	Counterparty trust dept.
Corporate stocks	17,667,856	Counterparty trust dept.
Corporate bonds	7,954,809	Counterparty trust dept.
Repurchase agreements	10,019	Counterparty
Mutual funds	435,916	Counterparty
Total	<u>\$ 83,008,790</u>	

**Interest Rate Risk**

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

As of June 30, 2014, the following securities were subject to interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
<b>Primary government:</b>		
U.S. government or agency bonds	\$ 15,406,120	6.74
Corporate bonds	1,998,510	< 1 year
Money market funds	1,560,843	< 1 year
Certificates of deposit	6,555,355	< 1 year
Total	<u>\$ 25,520,828</u>	
<b>Fiduciary fund:</b>		
Fixed income bond fund	\$ 77,634	< 1 year
Money market funds	15,151	< 1 year
Total	<u>\$ 92,785</u>	
<b>Component unit:</b>		
U.S. government or agency bonds	\$ 56,940,190	3.72
GNMA pool	255,762	7.9
U.S. government CMOs	8,973,596	23.18
Corporate bonds	7,954,810	3.84
Money market funds	25,103,463	< 1 year
Repurchase agreement	10,019	< 1 year
Total	<u>\$ 99,237,840</u>	

**Credit Risk**

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

As of June 30, 2014, the following are credit quality ratings of the City's debt securities subject to credit risk:

Investment	Fair Value	Rating	Rating Organization
<b>Primary government:</b>			
U.S. government bonds	\$ 14,533,497	AA+	S&P
U.S. government bonds	872,623	AAA	S&P
Corporate bonds	1,998,510	A1	S&P
Money market funds	536,055	A1/A2	S&P
Money market funds	65,428	AAA	S&P
Money market funds	959,360	AAA/AA	S&P
Total	<u>\$ 18,965,473</u>		
<b>Fiduciary fund:</b>			
Fixed income bond fund	\$ 77,634	AAA/AA	S&P
money market funds	15,151	AAA/AA	S&P
Total	<u>\$ 92,785</u>		
<b>Component unit:</b>			
U.S. agency bonds	\$ 4,623,524	AAA	S&P
U.S. government CMOs	8,973,596	Not rated	Not rated
Corporate bonds	3,656,778	AA+/A-	S&P
Corporate bonds	319,290	AAA	S&P
Corporate bonds	3,797,892	BBB+/B-	S&P
Corporate bonds	180,850	Not rated	Not rated
Money market funds	25,103,463	Not rated	Not rated
Repurchase agreements	10,019	Not rated	Not rated
Total	<u>\$ 46,665,412</u>		

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

Custodial credit risk is the risk that in the event of a bank failure, EDC's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, EDC had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Custodial credit risk is the risk that in the event of a bank failure, FAEC's deposits may not be returned to it. FAEC has a deposit policy for custodial credit risk. At year end, FAEC had \$515,683 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. FAEC believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, FAEC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Flint Downtown Development Authority's (DDA) cash and investments are subject to various types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, DDA's deposits may not be returned to it. DDA does not have a deposit policy for custodial credit risk. At year end, DDA had \$196,889 that was uninsured and uncollateralized.

**Credit Risk**

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

Investment	Fair Value	Rating
Money market	\$ 200,695	Not Available

**Note 5 - Receivables**

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

	Government Activities	Business Type Activities	Component Units
<b>Primary government</b>			
Income taxes	\$ 4,435,342	\$ -	\$ -
Allowance	(4,432,814)	-	-
Accounts	-	22,093,841	65,409,945
Allowance	-	(1,711,000)	-
Property taxes	1,928,429	-	-
Other receivables	2,770,101	509	613,786
Allowance	(333,125)	-	-
Accrued interest and other	113,189	70,654	263,342
Due from other units			
of government	17,996,355	-	-
Allowance	(1,755,000)	-	-
Notes			
Due within one year	1,639,236	-	-
Due after one year	9,078,864	-	753,295
Total receivables, net	<u>\$ 31,440,577</u>	<u>\$ 20,454,004</u>	<u>\$ 67,040,368</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - Unearned Revenue**

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

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

<b>Primary government</b>	
Grant drawdowns prior to meeting eligibility requirements	\$ 251,922
Other revenue	348
	<u>\$ 252,270</u>
<b>Component Units</b>	
Other revenue	<u>\$ 17,755</u>

**Note 7 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 14,313,536	\$ -	\$ -	\$ 14,313,536
Construction in progress	132,616	-	132,616	-
Total capital assets not being depreciated	<u>14,446,152</u>	<u>-</u>	<u>132,616</u>	<u>14,313,536</u>
Capital assets being depreciated				
Land improvements	14,605,010	-	-	14,605,010
Infrastructure	373,407,900	266,400	159,520	373,514,780
Buildings, additions and improvements	23,004,888	383,433	-	23,388,321
Machinery and equipment	30,296,597	220,956	-	30,517,553
Total capital assets being depreciated	<u>441,314,395</u>	<u>870,789</u>	<u>159,520</u>	<u>442,025,664</u>
Less accumulated depreciation for				
Land improvements	10,860,381	395,596	-	11,255,977
Infrastructure	246,121,893	13,283,677	159,520	259,246,050
Buildings, additions and improvements	17,593,283	444,177	-	18,037,460
Machinery and equipment	25,660,445	1,303,769	-	26,964,214
Total accumulated depreciation	<u>300,236,002</u>	<u>15,427,219</u>	<u>159,520</u>	<u>315,503,701</u>
Net capital assets being depreciated	<u>141,078,393</u>	<u>(14,556,430)</u>	<u>-</u>	<u>126,521,963</u>
Governmental activities capital assets, net	<u>\$ 155,524,545</u>	<u>\$ (14,556,430)</u>	<u>\$ 132,616</u>	<u>\$ 140,835,499</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 762,394	\$ -	\$ -	\$ 762,394
Construction in progress	1,282,967	-	1,182,479	100,488
<b>Total capital assets not being depreciated</b>	<b>2,045,361</b>	<b>-</b>	<b>1,182,479</b>	<b>862,882</b>
Capital assets being depreciated				
Land improvements	5,406,197	-	-	5,406,197
Buildings, additions and improvements	58,290,152	3,156,581	620,762	60,825,971
Machinery and equipment	228,515,607	3,225,942	-	231,741,549
<b>Total capital assets being depreciated</b>	<b>292,211,956</b>	<b>6,382,523</b>	<b>620,762</b>	<b>297,973,717</b>
Less accumulated depreciation for				
Land improvements	1,727,133	198,628	-	1,925,761
Buildings, additions and improvements	26,875,948	3,556,575	126,804	30,305,719
Machinery and equipment	163,209,090	5,050,977	-	168,260,067
<b>Total accumulated depreciation</b>	<b>191,812,171</b>	<b>8,806,180</b>	<b>126,804</b>	<b>200,491,547</b>
<b>Net capital assets being depreciated</b>	<b>100,399,785</b>	<b>(2,423,657)</b>	<b>493,958</b>	<b>97,482,170</b>
<b>Business-type capital assets, net</b>	<b>\$ 102,445,146</b>	<b>\$ (2,423,657)</b>	<b>\$ 1,676,437</b>	<b>\$ 98,345,052</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
Capital assets not being depreciated				
Land	\$ 9,639,580	\$ 56,190	\$ -	\$ 9,695,770
Construction in progress	12,586,920	11,304,093	17,868,020	6,022,993
<b>Total capital assets not being depreciated</b>	<b>22,226,500</b>	<b>11,360,283</b>	<b>17,868,020</b>	<b>15,718,763</b>
Capital assets being depreciated				
Land improvements	12,807,749	29,875	11,126	12,826,498
Office furnishings	1,124,470	-	-	1,124,470
Buildings, additions and improvements	173,884,312	2,125,376	7,330,842	168,678,846
Machinery and equipment	106,311,303	15,870,506	12,765,871	109,415,938
Leasehold improvements	6,792,125	109,117	74,900	6,826,342
Vehicles	336,051	-	-	336,051
<b>Total capital assets being depreciated</b>	<b>301,256,010</b>	<b>18,134,874</b>	<b>20,182,739</b>	<b>299,208,145</b>
Less accumulated depreciation for				
Land improvements	3,212,061	378,391	11,126	3,579,326
Office furnishings	517,436	-	-	517,436
Buildings, additions and improvements	117,545,453	4,534,337	7,160,101	114,919,689
Machinery and equipment	65,664,631	11,942,668	12,674,407	64,932,892
Leasehold improvements	6,214,168	55,730	11,235	6,258,663
Vehicles	278,957	32,219	-	311,176
<b>Total accumulated depreciation</b>	<b>193,432,706</b>	<b>16,943,345</b>	<b>19,856,869</b>	<b>190,519,182</b>
<b>Net capital assets being depreciated</b>	<b>107,823,304</b>	<b>1,191,529</b>	<b>325,870</b>	<b>108,688,963</b>
<b>Component unit capital assets, net</b>	<b>\$ 130,049,804</b>	<b>\$ 12,551,812</b>	<b>\$ 18,193,890</b>	<b>\$ 124,407,726</b>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

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

<b>Governmental activities</b>	
General government	\$ 99,932
Police	487,151
Judicial	35,763
Fire	46,968
Transportation	13,299,325
Emergency dispatch	77,290
Parks and recreation	688,245
Public works	5,313
Community enrichment and development	66,646
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>620,586</u>
Total governmental activities	<u>15,427,219</u>
<b>Business-type activities</b>	
Sewer	4,021,398
Water	<u>4,784,782</u>
Total business-type activities	<u>8,806,180</u>
Total primary government	<u>\$ 24,233,399</u>
<b>Component unit activities</b>	
Downtown Development Authority	\$ 364,032
Hurley Medical Center	16,537,409
Flint Area Enterprise Community	1,100
Economic Development Corporation	<u>40,804</u>
	<u>\$ 16,943,345</u>

**Note 8 - Interfund Receivables, Payable, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from other funds</b>		
Internal service funds	General Fund	<u>\$ 4,216,455</u>
Receivable Fund	Payable Fund	Amount
<b>Advances due to/from other funds</b>		
Sewer fund	General Fund	<u>\$ 9,000,000</u>
Receivable Fund	Payable Entity	Amount
<b>Due to/from primary government and component units</b>		
Nonmajor governmental funds	Component unit - DDA	\$ 8,955,000
General fund	Component unit - EDC	132,895
Federal grants fund	Component unit - EDC	<u>550,000</u>
Total		<u>\$ 9,637,895</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. At June 30, 2014, there was an allowance related to the due from DDA of \$1,755,000, which reduces the total due from DDA to \$7,200,000.

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General fund	Nonmajor governmental funds	\$ 775,145
Federal grants fund	Nonmajor governmental funds	71,150
Sewer fund	General fund	2,660,000
Water fund	General fund	1,130,000
Nonmajor governmental funds	Sewer fund	800,000
Nonmajor governmental funds	General fund	110,000
Nonmajor governmental funds	Nonmajor governmental funds	851,953
Internal service funds	General fund	1,071,543
		<u>\$ 7,469,791</u>
Total		

The transfers from the General fund to the Parks and Recreation fund and the Building and Safety funds were primarily for operating purposes. The transfers from the Sewer fund to the General fund represents an appropriation of funds from the Capital Improvement fund. The Water fund transfer to the General fund represents return on equity. Also in accordance with the deficit elimination plan debt was discharged in the Building Safety fund and internal service funds. The General fund repaid the Police fund for money borrowed in fiscal year 2013. The transfer from the Public Improvement fund to the Sewer fund represents capital improvements in accordance with the deficit elimination plan.

**Note 9 - Leases**

**Capital Leases**

The City has a capital lease for computer equipment. The future minimum lease payments are as follows:

Year ending June 30,	
2015	\$ 139,180
2016	<u>63,265</u>
Total minimum lease payments	202,445
Less amount representing interest	<u>(7,055)</u>
Present value of minimum lease payments	<u>\$ 195,390</u>
Asset	
Machinery and equipment	\$ 551,244
Less accumulated depreciation	<u>(241,169)</u>
Total	<u>\$ 310,075</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Operating Leases**

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

<u>Year ending June 30,</u>		
2015	\$	1,946,656
2016		1,924,716
2017		1,858,565
2018		1,438,140
2019		1,313,898
Thereafter		<u>2,469,369</u>
Total	\$	<u>10,951,344</u>

Total rent expense under these leases was \$1,856,545 for the year ended June 30, 2014.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 10 - Long-Term Debt**

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

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>							
Section 108 loan	0.56-2.66%	\$150,000-154,000	\$ 604,000	\$ -	\$ 150,000	\$ 454,000	\$ 150,000
Section 108 loan - 500 Block	1.34-4.13%	295,000-296,000	3,840,000	-	295,000	3,545,000	295,000
Section 108 loan - Ok Industries	2.38-5.67%	21,000-22,000	85,000	-	21,000	64,000	21,000
Section 108 loan - Guaranteed Funds	0.56-4.28%	75,000-2,416,000	5,030,000	-	75,000	4,955,000	75,000
Section 108 loan - W. Carpenter Rd	LIBOR + 1.5%	54,745-100,000	1,584,000	-	98,000	1,486,000	98,000
General obligation Capital Improvements							
Capital Improvements Bonds	4.00-6.00%	310,000-710,000	9,230,000	-	275,000	8,955,000	290,000
Local government loan program	3.50-6.00%	200,000-585,000	7,815,000	-	195,000	7,620,000	200,000
SIB 3rd avenue reconstruction loan	0.50%	110,072-118,032	1,819,667	-	109,524	1,710,143	110,072
<b>Total bond payable</b>			<b>30,007,667</b>	<b>-</b>	<b>1,218,524</b>	<b>28,789,143</b>	<b>1,239,072</b>
Accrued sick and vacation payable			4,435,256	4,698,098	3,541,475	5,591,879	3,110,000
Capital leases							
Telephone equipment			36,095	-	36,095	-	-
Equipment			5,590	-	5,590	-	-
Dell equipment			333,559	-	138,169	195,390	132,915
<b>Total governmental activities</b>			<b>\$ 34,818,167</b>	<b>\$ 4,698,098</b>	<b>\$ 4,939,853</b>	<b>\$ 34,576,412</b>	<b>\$ 4,481,987</b>

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>							
General obligation bonds							
2001 MMBA Drinking Water Revolving Fund Revenue Bonds	2.50%	\$395,000-448,994	\$ 2,928,994	\$ -	\$ 385,000	\$ 2,543,994	\$ 395,000
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	2.50%	435,000-505,000	3,700,000	-	425,000	3,275,000	435,000
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	2.50%	485,000-581,408	4,731,408	-	475,000	4,256,408	485,000
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	2.50%	905,000-1,504,934	12,479,934	-	880,000	11,599,934	905,000
Total bonds payable			23,840,336	-	2,165,000	21,675,336	2,220,000
Accrued sick and vacation payable			538,175	995,496	967,921	565,750	565,750
Total business-type activities			<u>\$ 24,378,511</u>	<u>\$ 995,496</u>	<u>\$ 3,132,921</u>	<u>\$ 22,241,086</u>	<u>\$ 2,785,750</u>

For the governmental activities, compensated absences generally liquidated by the general fund and certain special revenue funds. The net pension obligation and the net OPEB obligation will be liquidated from the funds that the individual employee's salaries are paid from, the general fund and certain special revenue funds.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component unit activities</b>							
Bonds payable							
Series 1998A	5.250-5.375%	\$965,000	\$ 1,880,000	\$ -	\$ 915,000	\$ 965,000	\$ 965,000
Series 1998B	5.38%	635,000-670,000	1,905,000	-	600,000	1,305,000	635,000
Series 2003	6.00%	2,500,000-2,650,000	7,510,000	-	2,360,000	5,150,000	2,500,000
Series 2010	5.84-7.50%	500,000-3,555,000	34,215,000	-	500,000	33,715,000	500,000
Series 2011	4.19%	707,513-802,103	4,108,935	-	678,529	3,430,406	707,514
Series 2013A	5.00-5.25%	15,000-930,000	21,940,000	-	-	21,940,000	-
Series 2013B	3.50-5.00%	1,235,000-1,305,000	36,590,000	-	555,000	36,035,000	-
Total bonds payable			108,148,935	-	5,608,529	102,540,406	5,307,514
Unamortized bond discount			(210,080)	-	(11,672)	(198,408)	-
Total component unit activities			\$ 107,938,855	\$ -	\$ 5,596,857	\$ 102,341,998	\$ 5,307,514

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,239,072	\$ 1,168,815	\$ 2,220,000	\$ 530,571	\$ 5,307,514	\$ 5,391,737
2016	1,269,622	1,131,002	2,275,000	474,821	5,792,734	5,075,554
2017	1,345,175	1,088,767	2,335,000	417,633	6,079,245	4,846,492
2018	1,234,731	1,048,424	2,395,000	358,946	6,282,103	4,610,134
2019	1,265,290	1,010,367	2,450,000	298,821	6,078,810	4,356,472
2020 - 2024	6,914,928	4,363,070	8,495,402	663,258	21,150,000	18,119,075
2025 - 2029	9,435,323	2,804,308	1,504,934	18,812	15,800,000	14,191,838
2030 - 2034	4,950,000	971,106	-	-	13,185,000	9,915,207
2035 - 2039	1,135,002	69,150	-	-	18,380,000	4,327,882
2040	-	-	-	-	4,485,000	-
	\$ 28,789,143	\$ 13,655,009	\$ 21,675,336	\$ 2,762,862	\$ 102,540,406	\$ 70,834,391

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

The City has an agreement with Karegnondi Water Authority (KWA) to purchase water. As a part of this agreement, KWA issued bonds for which the City will be paying a portion. Payments begin in 2017. The debt is recorded on the books of the Genesee County Drain Commission.

**Future Revenues Pledged for Debt Payments:**

**Revenue Bond** – The City has pledged substantially all revenue of the water and sewer funds, net of operating expenses, to repay the Drinking Water Revolving Fund Revenue Bonds (DWRFB). Financial recovery bonds issued by the State of Michigan and the DWRFB Revenue Bonds have been secured with future State and revenue-sharing payments to be received by the City’s general fund. The remaining principal and interest to be paid on the bonds are \$21,675,336 and \$2,762,862, respectively. During the current year, net revenues of the system were \$4,619,783 and State revenue-sharing revenues were \$14,140,573 as compared to the annual debt requirements of \$2,165,000 of principal and \$571,478 of interest.

**Revenues Pledged in Connection with Component Unit Debt** – The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City’s state-shared revenues. The bonds issued during 2008 in the amount of \$10,000,000 were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2014, principal and interest to be paid on the bonds total \$13,787,598. During the current year, the net loss from the parking operations was \$235,170. Cash flow projections indicate that the DDA’s annual debt service to the City for repayment of the bonds will not coincide with the City’s annual debt service obligation. During the current year, the

City has forgiven a portion of the debt payment made by the City on behalf of the DDA.

**Section 108 Loans** – The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the programs are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Programs were \$3,886,137 as compared to the annual debt requirements of \$561,970.

**Hurley Medical Center Revenue Refunding Bonds** – The net revenues of the Medical Center are pledged for payment of principal and interest on the variable rate demand revenue rental and revenue refunding bonds. Accordingly, the financial statements of the Medical Center include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center. Section 7-302 of the City Charter, adopted November 4, 1975, limits “net” debt to 7 percent of the assessed value of all real and personal property in the City, but does not define “net” debt. The following computation is based on previous practice and is consistent with the requirements of the State of Michigan Public Act 279 of 1909.

Assessed valuation at June 27, 2013		\$ 752,954,202
Legal debt limit (7 percent of assessed valuation)		52,706,794
Total bonded debt at June 30, 2014	\$ 133,170,742	
Less debt not subject to limitation under City charter and State statute:		
Revenue bonds and notes	124,215,742	
Debt subject to limitation		8,955,000
Unused debt limitation		<u>\$ 43,751,794</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 11 - Restricted Assets**

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

	Governmental Activities	Business-type Activities	Component Units
Section 108 business loan proceeds	\$ 381,539	\$ -	\$ -
Equipment replacement and improvement	-	-	252,929
Self-insurance	-	-	15,959,641
Revenue bond indenture held by trustee	-	-	21,056,173
Unspent bond proceeds	-	-	642,739
Revenue bond equipment replacement account - pooled cash	-	3,680,582	-
Debt service reserve - pooled cash	-	2,167,534	-
	<u>\$ 381,539</u>	<u>\$ 5,848,116</u>	<u>\$ 37,911,482</u>

**Note 12 - Risk Management**

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

for specific City facilities or events. See separate disclosures below for Hurley Medical Center.

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

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

**Risk management of component units**

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

**Conditional asset retirement obligation**

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

**Note 13 - 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 City with assistance from the City Attorney.

The changes in the claims liability for the fiscal years ended June 30, 2014 and 2013 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2013	\$ 3,968,000	\$ (1,493,470)	\$ (978,754)	\$ 1,495,776
6/30/2014	\$ 1,495,776	\$ 4,427	\$ (863,873)	\$ 636,330

Other types of risk are covered by commercial insurance. There were no insurance settlements that exceeded coverage in the last three years.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Health, dental and eye insurance**

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay-as-you-go basis. Claims are being paid out of the fringe benefits internal service fund for active employee claims and out of the retiree health care trust fund for retirees. The two plans are administered by Blue Cross/Blue Shield (BCBSM) and HealthPlus 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 \$150,000 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 \$150,000 deductible. No City also provides fully insured HMO health insurance coverage to a limited number of employees.

The changes in the claims liability for the fiscal years ended June 30, 2014 and 2013 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2013	\$ -	\$ 22,103,342	\$ (20,858,794)	\$ 1,244,548
6/30/2014	\$ 1,244,548	\$ 20,893,529	\$ (20,835,792)	\$ 1,302,285

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, 2014 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 \$750,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self-insurance program is administered by a third-party administrator. All workers' compensation benefits are paid out of the fringe benefits internal service fund. The claims liability for fiscal year ended June 30, 2013 was not material.

The changes in the claims liability for the fiscal years ended June 30, 2014 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2014	\$ -	\$ 1,283,947	\$ (453,953)	\$ 829,994

**Hurley Medical Center**

The Medical Center's self-insurance retention is \$6 million per occurrence annually with excess claims-made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

Changes in the aggregate liabilities for claims and defense costs payable for the fiscal years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Estimated liability - beginning of year	\$ 42,047,586	\$ 36,699,882
(Decrease) increase in claims liability	(5,065,051)	11,204,087
Defense costs and other fund expenses	(2,118,473)	(2,070,833)
Excess insurance premium payments	(975,620)	(1,088,550)
Claims paid	(549,099)	(2,697,000)
Estimated liability - end of year	<u>\$ 33,339,343</u>	<u>\$ 42,047,586</u>

Professional liability for claims is reported in accrued expenses, both current and long term, on the statement of net position. The long-term portion of the accrual on June 30, 2014 and 2013 is \$29,697,151 and \$38,268,025, respectively. The carrying amount of the insurance trust assets (at market) amounted to \$15,293,989 and \$16,338,354 at June 30, 2014 and 2013, respectively.

The Medical Center is self-insured for workers' compensation claims. As of June 30, 2014 and 2013, the Medical Center has recorded long-term accrued liabilities for workers' compensation of \$1,610,787 and \$1,848,787, respectively.

**Note 14 - Employee Retirement And Benefit Systems**

**Retirement systems**

During the last fiscal year, the City closed out Flint Employees' Retirement System (FERS), the single-employer plan, and transferred approximately \$270 million of assets to the Michigan Municipal Employees' Retirement System. The City participates in the various retirement plans as follows:

**Michigan Municipal Employees' Retirement System**

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

Funding policy – The City is required to contribute an amount equal to a percentage of covered payroll which is determined based on a flat rate as determined by the actuary. Under the plan, eligible employees are required to contribute 0.0%-12.0% of earned wages to the MERS plan. 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.

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

Annual pension costs – For the year ended June 30, 2014, the City's annual pension cost of \$16,409,676 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at July 1, 2013, using the entry age normal cost method. Significant actuarial assumptions used include: 1) a 8.0% investment rate of return; and 2) projected salary increases and inflation rate of 4.5% percent per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 25 years.

Three year trend information as of June 30, 2014 follows:

**Three Year Trend Information**

Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
* 6/30/2012	\$ 14,562,392	100%	-
* 6/30/2013	14,909,789	100%	-
6/30/2014	16,409,676	100%	-

\* Represents FERS data.

**Schedule of Funding Progress**

Actuarial valuation date	7/1/2013
Actuarial value of assets	\$ 291,869,102
Actuarial accrued liability (AAL) entry age	552,783,134
Unfunded AAL (UAAL)	260,914,032
Funded ratio	53%
Covered payroll	23,285,420
UAAL as a percentage of covered payroll	1121%

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

Substantially all governmental funds typically have been used to liquidate the net pension obligation.

**Hurley Medical Center**

During the previous fiscal year, all assets from FERS were transferred to MERS, which at June 30, 2014 is the sole administrator of the plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. The Medical Center makes employer contributions in accordance with funding requirements determined by an independent actuary.

Annual pension cost and net pension obligation:

Annual required contribution/annual pension cost	\$ 9,333,014
Contributions made	(10,776,547)
**Write off of excess liability	<u>(1,023,941)</u>
Decrease in net pension obligation	(2,467,474)
Net pension obligation - beginning of year	<u>3,268,705</u>
Net pension obligation - end of year	<u><u>\$ 801,231</u></u>

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

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

	June 30,		
	2014	2013	2012
Annual pension costs	\$ 9,333,014	\$ 12,682,496	\$ 11,808,875
Percentage of pension costs contributed	115%	82%	91.5%
Net pension obligation	\$ 801,231	\$ 3,268,705	\$ 6,503,942

**Charter Retirement Plan**

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a monthly benefit. The current membership of the plan at June 30, 2014 is three members. The City intends to pay retirement benefits as they become due from future years' General Fund revenue. The City's contribution to the plan for the year ended June 30, 2014 was \$58,842 and was calculated based on actual current pension benefits due to be paid. The present value of vested benefits has not been determined. The City has not requested an actuarial valuation of the plan since 1985 because of the decreasing nature and the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net position available for pension benefits at June 30, 2014 was \$0.

**I.C.M.A. 401A Plan**

The City made available to appointed and elected officials hired through December 31, 2001 an alternative retirement plan to the general retirement pension plan. The plan was a non-contributory defined contribution plan adopted under City ordinance. The City contributes an amount equal to the lesser of 25 percent of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100 percent immediately. Total

contributions required and made by the City during the year ended June 30, 2014 were \$63,728, which represented 25 percent of current year covered payroll. The plan trustee is the International City Management Association. Investments are stated at market, which approximates cost. Total payroll and covered payroll for the year ended June 30, 2014 were \$31,197,289 and \$254,914, respectively.

On January 1, 2002, a new plan was adopted for appointed and elected officials. The City contributes 11 percent of the employees' gross earnings and employees have a mandatory 4 percent contribution. Employee accounts are fully vested after five years of service. The current year contribution was calculated based on covered payroll of \$1,645,772, resulting in an employer contribution of \$169,422 and an employee contribution of \$89,508.

**AFSCME Local 1600 and Local 1799 401 Pension Plan**

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. Employees hired on or after October 1, 2003 are not eligible to participate in the Flint Employees' Retirement System defined benefit pension plan. Employees hired prior to October 1, 2003 had the option of transferring assets from the defined benefit pension plan upon implementation of the defined contribution plan. The City contributes 6 percent of employees' gross earnings and employees have a mandatory 9 percent contribution. Employee accounts are fully vested after five years of service. The City's total payroll during the current year was \$31,197,289. The current year contribution was calculated based on covered payroll of \$2,456,227, resulting in an employer contribution of \$142,427 and employee contributions of \$223,421.

**Medical Center**

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

expense included in the statements was \$1,937,503. This plan is no longer offered to employees hired after January 1, 2014.

**Profit Sharing and 403(b) Plan**

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit-sharing plan for Hurley Practice Management Services (HPMS) employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to the federal pension law limitations. HHS may make a discretionary contribution. The contribution to the plan for the year ended June 30, 2014 amounted to \$31,551.

HHS also maintains two qualified deferred compensation plans under Section 403(b) of the Internal Revenue Code. Under the plans, HHS and The Hurley Clinics (THC) may elect to defer a percentage of their salary, subject to the Internal Revenue Service's limits. HHS may make a discretionary contribution. The contribution to the plans for the year ended June 30, 2014 amounted to \$270,831.

**Retiree Death Benefit Plan**

The City provides postretirement death benefits to certain retirees who retired after July 1, 1978, under the terms of collective bargaining agreements with two employee unions. If the retiree was a member of one of the bargaining units at the time of retirement, his or her designated beneficiary will receive a death benefit at the time of the retiree's death. The death benefit ranges from \$2,500 to \$10,000 depending on the retirement date.

As of February 9, 2011, the retiree death benefits were changed effective immediately to all Local 1600 and Local 1799 union employees who were eligible under the previous agreement. The new agreement state that the designated beneficiary will receive \$1,000 or \$2,500 respectively, for everyone who retired since July 1, 1978 (the inception of the death benefit).

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

As of June 30, 2014, there were 1,067 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2014 were \$0. Net position available for benefits, reported at fair value, was \$514,520 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During the year ended, death benefits of \$213,500.

**Health Benefits Plan and Trust**

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

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

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

During the year ended June 30, 2014, plan members contributed \$131,384. Net position available for benefits was \$0 at June 30, 2014. This was terminated as of June 30, 2014.

**Other postemployment benefits**

Plan description – The City provides retiree healthcare benefits to eligible employees and their spouses through the Retiree Health Care Trust Fund. Benefits are provided to public safety and general employees. Currently, the plan has 2,058 members, including 429 employees in active service, 0 terminated employees not yet receiving benefits, and 1,620 retired employees and beneficiaries currently receiving benefits.

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

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

Funding Progress – For the year ended June 30, 2014, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities not to exceed 28

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

Annual required contribution	\$ 16,965,409
Interest on net OPEB obligation	6,753,322
Adjustment to annual required contribution	<u>(9,821,962)</u>
Annual OPEB cost	13,896,769
Contribution made	<u>(19,367,114)</u>
Change in net OPEB obligation	(5,470,345)
Net OPEB obligation, beginning of year	<u>158,901,714</u>
Net OPEB obligation, end of year	<u><u>\$ 153,431,369</u></u>

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

Fiscal year ending	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
6/30/2010	\$ 55,252,592	37.0%	\$ 113,615,741
6/30/2011	61,351,938	32.1%	155,284,670
6/30/2012	22,105,930	92.4%	156,975,216
6/30/2013	18,942,499	89.8%	158,901,714
6/30/2014	13,896,769	139.4%	153,431,369

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$774,606,738	\$ 774,606,738	-	\$ 41,166,662	1882%
7/1/2010	-	862,302,934	862,302,934	-	36,252,274	2379%
7/1/2011	-	366,832,597	366,832,597	-	37,339,842	982%
7/1/2012	166,903	320,180,757	320,013,854	0.1%	-	-
7/1/2013	14,237	240,539,434	240,525,197	-	-	-

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

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

In the July 1, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent

investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on employer’s own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4 percent, and an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of invests over a five-year period. The UAAAL is being amortized as a level percentage dollar on a closed basis. The remaining amortization period at July 1, 2013 was 28 years.

Following are the condensed financial statements for the individual pension plans and postemployment healthcare plans for the year ended June 30, 2014:

**Statement of Plan Net Position**

	Death Benefit	Retiree Health Care	Hurley Medical Center Retiree Benefit Trust Fund
Cash and cash equivalents	\$ 689,020	\$ 437,927	\$ 2,844,374
Investments, at fair value	-	-	38,581,093
Other assets	-	-	165,499
Liabilities	(174,500)	(300,000)	-
Net position held in trust for pension benefits	<u>\$ 514,520</u>	<u>\$ 137,927</u>	<u>\$41,590,966</u>

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

**Statement of Changes in Plan Net Position**

	Death Benefit	Retiree Health Care	Hurley Medical Center Retiree Benefit Trust Fund
Contributions	\$ -	\$ 123,631	\$ 5,721,257
Investment income	115,095	59	4,061,115
Benefit payments	(103,500)	-	(5,720,854)
Other deductions	(151)	-	-
<b>Net change in net position</b>	<b>\$ 11,444</b>	<b>\$ 123,690</b>	<b>\$ 4,061,518</b>

**Other postemployment benefits – Hurley Medical Center**

Plan Description – The Medical Center provides retiree health insurance premiums to eligible retirees and their spouses through the Retiree Health Benefit Plan (the “Plan”). Retirees receive full or partial health insurance coverage depending on the employee’s date of employment and union affiliation. During 2007, the Plan was frozen to new participants. During the year ended June 30, 2010, the Plan was amended to eliminate full coverage benefits to those eligible employees. Eligible retirees prior to December 31, 2009 were grandfathered into the Plan with full health insurance benefits. The number of participants was 539 at June 30, 2014.

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

Funding Policy – The Medical Center expenses the cost of the Plan in its proprietary fund. The cost of providing retiree healthcare benefits is estimated through an actuarial valuation issued on April 8, 2013

based on participant data as of June 30, 2011. The valuation computes the annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The Medical Center has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Medical Center has made contributions to advance fund certain benefits.

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/2009	\$ 7,737,798	100%	\$ -
6/30/2010	7,417,585	100%	-
6/30/2011	7,417,585	100%	-
6/30/2012	7,071,235	100%	-
6/30/2013	7,011,793	51%	3,432,051
6/30/2014	5,964,296	63%	6,186,372

This valuation’s computed contribution and actual funding are summarized as follows for the year ended June 30, 2014:

Annual required contribution	\$ 5,964,296
Amount contributed	3,743,000
Percentage contributed	63%
Net OPEB Obligation	6,186,372

**City of Flint**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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

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

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

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

	June 30, 2011
Actuarial value of assets	\$ 28,182,766
Actuarial accrued liability	90,042,892
Unfunded AAL	(61,860,126)
Funded ratio	31%
Annual covered payroll	106,471,126
Ratio of UAAL to covered payroll	58%

**Note 15 - 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**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Note 16 - Related Party Transactions**

As of June 30, 2014, the Medical Center had accounts receivable from Hurley Health Services (HHS) of \$2,326,668 and accounts payable to HHS of \$519,405.

Included in other operating revenue of HHS are management fees and marketing fees for services paid by Hurley/Binson's Medical Equipment, Inc., a related party to Hurley Practice Management Services (HPMS). HPMS and HHS purchased courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$300,000 for the year ended June 30, 2014.

As of June 30, 2014, HPMS is contingently liable as a guarantor with respect to 50 percent of \$2,491,234 of indebtedness of Hurley/Binson's Medical Equipment, Inc. HPMS owns 50 percent of Hurley Binson's Medical Equipment, Inc. The book value of the investment is \$0 at June 30, 2014 as HPMS has previously written off the investment in Hurley/Binson's Medical Equipment, Inc. due to continuing operating losses. No material loss is anticipated by reason of such guarantee. In the event of performance under this guarantee, HPMS has the right to proceed against others to recover payment. Hurley/Binson's Medical Equipment, Inc. was in compliance with loan covenants related to tangible capital funds and debt service payments as of June 30, 2014.

The future minimum payments related to the above debt are as follows:

<u>Year ending June 30,</u>	
2015	\$ 233,500
2016	107,601
2017	72,106
2018	21,152
2019	<u>16,875</u>
Total	<u>\$ 451,234</u>

**Note 17 - Prior Period Adjustment**

A prior period adjustment was recorded for claims payable in the amount of \$1,244,548, which reduced the beginning net position in the Fringe Benefits fund. During the year, the Retiree Health Care Fund (fiduciary fund) was rolled into the Fringe Benefits Fund (an internal service fund) in the amount of \$1,514,992. The net effect of these two items increased beginning net position in the Fringe Benefit Fund from \$5,810,452 to \$6,080,896. This also increased the beginning net position of the governmental activities on the government-wide statements from \$26,486,710 to \$26,757,154.

**City of Flint**  
**Required Supplemental Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ 4,530,000	\$ 4,719,941	\$ 5,122,808	\$ 402,867
Income taxes	14,210,000	14,731,796	13,038,276	(1,693,520)
Licenses, permits, and cable franchise fees	1,707,646	1,525,468	1,502,536	(22,932)
Federal grants	1,446,738	-	149,644	149,644
State revenue sharing	13,872,364	13,872,364	14,140,573	268,209
Other state grants	1,523,001	2,869,001	2,955,415	86,414
Charges for services	9,383,379	9,383,379	9,609,718	226,339
Fines and forfeitures	1,750,000	1,750,000	1,993,037	243,037
Interest income	150,000	150,000	347,122	197,122
Miscellaneous	385,196	385,196	36,781	(348,415)
Proceeds from sale of capital assets	-	-	16,800	16,800
Transfers in	4,077,998	4,577,998	4,971,543	393,545
	<u>53,036,322</u>	<u>53,965,143</u>	<u>53,884,253</u>	<u>(80,890)</u>
<b>Expenditures</b>				
Current				
General government				
Mayor's office	212,239	228,813	218,817	(9,996)
Finance	4,492,059	5,473,172	4,808,423	(664,749)
Human relations	26,237	26,237	18,376	(7,861)
City clerk	863,832	939,881	727,596	(212,285)
Law office	947,261	956,542	954,456	(2,086)
Human resources	622,167	593,042	465,900	(127,142)
City administrator	384,106	396,646	273,051	(123,595)
	<u>7,547,901</u>	<u>8,614,333</u>	<u>7,466,619</u>	<u>(1,147,714)</u>

**City of Flint**  
**Required Supplemental Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Judicial - 68th District Court	\$ 5,194,307	\$ 5,201,873	\$ 5,181,415	\$ (20,458)
Public safety				
Police department	21,499,528	21,767,410	21,098,077	(669,333)
Fire	11,674,796	11,076,481	10,093,367	(983,114)
Building inspection	121,875	121,875	92,046	(29,829)
Emergency dispatch	3,745,525	3,745,525	3,317,707	(427,818)
Total public safety	37,041,724	36,711,291	34,601,197	(2,110,094)
Legislative - City council	333,449	373,225	338,638	(34,587)
Community development	186,293	249,110	247,323	(1,787)
Parks and recreation	1,193,482	1,010,572	1,364,259	353,687
Transportation	-	450	-	(450)
Transfers out	539,170	775,170	775,145	(25)
Total expenditures	52,036,326	52,936,024	49,974,596	(2,961,428)
Excess of revenues over expenditures	999,996	1,029,119	3,909,657	2,880,538
Fund balance - beginning of year (deficit)	(12,871,084)	(12,871,084)	(12,871,084)	-
Fund balance - end of year (deficit)	\$ (11,871,088)	\$ (11,841,965)	\$ (8,961,427)	\$ 2,880,538

**City of Flint**  
**Required Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Federal Grants**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 10,108,308	\$ 11,002,094	\$ 11,257,407	\$ 255,313
Other state grants	73,200	19,010	371,121	352,111
Local contributions	177,657	662,511	628,448	(34,063)
Charges for services	8,625	8,625	7,342	(1,283)
Interest income	349,019	349,019	275,405	(73,614)
Miscellaneous	50,000	122,113	412,728	290,615
Bond/note proceeds	295,000	295,000	-	(295,000)
Total revenues	<u>11,061,809</u>	<u>12,458,372</u>	<u>12,952,451</u>	<u>494,079</u>
<b>Expenditures</b>				
Current				
Public safety	4,075,349	4,899,108	4,932,059	32,951
Community development	6,295,278	6,561,778	6,495,785	(65,993)
Parks and recreation	-	-	44,335	44,335
Debt service				
Principal retirement	639,000	639,000	639,000	-
Interest and fiscal charges	93,400	422,736	335,849	(86,887)
Transfers out	-	-	71,150	71,150
Total expenditures	<u>11,103,027</u>	<u>12,522,622</u>	<u>12,518,178</u>	<u>(4,444)</u>
Excess (deficiency) of revenues over expenditures	(41,218)	(64,250)	434,273	498,523
Fund balance - beginning of year	<u>222,423</u>	<u>222,423</u>	<u>826,744</u>	<u>604,321</u>
Fund balance - end of year	<u>\$ 181,205</u>	<u>\$ 158,173</u>	<u>\$ 1,261,017</u>	<u>\$ 1,102,844</u>

**City of Flint**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**June 30, 2014**

**Schedule of Employer Contributions**

Fiscal Year Ended	Actuarial Valuation Date	Annual required contribution	Percentage of APC contributed	Net Pension Obligation at June 30
6/30/14	6/30/14	\$ 16,409,676	100%	\$ -

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ 291,869,102	\$ 552,783,134	\$ 260,914,032	53%	\$ 23,285,420	1,121%

Note: Beginning in October 2012, the City closed out the single-employer plan and transferred approximately \$270 million of assets to the Michigan Employees Retirement System.

**City of Flint**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**June 30, 2014**

---

**MERS Pension Plan - Hurley Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	6/30/2006	\$ 6,690,590	45.00%	\$ 5,711,003
6/30/2009	6/30/2007	8,037,604	75.00%	7,694,335
6/30/2010	6/30/2007	9,160,796	87.00%	8,896,382
6/30/2011	6/30/2009	9,713,538	75.80%	5,505,003
6/30/2012	12/31/2010	11,734,785	92.10%	6,503,942
6/30/2013	12/31/2011	12,682,496	82.10%	3,268,705
6/30/2014	12/31/2013	9,333,014	91.40%	801,231

Funded Status - The funded status of the plan as of December 31, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 527,768,337
Actuarial value of plan assets	<u>423,132,343</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 104,635,994</u>
Funded ratio	80.2%
Covered payroll (active plan members)	107,836,591
UAAL as a percentage of covered payroll	97%

**City of Flint**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**June 30, 2014**

---

**Schedule of Employer Contributions**

---

<u>Year Ended</u>	<u>Actual OPEB Costs</u>	<u>Percentage OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 60,188,371	32.00%	\$ 40,925,931
6/30/2009	55,252,592	35.00%	76,645,627
6/30/2010	55,252,592	37.00%	113,615,741
6/30/2011	61,351,938	32.10%	155,284,670
6/30/2012	22,105,830	92.40%	156,975,216
6/30/2013	18,942,499	89.80%	158,901,714
6/30/2014	13,896,769	139.40%	153,431,369

Funded Status - The funded status of the plan as of June 30, 2014, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 240,539,434
Actuarial value of plan assets	<u>14,237</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 240,525,197</u>
Funded ratio	0.0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

### ***MAJOR STREETS FUNDS***

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

### ***LOCAL STREETS FUNDS***

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

### ***NEIGHBORHOOD POLICING FUND***

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

### ***STATE ACT 251 – FOREFEITURE FUND***

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

### ***EDA REVOLVING LOAN FUND***

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

### ***PUBLIC IMPROVEMENT FUND***

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

### ***PARKS AND RECREATION FUND***

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

### ***SENIOR CITIZEN CENTERS FUND***

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

# **NONMAJOR GOVERNMENTAL FUNDS**

## ***(continued)***

### **SPECIAL REVENUE FUNDS**

#### ***BUILDING DEPARTMENT FUND***

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

#### ***GARBAGE COLLECTION FUND***

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

#### ***STREET LIGHT FUND***

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

#### ***PUBLIC SAFETY FUND***

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

### **DEBT SERVICE FUNDS**

#### ***PARKING DECK DEBT SERVICE FUND***

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

#### ***THE WINDMILL PLACE DEBT SERVICE FUND***

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

#### ***BUICK CITY DEBT SERVICE FUND***

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

**City of Flint**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

Special Revenue Funds

	Major Street	Local Street	Neighborhood Policing	State Act 251- Forfeitures	EDA Revolving Loan	Public Improvement	Parks and Recreation	Senior Citizen Centers
<b>Assets</b>								
Cash and cash equivalents	\$ 60	\$ -	\$ -	\$ -	\$ 366,475	\$ -	\$ -	\$ -
Receivables								
Property taxes	-	-	135,469	-	-	193,663	33,787	-
Accrued interest and other	67,743	12,099	-	-	33,347	-	-	-
Notes and leases receivable	-	-	-	-	558,500	-	-	-
Due from other units of government	1,188,022	313,124	-	-	-	-	-	35,233
Due from component unit	-	-	-	-	-	7,200,000	-	-
Pooled cash and investments	4,027,379	1,319,610	104,165	1,345,857	193	2,242,619	227,612	-
Total assets	<u>\$ 5,283,204</u>	<u>\$ 1,644,833</u>	<u>\$ 239,634</u>	<u>\$ 1,345,857</u>	<u>\$ 958,515</u>	<u>\$ 9,636,282</u>	<u>\$ 261,399</u>	<u>\$ 35,233</u>
<b>Liabilities</b>								
Accounts payable	\$ 323,016	\$ 21,609	\$ 3,603	\$ 3,086	\$ 9	\$ 35,390	\$ 111,439	\$ 27,344
Deposits and advances	25	-	-	564,880	-	-	-	-
Accrued and other liabilities	33,028	12,512	87,249	8,918	200,744	79,819	17,816	-
Unearned revenue	348	-	-	-	-	-	-	-
Total liabilities	<u>356,417</u>	<u>34,121</u>	<u>90,852</u>	<u>576,884</u>	<u>200,753</u>	<u>115,209</u>	<u>129,255</u>	<u>27,344</u>
<b>Deferred inflows of resources</b>								
Notes and leases receivable	-	-	-	-	391,104	-	-	-
Taxes	-	-	129,126	-	-	185,735	32,201	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>129,126</u>	<u>-</u>	<u>391,104</u>	<u>185,735</u>	<u>32,201</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>356,417</u>	<u>34,121</u>	<u>219,978</u>	<u>576,884</u>	<u>591,857</u>	<u>300,944</u>	<u>161,456</u>	<u>27,344</u>
<b>Fund balances</b>								
Restricted	<u>4,926,787</u>	<u>1,610,712</u>	<u>19,656</u>	<u>768,973</u>	<u>366,658</u>	<u>9,335,338</u>	<u>99,943</u>	<u>7,889</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,283,204</u>	<u>\$ 1,644,833</u>	<u>\$ 239,634</u>	<u>\$ 1,345,857</u>	<u>\$ 958,515</u>	<u>\$ 9,636,282</u>	<u>\$ 261,399</u>	<u>\$ 35,233</u>

**City of Flint**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds				Debt Service			Total Nonmajor Governmental Funds
	Building Department	Garbage Collection	Street Light	Public Safety	Parking Deck	Windmill Place	Buick City	
<b>Assets</b>								
Cash and cash equivalents	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,585
Receivables								
Property taxes	166	180,650	-	102,607	-	-	-	646,342
Accrued interest and other	-	-	-	-	-	-	-	113,189
Notes and leases receivable	-	-	-	-	-	-	-	558,500
Due from other units of government	-	-	-	-	-	-	-	1,536,379
Due from component unit	-	-	-	-	-	-	-	7,200,000
Pooled cash and investments	660,243	1,028,629	1,046,169	8,613,673	799	6,520	643	20,624,111
Total assets	<u>\$ 660,459</u>	<u>\$ 1,209,279</u>	<u>\$ 1,046,169</u>	<u>\$ 8,716,280</u>	<u>\$ 799</u>	<u>\$ 6,520</u>	<u>\$ 643</u>	<u>\$ 31,045,106</u>
<b>Liabilities</b>								
Accounts payable	\$ 3,445	\$ 366,026	\$ 199,957	\$ 12,672	\$ -	\$ -	\$ -	\$ 1,107,596
Deposits and advances	-	-	-	-	-	-	-	564,905
Accrued and other liabilities	13,373	385,413	137,008	163,031	-	-	-	1,138,911
Unearned revenue	-	-	-	-	-	-	-	348
Total liabilities	<u>16,818</u>	<u>751,439</u>	<u>336,965</u>	<u>175,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,811,760</u>
<b>Deferred inflows of resources</b>								
Notes and leases receivable	-	-	-	-	-	-	-	391,104
Taxes	166	180,791	-	83,298	-	-	-	611,317
Total deferred inflows	<u>166</u>	<u>180,791</u>	<u>-</u>	<u>83,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,002,421</u>
Total liabilities and deferred inflows of resources	<u>16,984</u>	<u>932,230</u>	<u>336,965</u>	<u>259,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,814,181</u>
<b>Fund balances</b>								
Restricted	643,475	277,049	709,204	8,457,279	799	6,520	643	27,230,925
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 660,459</u>	<u>\$ 1,209,279</u>	<u>\$ 1,046,169</u>	<u>\$ 8,716,280</u>	<u>\$ 799</u>	<u>\$ 6,520</u>	<u>\$ 643</u>	<u>\$ 31,045,106</u>

**City of Flint**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds							
	Major Street	Local Street	Neighborhood Policing	State Act 251- Forfeitures	EDA Revolving Loan	Public Improvement	Parks and Recreation	Senior Citizen Centers
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ 1,420,142	\$ -	\$ -	\$ 1,775,182	\$ 355,029	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Federal grants	106,713	-	-	-	-	-	-	-
State revenue sharing	6,726,664	1,901,893	-	-	-	-	-	-
Other state grants	318,274	212,183	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-	-	200,106
Charges for services	34,345	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	10,191	-	-	-	-
Investment income	30,422	9,948	785	10,101	17,751	230,800	1,718	-
Rental income	-	-	-	-	-	-	4,010	-
Other revenue	-	-	-	-	26,126	2,511,449	-	-
Total revenues	<u>7,216,418</u>	<u>2,124,024</u>	<u>1,420,927</u>	<u>20,292</u>	<u>43,877</u>	<u>4,517,431</u>	<u>360,757</u>	<u>200,106</u>
<b>Expenditures</b>								
Current								
Public safety	-	-	1,625,521	198,616	-	-	-	-
Public works								
Transportation	5,202,176	1,997,311	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-	-	-
Community development	-	-	-	-	7,223	-	-	-
Parks and recreation	-	-	-	-	-	427,206	697,288	196,270
Debt service								
Principal retirement	109,524	-	-	-	-	195,000	-	-
Interest and fiscal charges	9,096	-	-	-	-	407,104	-	-
Total expenditures	<u>5,320,796</u>	<u>1,997,311</u>	<u>1,625,521</u>	<u>198,616</u>	<u>7,223</u>	<u>1,029,310</u>	<u>697,288</u>	<u>196,270</u>
Excess (deficiency) of revenues over expenditures	<u>1,895,622</u>	<u>126,713</u>	<u>(204,594)</u>	<u>(178,324)</u>	<u>36,654</u>	<u>3,488,121</u>	<u>(336,531)</u>	<u>3,836</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	71,150	-	360,975	-
Transfers out	-	-	-	-	-	(1,651,953)	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,150</u>	<u>(1,651,953)</u>	<u>360,975</u>	<u>-</u>
Net change in fund balance	1,895,622	126,713	(204,594)	(178,324)	107,804	1,836,168	24,444	3,836
Fund balance - beginning of year	<u>3,031,165</u>	<u>1,483,999</u>	<u>224,250</u>	<u>947,297</u>	<u>258,854</u>	<u>7,499,170</u>	<u>75,499</u>	<u>4,053</u>
Fund balance - end of year	<u>\$ 4,926,787</u>	<u>\$ 1,610,712</u>	<u>\$ 19,656</u>	<u>\$ 768,973</u>	<u>\$ 366,658</u>	<u>\$ 9,335,338</u>	<u>\$ 99,943</u>	<u>\$ 7,889</u>

**City of Flint**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds				Debt Service Funds			Total Nonmajor Governmental Funds
	Building Department	Garbage Collection	Street Lights	Public Safety	Parking Deck	Windmill Place	Buick City	
<b>Revenues</b>								
Taxes	\$ -	\$ 5,081,301	\$ -	\$ 4,435,187	\$ -	\$ -	\$ -	\$ 13,066,841
Licenses and permits	1,763,018	740	-	-	-	-	-	1,763,758
Federal grants	195,003	-	-	-	-	-	-	301,716
State revenue sharing	-	-	-	-	-	-	-	8,628,557
Other state grants	-	-	-	-	-	-	-	530,457
Local contributions	-	64,729	-	-	-	-	-	264,835
Charges for services	202,515	-	-	-	-	-	-	236,860
Fines and forfeitures	545	-	-	-	-	-	-	10,736
Investment income	4,978	7,755	-	64,942	9	-	-	379,209
Rental income	-	-	-	-	-	-	-	4,010
Other revenue	-	-	3,027,676	-	-	-	-	5,565,251
Total revenues	<u>2,166,059</u>	<u>5,154,525</u>	<u>3,027,676</u>	<u>4,500,129</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>30,752,230</u>
<b>Expenditures</b>								
Current								
Public safety	2,352,722	-	-	1,106,325	-	-	-	5,283,184
Public works								
Transportation	-	-	2,531,893	-	-	-	-	9,731,380
Garbage and rubbish	-	4,877,476	-	-	-	-	-	4,877,476
Community development	-	-	-	-	-	-	-	7,223
Parks and recreation	-	-	-	-	-	-	-	1,320,764
Debt service								
Principal retirement	-	-	-	-	275,000	-	-	579,524
Interest and fiscal charges	-	-	-	-	451,163	-	-	867,363
Total expenditures	<u>2,352,722</u>	<u>4,877,476</u>	<u>2,531,893</u>	<u>1,106,325</u>	<u>726,163</u>	<u>-</u>	<u>-</u>	<u>22,666,914</u>
Excess (deficiency) of revenues over expenditures	<u>(186,663)</u>	<u>277,049</u>	<u>495,783</u>	<u>3,393,804</u>	<u>(726,154)</u>	<u>-</u>	<u>-</u>	<u>8,085,316</u>
<b>Other financing sources (uses)</b>								
Transfers in	539,170	-	-	-	726,953	-	-	1,698,248
Transfers out	(110,000)	-	-	-	-	-	-	(1,761,953)
Total other financing sources and uses	<u>429,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726,953</u>	<u>-</u>	<u>-</u>	<u>(63,705)</u>
Net change in fund balance	242,507	277,049	495,783	3,393,804	799	-	-	8,021,611
Fund balance - beginning of year	<u>400,968</u>	<u>-</u>	<u>213,421</u>	<u>5,063,475</u>	<u>-</u>	<u>6,520</u>	<u>643</u>	<u>19,209,314</u>
Fund balance - end of year	<u>\$ 643,475</u>	<u>\$ 277,049</u>	<u>\$ 709,204</u>	<u>\$ 8,457,279</u>	<u>\$ 799</u>	<u>\$ 6,520</u>	<u>\$ 643</u>	<u>\$ 27,230,925</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Major Streets Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ -	\$ -	\$ 106,713	\$ 106,713
State revenue sharing	6,326,855	6,326,855	6,726,664	399,809
Other state grants	280,000	280,000	318,274	38,274
Charges for services	31,506	31,506	34,345	2,839
Interest income	-	-	30,422	30,422
	<u>6,638,361</u>	<u>6,638,361</u>	<u>7,216,418</u>	<u>578,057</u>
<b>Expenditures</b>				
Current				
Transportation	5,775,097	5,984,393	5,202,176	(782,217)
Debt service				
Principal retirement	109,524	109,524	109,522	(2)
Interest and fiscal charges	9,098	9,098	9,098	-
	<u>5,893,719</u>	<u>6,103,015</u>	<u>5,320,796</u>	<u>(782,219)</u>
Excess of revenues over expenditures	744,642	535,346	1,895,622	1,360,276
Fund balance - beginning of year	<u>3,031,165</u>	<u>3,031,165</u>	<u>3,031,165</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,775,807</u>	<u>\$ 3,566,511</u>	<u>\$ 4,926,787</u>	<u>\$ 1,360,276</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Local Streets Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State revenue sharing	\$ 1,827,772	\$ 1,827,772	\$ 1,901,893	\$ 74,121
Other state grants	-	-	212,183	212,183
Interest income	-	-	9,948	9,948
	<u>1,827,772</u>	<u>1,827,772</u>	<u>2,124,024</u>	<u>296,252</u>
<b>Expenditures</b>				
Current				
Transportation	<u>1,845,363</u>	<u>1,952,705</u>	<u>1,997,311</u>	<u>44,606</u>
Excess (deficiency) of revenues over expenditures	(17,591)	(124,933)	126,713	251,646
Fund balance - beginning of year	<u>1,483,999</u>	<u>1,483,999</u>	<u>1,483,999</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,466,408</u>	<u>\$ 1,359,066</u>	<u>\$ 1,610,712</u>	<u>\$ 251,646</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Neighborhood Policing Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 1,196,000	\$ 1,196,000	\$ 1,420,142	\$ 224,142
Interest income	-	-	785	785
Total revenues	<u>1,196,000</u>	<u>1,196,000</u>	<u>1,420,927</u>	<u>224,927</u>
<b>Expenditures</b>				
Public safety				
Police department	<u>1,196,000</u>	<u>1,196,000</u>	<u>1,625,521</u>	<u>429,521</u>
Deficiency of revenues over expenditures	-	-	(204,594)	(204,594)
Fund balance - beginning of year	<u>224,250</u>	<u>224,250</u>	<u>224,250</u>	<u>-</u>
Fund balance - end of year	<u>\$ 224,250</u>	<u>\$ 224,250</u>	<u>\$ 19,656</u>	<u>\$ (204,594)</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**State Act 251 - Forfeitures Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Fines and forfeitures	\$ 130,000	\$ 130,000	\$ 10,191	\$ (119,809)
Investment income	-	-	10,101	10,101
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>20,292</u>	<u>(109,708)</u>
<b>Expenditures</b>				
Public works				
Public safety	<u>414,041</u>	<u>414,041</u>	<u>198,616</u>	<u>(215,425)</u>
Excess (deficiency) of revenues over expenditures	(284,041)	(284,041)	(178,324)	105,717
Fund balance - beginning of year	<u>947,297</u>	<u>947,297</u>	<u>947,297</u>	<u>-</u>
Fund balance - end of year	<u>\$ 663,256</u>	<u>\$ 663,256</u>	<u>\$ 768,973</u>	<u>\$ 105,717</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**EDA Revolving Loan Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment income	\$ -	\$ 15,219	\$ 17,751	\$ 2,532
Principal payments received	-	27,741	26,126	(1,615)
Transfers in	-	-	71,150	71,150
	<u>-</u>	<u>-</u>	<u>71,150</u>	<u>71,150</u>
Total revenues	<u>-</u>	<u>42,960</u>	<u>115,027</u>	<u>72,067</u>
<b>Expenditures</b>				
Economic development	-	8,209	7,223	(986)
Debt service	-	279,665	-	(279,665)
Interest and fiscal charges	<u>-</u>	<u>279,665</u>	<u>-</u>	<u>(279,665)</u>
Total expenditures	<u>-</u>	<u>287,874</u>	<u>7,223</u>	<u>(280,651)</u>
Excess (deficiency) of revenues over expenditures	-	(244,914)	107,804	352,718
Fund balance - beginning of year	<u>258,854</u>	<u>258,854</u>	<u>258,854</u>	<u>-</u>
Fund balance - end of year	<u>\$ 258,854</u>	<u>\$ 13,940</u>	<u>\$ 366,658</u>	<u>\$ 352,718</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Budget and Actual**  
**Public Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 1,495,000	\$ 1,740,800	\$ 1,775,182	\$ 34,382
Interest income	380,000	426,700	230,800	(195,900)
Miscellaneous	-	-	2,511,449	2,511,449
	<u>1,875,000</u>	<u>2,167,500</u>	<u>4,517,431</u>	<u>2,349,931</u>
Total revenues				
<b>Expenditures</b>				
Current				
Recreation and culture	545,943	444,000	427,206	(16,794)
Debt service				
Principal retirement	195,000	195,000	195,000	-
Interest and fiscal charges	407,104	407,104	407,104	-
Transfers out	726,953	1,712,353	1,651,953	(60,400)
	<u>1,875,000</u>	<u>2,758,457</u>	<u>2,681,263</u>	<u>(77,194)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	-	(590,957)	1,836,168	2,427,125
Fund balance - beginning of year	<u>7,499,170</u>	<u>7,499,170</u>	<u>7,499,170</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,499,170</u>	<u>\$ 6,908,213</u>	<u>\$ 9,335,338</u>	<u>\$ 2,427,125</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Parks and Recreation Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 299,089	\$ 299,089	\$ 355,029	\$ 55,940
Investment income	-	-	1,718	1,718
Rental income	-	-	4,010	4,010
Transfers in	<u>235,975</u>	<u>360,975</u>	<u>360,975</u>	<u>-</u>
Total revenues	<u>535,064</u>	<u>660,064</u>	<u>721,732</u>	<u>61,668</u>
<b>Expenditures</b>				
Recreation and culture	<u>609,064</u>	<u>734,064</u>	<u>697,288</u>	<u>(36,776)</u>
Excess (deficiency) of revenues over expenditures	(74,000)	(74,000)	24,444	98,444
Fund balance - beginning of year	<u>75,499</u>	<u>75,499</u>	<u>75,499</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,499</u>	<u>\$ 1,499</u>	<u>\$ 99,943</u>	<u>\$ 98,444</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Senior Citizen Centers Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local contributions	\$ 200,000	\$ 227,652	\$ 200,106	\$ (27,546)
<b>Expenditures</b>				
Current				
Recreation and culture	<u>200,000</u>	<u>227,652</u>	<u>196,270</u>	<u>(31,382)</u>
Excess of revenues over expenditures	-	-	3,836	3,836
Fund balance - beginning of year	<u>4,053</u>	<u>4,053</u>	<u>4,053</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,053</u>	<u>\$ 4,053</u>	<u>\$ 7,889</u>	<u>\$ 3,836</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Building Department Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 1,779,457	\$ 1,779,457	\$ 1,763,018	\$ (16,439)
Federal grants	-	99	195,003	194,904
Charges for services	-	229,730	202,515	(27,215)
Fines and forfeitures	-	-	545	545
Investment income	-	-	4,978	4,978
Transfers in	539,170	539,170	539,170	-
<b>Total revenues</b>	<u>2,318,627</u>	<u>2,548,456</u>	<u>2,705,229</u>	<u>156,773</u>
<b>Expenditures</b>				
Current				
Public safety	2,318,627	2,548,456	2,352,722	(195,734)
Transfers out	-	-	110,000	110,000
<b>Total expenditures</b>	<u>2,318,627</u>	<u>2,548,456</u>	<u>2,462,722</u>	<u>(85,734)</u>
Excess of revenues over expenditures	-	-	242,507	242,507
Fund balance - beginning of year	400,968	400,968	400,968	-
Fund balance - end of year	<u>\$ 400,968</u>	<u>\$ 400,968</u>	<u>\$ 643,475</u>	<u>\$ 242,507</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Garbage Collection Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 5,131,490	\$ 5,131,490	\$ 5,081,301	\$ (50,189)
Licenses and permits	1,000	1,000	740	(260)
Local contributions	-	-	64,729	64,729
Investment income	-	-	7,755	7,755
	<u>5,132,490</u>	<u>5,132,490</u>	<u>5,154,525</u>	<u>22,035</u>
Total revenues	<u>5,132,490</u>	<u>5,132,490</u>	<u>5,154,525</u>	<u>22,035</u>
<b>Expenditures</b>				
Current				
Public works	<u>5,132,490</u>	<u>5,132,490</u>	<u>4,877,476</u>	<u>(255,014)</u>
Excess of revenues over expenditures	-	-	277,049	277,049
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,049</u>	<u>\$ 277,049</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Public Safety Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 3,589,000	\$ 3,589,000	\$ 4,435,187	\$ 846,187
Investment income	-	-	64,942	64,942
Total revenues	<u>3,589,000</u>	<u>3,589,000</u>	<u>4,500,129</u>	<u>911,129</u>
<b>Expenditures</b>				
Current				
Public safety	<u>1,845,828</u>	<u>1,845,828</u>	<u>1,106,325</u>	<u>(739,503)</u>
Excess of revenues over expenditures	1,743,172	1,743,172	3,393,804	1,650,632
Fund balance - beginning of year	<u>5,063,475</u>	<u>5,063,475</u>	<u>5,063,475</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,806,647</u>	<u>\$ 6,806,647</u>	<u>\$ 8,457,279</u>	<u>\$ 1,650,632</u>

**City of Flint**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Street Light Special Revenue Fund**  
**For the Year Ended June 30, 2014**

---

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Other revenue	\$ 2,982,960	\$ 2,982,960	\$ 3,027,676	\$ 44,716
<b>Expenditures</b>				
Current				
Transportation	2,982,960	2,982,960	2,531,893	(451,067)
Excess of revenues over expenditures	-	-	495,783	495,783
Fund balance - beginning of year	213,421	213,421	213,421	-
Fund balance - end of year	<u>\$ 213,421</u>	<u>\$ 213,421</u>	<u>\$ 709,204</u>	<u>\$ 495,783</u>

# INTERNAL SERVICE FUNDS

## ***DATA PROCESSING FUND***

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

## ***FRINGE BENEFITS FUND***

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

## ***CENTRAL MAINTENANCE GARAGE FUND***

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

## ***SELF-INSURANCE FUND***

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

**City of Flint**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ 391,697	\$ 100	\$ 1,497	\$ 393,294
Pooled cash and investments	2,668,910	4,273,086	2,007,118	5,126,024	14,075,138
Accounts receivable	-	16,827	2,890	79,622	99,339
Due from other funds	216,455	1,500,000	2,500,000	-	4,216,455
Inventories	-	-	185,219	-	185,219
Total current assets	<u>2,885,365</u>	<u>6,181,610</u>	<u>4,695,327</u>	<u>5,207,143</u>	<u>18,969,445</u>
Noncurrent assets					
Capital assets, net	<u>512,648</u>	-	<u>335,762</u>	-	<u>848,410</u>
Total assets	<u>3,398,013</u>	<u>6,181,610</u>	<u>5,031,089</u>	<u>5,207,143</u>	<u>19,817,855</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	98,420	3,763,765	46,031	98,108	4,006,324
Accrued and other liabilities	6,711	208,608	7,410	-	222,729
Claims payable - current	-	-	-	276,149	276,149
Current portion of noncurrent liabilities	<u>132,915</u>	-	-	-	<u>132,915</u>
Total current liabilities	<u>238,046</u>	<u>3,972,373</u>	<u>53,441</u>	<u>374,257</u>	<u>4,638,117</u>
Noncurrent liabilities					
Claims payable	-	-	-	360,181	360,181
Long-term debt net of current portion	<u>62,475</u>	-	-	-	<u>62,475</u>
Total liabilities	<u>300,521</u>	<u>3,972,373</u>	<u>53,441</u>	<u>734,438</u>	<u>5,060,773</u>
<b>Net position</b>					
Net investment in capital assets	317,258	-	335,762	-	653,020
Unrestricted	<u>2,780,234</u>	<u>2,209,237</u>	<u>4,641,886</u>	<u>4,472,705</u>	<u>14,104,062</u>
Total net position	<u>\$ 3,097,492</u>	<u>\$ 2,209,237</u>	<u>\$ 4,977,648</u>	<u>\$ 4,472,705</u>	<u>\$ 14,757,082</u>

**City of Flint**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balance**  
**For the Year Ended June 30, 2014**

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self Insurance	Total
<b>Operating revenue</b>					
User charges	\$ 3,259,552	\$ 46,175,026	\$ 3,728,081	\$ 1,927,660	\$ 55,090,319
Other revenue	-	-	1,401	153,445	154,846
Total operating revenue	<u>3,259,552</u>	<u>46,175,026</u>	<u>3,729,482</u>	<u>2,081,105</u>	<u>55,245,165</u>
<b>Operating expenses</b>					
Salaries and benefits	551,257	199,428	1,498,655	348,504	2,597,844
Supplies	2,805	3,543	1,192,402	235	1,198,985
Contractual services	1,405,501	1,518,363	20,297	369,525	3,313,686
Claims	-	-	-	23,518	23,518
Utilities	-	-	32,671	-	32,671
Repairs and maintenance	168,674	615	194,422	-	363,711
Insurance	-	-	-	655,070	655,070
Other expenses	60,294	-	-	1,790	62,084
Costs of materials or services rendered	-	47,568,785	-	-	47,568,785
Depreciation	187,522	-	433,064	-	620,586
Total operating expenses	<u>2,376,053</u>	<u>49,290,734</u>	<u>3,371,511</u>	<u>1,398,642</u>	<u>56,436,940</u>
Operating income (loss)	<u>883,499</u>	<u>(3,115,708)</u>	<u>357,971</u>	<u>682,463</u>	<u>(1,191,775)</u>
<b>Nonoperating revenue (expenses)</b>					
Investment income	20,120	32,047	15,131	38,647	105,945
Interest expense	(111,687)	-	-	-	(111,687)
Total nonoperating revenues (expenses)	<u>(91,567)</u>	<u>32,047</u>	<u>15,131</u>	<u>38,647</u>	<u>(5,742)</u>
Income (loss) before transfers out	791,932	(3,083,661)	373,102	721,110	(1,197,517)
Transfers out	(283,545)	(787,998)	-	-	(1,071,543)
Change in net position	508,387	(3,871,659)	373,102	721,110	(2,269,060)
Net position - beginning of year, restated	<u>2,589,105</u>	<u>6,080,896</u>	<u>4,604,546</u>	<u>3,751,595</u>	<u>17,026,142</u>
Net position - end of year	<u>\$ 3,097,492</u>	<u>\$ 2,209,237</u>	<u>\$ 4,977,648</u>	<u>\$ 4,472,705</u>	<u>\$ 14,757,082</u>

**City of Flint**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	<u>Data Processing</u>	<u>Fringe Benefits</u>	<u>Central Maintenance Garage</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 3,259,552	\$ 46,235,280	\$ 3,728,607	\$ 2,001,683	\$ 55,225,122
Receipts from other funds	283,545	-	-	3,369,794	3,653,339
Payments to suppliers	(1,570,277)	(48,766,396)	(1,451,673)	(886,517)	(52,674,863)
Payments to employees	(551,257)	(199,428)	(1,498,655)	(348,504)	(2,597,844)
Claims paid	-	-	-	(882,964)	(882,964)
Net cash provided (used) by operating activities	<u>1,421,563</u>	<u>(2,730,544)</u>	<u>778,279</u>	<u>3,253,492</u>	<u>2,722,790</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers to other funds	<u>(283,545)</u>	<u>(787,998)</u>	-	-	<u>(1,071,543)</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases/construction of capital assets	-	-	(88,338)	-	(88,338)
Principal and interest paid on long-term debt	<u>(291,539)</u>	-	-	-	<u>(291,539)</u>
Net cash provided (used) by capital and related financing activities	<u>(291,539)</u>	-	<u>(88,338)</u>	-	<u>(379,877)</u>
<b>Cash flows from investing activities</b>					
Interest received	<u>20,120</u>	<u>32,047</u>	<u>15,131</u>	<u>38,647</u>	<u>105,945</u>
Net increase (decrease) in cash and cash equivalents	866,599	(3,486,495)	705,072	3,292,139	1,377,315
Cash and cash equivalents - beginning of year	<u>1,802,311</u>	<u>8,151,278</u>	<u>1,302,146</u>	<u>1,835,382</u>	<u>13,091,117</u>
Cash and cash equivalents - end of year	<u>\$ 2,668,910</u>	<u>\$ 4,664,783</u>	<u>\$ 2,007,218</u>	<u>\$ 5,127,521</u>	<u>\$ 14,468,432</u>

**City of Flint**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	<u>Data Processing</u>	<u>Fringe Benefits</u>	<u>Central Maintenance Garage</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 883,499	\$ (3,115,708)	\$ 357,971	\$ 682,463	\$ (1,191,775)
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	187,522	-	433,064	-	620,586
Changes in assets and liabilities					
Receivables (net)	-	60,254	(875)	(79,422)	(20,043)
Due from other funds	283,545	-	-	3,369,794	3,653,339
Inventories	-	-	(15,316)	-	(15,316)
Prepaid items	-	-	-	84,152	84,152
Accounts payable	84,130	1,429,753	22,950	56,997	1,593,830
Accrued and other liabilities	(17,133)	(1,018,087)	(19,515)	(1,046)	(1,055,781)
Unearned revenue	-	(86,756)	-	-	(86,756)
Claims payable	-	-	-	(859,446)	(859,446)
Net cash provided (used) by operating activities	<u>\$ 1,421,563</u>	<u>\$ (2,730,544)</u>	<u>\$ 778,279</u>	<u>\$ 3,253,492</u>	<u>\$ 2,722,790</u>

## **PENSION AND BENEFIT TRUST FUNDS**

### ***DEATH BENEFITS FUND***

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

### ***HEALTH BENEFITS PLAN AND TRUST***

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

### ***HURLEY MEDICAL CENTER HEALTH BENEFIT PLAN AND TRUST***

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

## **AGENCY FUNDS**

### ***MISCELLANEOUS AGENCY FUND***

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

### ***COUNTY REVOLVING LOAN FUND***

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

**City of Flint**  
**Other Supplemental Information**  
**Combining Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2014**

	Pension Trust Funds				Agency Funds		
	Death Benefit	Health Benefits Plan and Trust	Hurley Retiree Health Benefit Fund	Total Pension and Benefit Trust Funds	Miscellaneous Agency	County Revolving Loan	Total Agency Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 689,020	\$ 437,927	\$ 2,844,374	\$ 3,971,321	\$ 721,295	\$ 556,285	\$ 1,277,580
Pooled cash and investments	-	-	-	-	1,370,090	-	1,370,090
Investments							
U.S. government obligations	-	-	89,823	89,823	-	-	-
Agency securities	-	-	12,868,606	12,868,606	-	-	-
Corporate stocks	-	-	17,667,856	17,667,856	-	-	-
Corporate bonds	-	-	7,954,808	7,954,808	-	-	-
Receivables							
Taxes	-	-	-	-	3,264,429	-	3,264,429
Other	-	-	165,499	165,499	-	-	-
 Total assets	<u>689,020</u>	<u>437,927</u>	<u>41,590,966</u>	<u>42,717,913</u>	<u>\$ 5,355,814</u>	<u>\$ 556,285</u>	<u>\$ 5,912,099</u>
<b>Liabilities</b>							
Accounts payable	174,500	300,000	-	474,500	426,914	5	426,919
Due to other units of government	-	-	-	-	4,035,865	556,280	4,592,145
Deposits and advances	-	-	-	-	893,035	-	893,035
 Total liabilities	<u>174,500</u>	<u>300,000</u>	<u>-</u>	<u>474,500</u>	<u>\$ 5,355,814</u>	<u>\$ 556,285</u>	<u>\$ 5,912,099</u>
 <b>Net Position Held in Trust for Pension and other Employee Benefits</b>	<u>\$ 514,520</u>	<u>\$ 137,927</u>	<u>\$ 41,590,966</u>	<u>\$ 42,243,413</u>			

**City of Flint**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2014**

	<u>Death Benefit</u>	<u>Health Benefits Plan and Trust</u>	<u>Hurley Retiree Health Benefit Fund</u>	<u>Total Pension and Benefit Trust Funds</u>
<b>Additions</b>				
Contributions				
Employer	\$ -	\$ -	\$ 3,743,000	\$ 3,743,000
Retiree	-	-	1,978,257	1,978,257
Employee	-	123,631	-	123,631
Total contributions	<u>-</u>	<u>123,631</u>	<u>5,721,257</u>	<u>5,844,888</u>
Investment earnings (expenses)				
Interest and dividends	48,555	59	836,224	884,838
Investment related expenses	-	-	(205,444)	(205,444)
Change in fair value	66,540	-	3,430,335	3,496,875
Total investment earnings	<u>115,095</u>	<u>59</u>	<u>4,061,115</u>	<u>4,176,269</u>
Total additions	<u>115,095</u>	<u>123,690</u>	<u>9,782,372</u>	<u>10,021,157</u>
<b>Deductions</b>				
Benefits	103,500	-	5,720,854	5,824,354
Administrative expenses	151	-	-	151
Total deductions	<u>103,651</u>	<u>-</u>	<u>5,720,854</u>	<u>5,824,505</u>
Change in net position	11,444	123,690	4,061,518	4,196,652
Net position - beginning of year	<u>503,076</u>	<u>14,237</u>	<u>37,529,448</u>	<u>38,046,761</u>
Net position - end of year	<u>\$ 514,520</u>	<u>\$ 137,927</u>	<u>\$ 41,590,966</u>	<u>\$ 42,243,413</u>

**City of Flint**  
**Other Supplemental Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Miscellaneous Agency</b>				
Assets				
Cash and cash equivalents	\$ 720,573	\$ 750	\$ 28	\$ 721,295
Receivables	3,118,795	67,420,669	67,275,035	3,264,429
Pooled cash and investments	1,404,766	51,107,870	51,142,546	1,370,090
Total assets	<u>\$ 5,244,134</u>	<u>\$ 118,529,289</u>	<u>\$ 118,417,609</u>	<u>\$ 5,355,814</u>
Liabilities				
Accounts payable	\$ 639,480	\$ 1,047,667	\$ 1,260,233	\$ 426,914
Due to other governmental units	3,650,902	59,118,481	58,733,518	4,035,865
Deposits and advances	953,752	371,860	432,577	893,035
Total liabilities	<u>\$ 5,244,134</u>	<u>\$ 60,538,008</u>	<u>\$ 60,426,328</u>	<u>\$ 5,355,814</u>
<b>County Revolving Loan</b>				
Assets				
Cash and cash equivalents	\$ 556,607	\$ 26,240	\$ 26,562	\$ 556,285
Liabilities				
Accounts payable	\$ 205	\$ 1,835	\$ 2,035	\$ 5
Due to other governmental units	556,402	25,656	25,778	556,280
Total liabilities	<u>\$ 556,607</u>	<u>\$ 27,491</u>	<u>\$ 27,813</u>	<u>\$ 556,285</u>
<b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 1,277,180	\$ 26,990	\$ 26,590	\$ 1,277,580
Pooled cash and investments	1,404,766	51,107,870	51,142,546	1,370,090
Receivables	3,118,795	67,420,669	67,275,035	3,264,429
Total assets	<u>\$ 5,800,741</u>	<u>\$ 118,555,529</u>	<u>\$ 118,444,171</u>	<u>\$ 5,912,099</u>
Liabilities				
Accounts payable	\$ 639,685	\$ 1,049,502	\$ 1,262,268	\$ 426,919
Due to other governmental units	4,207,304	59,144,137	58,759,296	4,592,145
Deposits and advances	953,752	371,860	432,577	893,035
Total liabilities	<u>\$ 5,800,741</u>	<u>\$ 60,565,499</u>	<u>\$ 60,454,141</u>	<u>\$ 5,912,099</u>

## STATISTICAL SECTION

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

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

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

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

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

**City of Flint**  
**Statistical Section (unaudited)**  
**GASB Statement 44, Economic Condition Reporting**  
**June 30, 2014**

---

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

**Financial Trends:**

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

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

**Revenue Capacity:**

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

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

**Debt Capacity:**

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

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

**Demographic and Economic Information:**

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

Demographic and Economic Statistics	Schedule 15
Principal Employers	Schedule 16

**Operating & Resource Information:**

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

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

**Flint Employees' Retirement System:**

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

Comparative Schedule - Actuarial Valuations	Schedule 20
---	-------------

**City of Flint**  
**Statistical Section**  
**Financial Trend Information - Schedule 1**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities:</b>										
Invested in capital assets, net of related debt	\$ 138,186,259	\$ 131,561,717	\$ 152,133,527	\$ 190,526,479	\$ 184,617,905	\$ 180,811,443	\$ 176,533,920	\$ 164,557,732	\$ 153,329,640	\$ 138,929,966
Restricted	21,199,405	23,125,198	20,433,487	21,090,174	19,700,865	9,401,616	8,886,933	7,712,381	25,690,959	40,976,633
Unrestricted	(10,288,651)	346,817	(10,068,901)	(66,676,216)	(94,639,303)	(120,251,900)	(148,784,633)	(149,241,234)	(158,391,840)	(151,887,277)
<b>Total net position</b>	<b>\$ 149,097,013</b>	<b>\$ 155,033,732</b>	<b>\$ 162,498,113</b>	<b>\$ 144,940,437</b>	<b>\$ 109,679,467</b>	<b>\$ 69,961,159</b>	<b>\$ 36,636,220</b>	<b>\$ 23,028,879</b>	<b>\$ 20,628,759</b>	<b>\$ 28,019,322</b>
<b>Business Type Activities:</b>										
Invested in capital assets, net of related debt	\$ 107,239,606	\$ 108,506,065	\$ 111,838,676	\$ 121,424,230	\$ 123,161,141	\$ 125,632,814	\$ 127,847,276	\$ 84,181,963	\$ 78,604,810	\$ 76,669,716
Restricted	7,586,825	8,855,044	8,986,780	10,289,006	11,106,759	10,761,281	11,432,623	5,585,334	4,385,534	5,848,116
Unrestricted	143,675,288	131,574,217	111,956,070	97,377,129	88,481,489	65,053,326	43,022,814	(8,458,664)	8,278,835	13,212,790
<b>Total net position</b>	<b>\$ 258,501,719</b>	<b>\$ 248,935,326</b>	<b>\$ 232,781,526</b>	<b>\$ 229,090,365</b>	<b>\$ 222,749,389</b>	<b>\$ 201,447,421</b>	<b>\$ 182,302,713</b>	<b>\$ 81,308,633</b>	<b>\$ 91,269,179</b>	<b>\$ 95,730,622</b>
<b>Primary government in total:</b>										
Invested in capital assets, net of related debt	\$ 245,425,865	\$ 240,067,782	\$ 263,972,203	\$ 311,950,709	\$ 307,779,046	\$ 306,444,257	\$ 304,381,196	\$ 248,739,695	\$ 231,934,450	\$ 215,599,682
Restricted	28,786,230	31,980,242	29,420,267	31,379,180	30,807,624	20,162,897	20,319,556	13,297,715	30,076,493	46,824,749
Unrestricted	133,386,637	131,921,034	101,887,169	30,700,913	(6,157,814)	(55,198,574)	(105,761,819)	(157,699,898)	(150,113,005)	(138,674,487)
<b>Total net position</b>	<b>\$ 407,598,732</b>	<b>\$ 403,969,058</b>	<b>\$ 395,279,639</b>	<b>\$ 374,030,802</b>	<b>\$ 332,428,856</b>	<b>\$ 271,408,580</b>	<b>\$ 218,938,933</b>	<b>\$ 104,337,512</b>	<b>\$ 111,897,938</b>	<b>\$ 123,749,944</b>

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

**City of Flint**  
**Statistical Section**  
**Financial Trend Information - Schedule 2**  
**Changes in Governmental Net Position**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
General government	\$ 35,828,206	\$ 20,733,886	\$ 22,445,665	\$ 30,126,082	\$ 28,617,291	\$ 26,999,131	\$ 18,640,073	\$ 12,034,876	\$ 7,880,521	\$ 7,691,189
Judicial	3,883,382	5,329,461	5,838,951	8,820,013	6,681,529	7,549,727	7,504,547	3,673,809	5,095,682	5,031,863
Public Safety	30,608,495	45,291,068	49,833,782	78,048,619	61,324,633	57,784,496	53,062,194	42,196,455	39,022,487	41,576,320
Building inspection	1,698,197	4,386,646	3,672,350	5,063,848	5,277,613	6,332,983	8,610,149	7,049,138	4,017,923	2,452,420
Public works	25,428,339	19,488,952	40,305,844	30,519,397	31,907,385	27,224,651	28,549,114	25,942,018	22,978,241	27,278,596
Community enrichment and developm	6,805,959	9,708,503	6,467,573	6,163,998	6,620,929	10,835,034	16,541,698	14,668,606	19,981,427	6,751,200
Parks and recreation	3,106,729	4,506,042	5,596,244	7,610,803	6,147,632	5,431,010	6,803,411	4,455,354	2,864,223	3,096,360
Interest on long-term debt	313,032	436,774	824,536	1,091,347	1,122,341	806,637	1,132,521	1,361,513	1,021,815	1,203,196
<b>Total governmental activities</b>	<b>107,672,339</b>	<b>109,881,332</b>	<b>134,984,945</b>	<b>167,444,107</b>	<b>147,699,353</b>	<b>142,963,669</b>	<b>140,843,707</b>	<b>111,381,769</b>	<b>102,862,319</b>	<b>95,081,144</b>
<b>Program revenues:</b>										
Charges for services										
General government	11,775,239	12,750,497	13,731,733	16,502,110	14,002,474	15,083,436	17,281,364	8,105,345	10,652,009	8,175,025
Judicial	7,181	2,237,892	2,470,636	2,663,984	2,339,395	2,094,107	1,668,559	1,594,061	1,696,157	1,826,600
Public Safety	5,039,718	3,469,635	4,055,880	5,100,191	4,460,730	3,291,583	2,878,264	2,594,216	3,180,137	2,180,536
Building inspection	1,404,790	1,961,099	1,483,269	1,501,849	1,736,737	1,728,460	3,173,389	3,949,658	2,062,378	2,004,074
Public works	127,111	112,275	15,715,702	8,221	9,124	267,712	186,105	63,496	65,025	35,085
Community enrichment and development	218,020	152,119	499,645	147,744	69,749	564,698	53,960	11,371	1,659	6,816
Parks and recreation	52,367	33,370	40,679	53,999	44,512	30,193	554,742	229,710	10,075	4,190
<b>Total charges for services</b>	<b>18,624,426</b>	<b>20,716,887</b>	<b>37,997,544</b>	<b>25,978,098</b>	<b>22,662,721</b>	<b>23,060,189</b>	<b>25,796,383</b>	<b>16,547,857</b>	<b>17,667,440</b>	<b>14,232,326</b>
Operating grants and contributions	15,466,318	21,701,007	20,341,109	19,590,161	17,154,589	22,074,893	27,243,104	20,903,212	14,213,238	14,562,573
Capital grants and contributions	1,983,974	4,523,574	18,063,785	8,850,442	10,162,836	4,436,527	6,414,945	13,290,515	21,872,060	11,218,347
<b>Total program revenue</b>	<b>36,074,718</b>	<b>46,941,468</b>	<b>76,402,438</b>	<b>54,418,701</b>	<b>49,980,146</b>	<b>49,571,609</b>	<b>59,454,432</b>	<b>50,741,584</b>	<b>53,752,738</b>	<b>40,013,246</b>
<b>Net (expense) revenue</b>	<b>(71,597,621)</b>	<b>(62,939,864)</b>	<b>(58,582,507)</b>	<b>(113,025,406)</b>	<b>(97,719,207)</b>	<b>(93,392,060)</b>	<b>(81,389,275)</b>	<b>(60,640,185)</b>	<b>(49,109,581)</b>	<b>(55,067,898)</b>
<b>General revenues:</b>										
Property taxes	27,186,359	25,441,852	24,905,192	25,602,458	24,343,118	19,224,393	18,142,422	14,263,876	21,722,352	21,292,833
Income taxes	20,681,150	19,660,536	18,603,312	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999	14,674,274	13,038,276
State-shared revenues	19,760,886	19,541,013	18,959,082	18,959,082	18,466,481	16,424,091	16,424,088	13,103,186	13,667,182	14,140,573
Franchise fees	-	1,022,191	1,036,958	1,045,656	1,112,359	1,139,147	1,215,745	1,167,325	1,084,668	1,048,150
Unrestricted investment earnings	873,119	2,875,063	2,502,919	2,133,630	1,109,633	624,699	507,915	632,134	445,325	860,821
Unrestricted grants and contributions	1,054,290	-	-	-	-	-	-	-	-	-
Unrestricted earnings	221,401	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	335,928	39,425	35,610	69,084	(327,551)	-	-	1,046,990	16,800
Miscellaneous revenue	-	-	-	150,975	-	54,549	84,408	36,324	1,203,070	2,942,613
<b>Total general revenues</b>	<b>69,777,205</b>	<b>68,876,583</b>	<b>66,046,888</b>	<b>64,443,827</b>	<b>59,378,614</b>	<b>50,690,575</b>	<b>50,770,924</b>	<b>44,042,844</b>	<b>53,843,861</b>	<b>53,340,066</b>
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	250,179	-	-	-	3,079,623	2,983,177	5,670,849	2,990,000	2,990,000	2,990,000
<b>Change in net position</b>	<b>\$ (1,570,237)</b>	<b>\$ 5,936,719</b>	<b>\$ 7,464,381</b>	<b>\$ (48,581,579)</b>	<b>\$ (35,260,970)</b>	<b>\$ (39,718,308)</b>	<b>\$ (24,947,502)</b>	<b>\$ (13,607,341)</b>	<b>\$ 7,724,280</b>	<b>\$ 1,262,168</b>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Operating revenue</b>										
Sale of water	\$ 30,875,582	\$ 34,177,436	\$ 33,172,084	\$ 33,956,858	\$ 34,080,677	\$ 31,956,754	\$ 36,762,663	\$ 44,850,678	\$ 49,880,827	\$ 43,552,152
Sewage disposal charges	20,985,941	18,782,008	17,918,595	17,143,474	17,836,304	15,957,087	17,637,811	23,214,899	32,025,929	28,605,162
Hurley Medical Center	341,685,734	327,335,663	347,856,879	332,199,875	351,792,875	360,903,987	354,078,435	-	-	-
Other charges for services	1,165,773	1,035,664	1,030,999	891,241	1,098,854	583,498	-	3,761	23,041	-
<b>Total operating revenue</b>	<b>394,713,030</b>	<b>381,330,771</b>	<b>399,978,557</b>	<b>384,191,448</b>	<b>404,808,710</b>	<b>409,401,326</b>	<b>408,478,909</b>	<b>68,069,338</b>	<b>81,929,797</b>	<b>72,157,314</b>
<b>Operating expenses</b>										
Cost of water produced/purchased	15,551,071	15,779,772	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,251,448	23,308,800	21,508,040
Water supply	9,565,732	10,637,184	12,572,311	15,145,174	16,966,375	17,829,720	17,050,216	15,600,804	14,429,553	17,381,525
Sewage disposal	14,377,716	15,676,866	31,514,909	21,531,917	21,118,123	25,923,101	24,780,913	20,249,253	21,203,557	20,180,686
Hurley Medical Center	333,154,375	328,655,402	337,602,912	319,553,166	335,354,672	343,633,278	339,408,386	-	-	-
Nonmajor Enterprise funds	744,469	999,994	1,332,660	1,625,295	1,203,591	1,156,400	-	-	-	-
Depreciation	21,016,396	19,612,798	18,902,668	19,196,772	20,877,152	20,394,544	19,529,104	10,056,150	7,538,013	8,806,180
<b>Total operating expenses</b>	<b>394,409,759</b>	<b>391,362,016</b>	<b>417,977,466</b>	<b>393,350,195</b>	<b>412,941,576</b>	<b>426,040,795</b>	<b>421,688,606</b>	<b>67,157,655</b>	<b>66,479,923</b>	<b>67,876,431</b>
<b>Operating income (loss)</b>	<b>303,271</b>	<b>(10,031,245)</b>	<b>(17,998,909)</b>	<b>(9,158,747)</b>	<b>(8,132,866)</b>	<b>(16,639,469)</b>	<b>(13,209,697)</b>	<b>911,683</b>	<b>15,449,874</b>	<b>4,280,883</b>
<b>Nonoperating revenue (expense)</b>										
Investment income	3,266,633	1,932,514	7,011,989	6,382,545	4,488,845	2,186,379	2,048,499	209,179	945	155,578
Interest expense	(3,257,534)	(4,673,513)	(4,620,131)	(4,739,233)	(4,717,484)	(4,528,788)	(4,594,996)	(694,504)	(787,584)	(572,376)
Income (loss) from joint ventures	2,677,943	2,734,278	(965,390)	3,639,181	2,327,524	742,126	1,469,880	-	-	-
Gain (loss) on disposal of assets	125,583	(712,535)	(324,965)	(653,040)	(313,727)	(165,327)	-	-	(1,856,694)	3,593,677
Capital grants and contributions	1,110,785	1,184,108	743,606	838,132	476,760	(42,567)	797,749	-	99,240	-
Miscellaneous revenue	-	-	-	-	-	-	-	51,215	44,765	(6,319)
<b>Income (loss) - before transfers</b>	<b>4,226,681</b>	<b>(9,566,393)</b>	<b>(16,153,800)</b>	<b>(3,691,162)</b>	<b>(5,870,948)</b>	<b>(18,447,646)</b>	<b>(13,488,565)</b>	<b>477,573</b>	<b>12,950,546</b>	<b>7,451,443</b>
Grants for capital improvements	-	-	-	-	199,596	128,855	14,706	-	-	-
Transfers from other funds	736,405	-	-	-	2,320,377	6,823	285,992	-	-	800,000
Transfers to other funds	(986,584)	-	-	-	(2,990,000)	(2,990,000)	(5,956,841)	(2,990,000)	(2,990,000)	(3,790,000)
<b>Change in net position</b>	<b>3,976,502</b>	<b>(9,566,393)</b>	<b>(16,153,800)</b>	<b>(3,691,162)</b>	<b>(6,340,975)</b>	<b>(21,301,968)</b>	<b>(19,144,708)</b>	<b>(2,512,427)</b>	<b>9,960,546</b>	<b>4,461,443</b>
<b>Change in net position - primary government</b>	<b>\$ 2,406,265</b>	<b>\$ (3,629,674)</b>	<b>\$ (8,689,419)</b>	<b>\$(52,272,741)</b>	<b>\$(41,601,945)</b>	<b>\$(61,020,276)</b>	<b>\$(44,092,210)</b>	<b>\$(16,119,768)</b>	<b>\$ 17,684,826</b>	<b>\$ 5,723,611</b>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>
<b>General fund</b>										
Restricted	\$ 19,388	\$ 1,222,171	\$ 68,624	\$ 177,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	1,586,995	-	-	-
Unreserved, designated for City jail	-	-	1,235,672	-	-	-	-	-	-	-
Assigned	1,572,584	2,512,158	3,817,088	-	-	-	-	-	-	-
Unassigned (deficit)	<u>4,507,985</u>	<u>5,180,925</u>	<u>1,230,310</u>	<u>(7,046,820)</u>	<u>(10,113,744)</u>	<u>(14,621,546)</u>	<u>(8,863,134)</u>	<u>(19,184,850)</u>	<u>(12,895,642)</u>	<u>(8,961,427)</u>
<b>Total general fund (deficit)</b>	<b>6,099,957</b>	<b>8,915,254</b>	<b>6,351,694</b>	<b>(6,869,370)</b>	<b>(10,113,744)</b>	<b>(14,621,546)</b>	<b>(7,276,139)</b>	<b>(19,184,850)</b>	<b>(12,895,642)</b>	<b>(8,961,427)</b>
<b>All other governmental funds</b>										
Restricted	3,392,943	6,110,321	5,187,345	2,279,414	2,021,691	1,749,242	-	-	826,744	1,261,017
Nonspendable	-	-	-	-	-	-	1,180,246	-	-	-
Assigned	8,539,080	8,485,398	7,519,456	3,591,002	7,190,250	1,872,197	-	-	-	-
Restricted, reported in:										
Special revenue funds	7,931,807	6,254,926	5,358,369	8,619,573	8,321,188	931,077	4,245,293	5,378,647	4,738,394	17,887,625
Debt service funds	6,578	6,721	7,067	7,163	7,163	7,163	7,163	7,163	7,163	7,962
Capital projects funds	87,638	996,232	812,881	3,460,669	304,138	1,831,338	1,657,446	1,630,490	2,597,719	9,335,338
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total all other governmental funds</b>	<b>19,958,046</b>	<b>21,853,598</b>	<b>18,885,118</b>	<b>17,957,821</b>	<b>17,844,430</b>	<b>6,391,017</b>	<b>7,091,815</b>	<b>7,016,300</b>	<b>8,170,020</b>	<b>28,491,942</b>
<b>Total governmental fund balance</b>	<b>\$ 26,058,003</b>	<b>\$ 30,768,852</b>	<b>\$ 25,236,812</b>	<b>\$ 11,088,451</b>	<b>\$ 7,730,686</b>	<b>\$ (8,230,529)</b>	<b>\$ (184,324)</b>	<b>\$(12,168,550)</b>	<b>\$ (4,725,622)</b>	<b>\$ 19,530,515</b>

In 2011, there was a prior period adjustment in the General Fund, see Note 1

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenue</b>										
Property taxes	\$ 24,852,131	\$ 25,324,052	\$ 25,914,497	\$ 25,761,449	\$ 24,890,597	\$ 19,169,740	\$ 18,035,252	\$ 14,409,390	19,213,064	18,189,649
Income taxes	20,670,108	19,660,536	18,717,312	16,516,416	14,277,939	13,551,247	14,396,346	14,839,999	14,674,274	13,038,276
Special assessments	327,834	174,930	54,225	39,947	211,682	41,479	-	-	-	-
Federal revenue	6,055,201	7,546,232	9,813,891	7,098,114	7,538,586	12,414,929	19,718,598	21,573,103	23,822,041	20,035,608
State-shared revenues (and grants)	30,377,126	33,546,805	29,486,652	29,890,165	29,839,715	27,770,303	26,927,022	22,544,231	24,262,024	19,467,727
Licenses and permits	2,546,380	2,574,399	2,182,735	2,274,072	2,348,165	2,440,648	3,220,060	2,639,995	3,410,508	1,502,536
Fines and forfeitures	2,801,511	2,603,615	3,517,872	3,577,563	3,429,032	2,470,584	2,087,179	2,148,127	2,415,648	3,090,045
Charges for services	7,713,078	9,426,545	10,108,460	10,376,662	11,708,234	11,230,300	12,487,478	12,486,081	11,594,534	9,627,796
Local grants	778,851	931,252	633,911	1,413,470	2,510,298	1,961,589	-	-	-	632,458
Interest and other	2,561,743	3,796,181	4,046,407	3,499,428	2,732,572	2,825,591	12,104,122	3,624,681	7,142,900	7,016,496
<b>Total revenue</b>	<b>98,683,963</b>	<b>105,584,547</b>	<b>104,475,962</b>	<b>100,447,286</b>	<b>99,486,820</b>	<b>93,876,410</b>	<b>108,976,057</b>	<b>94,265,607</b>	<b>106,534,993</b>	<b>92,600,591</b>
<b>Expenditures</b>										
Current:										
Legislative	915,521	1,274,989	1,100,228	1,164,844	1,196,266	1,176,953	1,226,475	1,214,229	344,227	338,638
Judicial	5,156,051	5,325,026	5,834,563	6,367,737	5,113,532	5,468,994	5,292,589	5,595,856	4,955,003	5,181,415
General government	12,388,079	12,385,713	12,468,418	13,094,727	11,862,417	10,976,896	16,875,964	10,905,195	7,999,801	7,466,619
Public safety	41,437,041	44,067,519	49,277,571	57,195,849	47,262,636	44,823,709	42,520,146	41,397,991	44,194,639	42,371,672
Building inspections	2,883,968	4,669,425	3,943,583	4,624,961	4,266,994	6,604,061	7,335,776	7,013,352	4,170,534	2,444,768
Public works	23,064,773	20,743,060	21,802,572	34,462,549	20,571,899	20,379,499	16,950,515	15,775,327	15,285,853	14,608,856
Parks & Recreation	3,810,410	4,254,071	5,257,766	6,000,142	4,538,348	4,340,478	9,278,896	15,383,788	8,328,093	2,729,358
Community development	4,014,867	9,391,721	7,587,157	5,973,575	6,398,469	14,899,707	8,285,404	8,427,928	9,379,517	6,750,331
Debt Service:										
Principal	1,628,048	2,844,077	1,639,228	2,076,203	2,035,905	2,292,187	2,040,435	941,435	896,977	1,218,524
Interest and fiscal charges	313,032	436,945	586,217	738,835	881,328	675,147	623,873	837,291	1,038,376	1,203,212
<b>Total expenditures</b>	<b>95,611,790</b>	<b>105,392,546</b>	<b>109,497,303</b>	<b>131,699,422</b>	<b>104,127,794</b>	<b>111,637,631</b>	<b>110,430,073</b>	<b>107,492,392</b>	<b>96,593,020</b>	<b>84,313,393</b>
<b>Excess of revenue over (under) expenditures</b>	<b>3,072,173</b>	<b>192,001</b>	<b>(5,021,341)</b>	<b>(31,252,136)</b>	<b>(4,640,974)</b>	<b>(17,761,221)</b>	<b>(1,454,016)</b>	<b>(13,226,785)</b>	<b>9,941,973</b>	<b>8,287,198</b>
Other Financing Sources (Uses)										
Debt issuance	8,000,000	3,840,000	-	18,369,192	1,875,000	-	8,000,000	-	-	-
Sale of fixed assets	221,403	678,848	39,425	35,610	7,782	54,195	1,750	24,300	100	16,800
Interest expense	-	-	-	-	(104,697)	-	-	-	-	-
Transfers in	4,701,209	4,569,980	1,306,256	776,424	5,361,005	3,581,463	6,855,239	7,594,781	5,518,457	6,669,791
Transfers out	(4,669,738)	(4,569,980)	(1,856,380)	(2,077,451)	(5,960,578)	(1,835,652)	(5,356,768)	(6,376,522)	(1,028,457)	(2,608,248)
<b>Total other financing sources (uses)</b>	<b>8,252,874</b>	<b>4,518,848</b>	<b>(510,699)</b>	<b>17,103,775</b>	<b>1,178,512</b>	<b>1,800,006</b>	<b>9,500,221</b>	<b>1,242,559</b>	<b>4,490,100</b>	<b>4,078,343</b>
<b>Net change in fund balances</b>	<b>11,325,047</b>	<b>4,710,849</b>	<b>(5,532,040)</b>	<b>(14,148,361)</b>	<b>(3,462,462)</b>	<b>(15,961,215)</b>	<b>8,046,205</b>	<b>(11,984,226)</b>	<b>14,432,073</b>	<b>12,365,541</b>
Fund balances - beginning of year	14,732,956	26,058,003	30,768,852	25,236,812	11,088,451	7,730,686	(8,230,529)	(184,324)	(12,168,550)	7,164,974
<b>Fund balances - end of year</b>	<b>\$ 26,058,003</b>	<b>\$ 30,768,852</b>	<b>\$ 25,236,812</b>	<b>\$ 11,088,451</b>	<b>\$ 7,625,989</b>	<b>\$ (8,230,529)</b>	<b>\$ (184,324)</b>	<b>\$ (12,168,550)</b>	<b>\$ 2,263,523</b>	<b>\$ 19,530,515</b>

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

**City of Flint**  
**Statistical Section**  
**Revenue Capacity Information - Schedule 6**  
**Taxable Value and Actual Value of Taxable Property**  
**Since 2001 - Last Fourteen Fiscal Years**

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Total Taxable Value	Tax Rate (mills)	Estimated Actual Value	Taxable	Facilities Tax
		Real Property:				Personal Property				Value as a % of Actual	Abated Taxable Value
		Residential	Commercial	Industrial							
2001	2002	\$ 735,141,459	\$ 213,306,825	\$ 195,586,761	\$ 395,076,836	\$ 1,539,111,881	56.8956	\$ 3,511,923,954	43.83%	\$ 92,409,000	
2002	2003	773,884,137	221,047,898	187,870,246	387,314,141	1,570,116,422	56.8103	3,607,345,434	43.53%	90,951,800	
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500	
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600	
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151	
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751	
2007	2008	943,643,241	233,136,810	204,025,343	317,960,800	1,698,766,194	58.6748	3,932,588,200	43.20%	103,753,679	
2008	2009	944,469,331	224,215,379	188,255,857	286,484,300	1,643,424,867	58.6748	3,821,928,000	43.00%	84,654,733	
2009	2010	898,762,329	217,485,191	168,241,617	221,121,300	1,505,610,437	58.6750	3,296,817,600	45.67%	83,166,191	
2010	2011	799,683,301	216,082,248	146,733,154	142,622,700	1,305,121,403	65.3850	2,786,085,200	46.84%	74,687,017	
2011	2012	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005	62.8550	2,383,030,600	48.12%	48,290,169	
2012	2013	505,714,706	196,112,442	129,649,913	158,959,800	991,241,706	66.3548	1,938,259,600	51.14%	42,861,946	
2013	2014	362,867,708	181,351,218	77,833,577	154,602,400	776,654,903	66.4550	1,590,344,800	48.84%	27,773,300	
2014	2015	358,826,466	174,669,232	78,779,274	146,551,100	754,826,072	66.4550	1,563,630,500	48.27%	17,607,300	

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

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

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

Source: City Assessor

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

Tax Year	Millage Rates - Direct City Taxes							Overlapping Tax Rates*				Tax Year
	General Operating	Public Improvements	Police	Public Transp	Parks & Rec	Public Safety	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County	County Parks & Recreation	
2000	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4910	5.5780	0.4910	2000
2001	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4906	5.5735	0.4906	2001
2002	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4886	5.5512	0.4886	2002
2003	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4861	5.5228	0.4861	2003
2004	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849	2004
2005	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5095	0.4849	2005
2006	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4849	5.5072	0.4849	2006
2007	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2007
2008	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2008
2009	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2009
2010	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2010
2011	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2011
2012	7.5000	2.5000	2.0000	0.6000	0.5000	0.0000	13.1000	3.0000	0.4847	7.2072	0.4847	2012
2013	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.3072	0.4847	2013
2014	7.5000	2.5000	2.0000	0.6000	0.5000	6.0000	19.1000	-	0.4847	7.3072	0.4847	2014

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.

Source: City As: City Audit Dept. / City Assessor

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

Overlapping Tax Rates*								Total Tax Rate	
Bishop Airport	MTA	District Library	Michigan S.E.T.	Mott Community College	Intermediate School District	School: Homestead	School: Non-homestead	Homestead	Non-homestead
0.4910	0.3988	2.9000	6.0000	1.8694	3.5894	0.0000	18.0000	37.9086	55.9086
0.4906	0.3996	2.9000	6.0000	2.8672	3.5835	0.0000	18.0000	38.8956	56.8956
0.4886	0.3980	2.9000	6.0000	2.8280	3.5673	0.0000	18.0000	38.8103	56.8103
0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8548	62.8548
0.4847	0.8000	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8550	62.8550
0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.4550	66.4550
0.4847	0.8000	3.4000	6.0000	2.8596	3.5341	4.0000	22.0000	48.4550	66.4550

**City of Flint**  
**Statistical Section**  
**Revenue Capacity Information - Schedule 8**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2014			2005		
	Assessed Value	Rank	Total City Assessed Value	Assessed Value	Rank	Total City Assessed Value
Consumers Power Co	\$ 60,287,200	1	7.71%	\$ 41,305,900	3	2.18%
General Motors LLC *	52,703,900	2	6.74%	275,653,200	1	14.52%
Barette Outdoor Living, Inc	6,430,500	3	0.82%			
Matthews Drive LLC	5,328,600	4	0.68%			
IINN, Inc	5,272,500	5	0.67%			
Saginaw & Court Assoc	4,539,000	6	0.58%			
Comcast Cablevision	4,463,100	7	0.57%	4,373,100	9	0.23%
A I - Genesee LLC	3,936,700	8	0.50%			
WJRT, Inc	3,832,800	9	0.49%			
Citizens Bank (First Merit)	3,388,700	10	0.43%	5,646,100	6	0.30%
Delphi Automotive				91,175,100	2	4.80%
UPF				6,429,100	4	0.34%
Automotive Comp Carrier				5,665,900	5	0.30%
Ramco-Gershenson Properties				5,517,200	7	0.29%
PPG Industries				5,121,400	8	0.27%
McDonald Dairy/Country Fresh				4,238,300	10	0.22%
Total Assessed Value, Top Ten	<u>\$ 150,183,000</u>		<u>19.21%</u>	<u>\$ 445,125,300</u>		<u>23.45%</u>
* Includes AC Rochester						
Total Ad Valorem Assessed Value	<u>\$ 781,815,250</u>			<u>\$ 1,898,325,481</u>		

Source: City Assessor

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

<b>Tax Year <sup>(a)</sup></b>	<b>Fiscal year ended June 30,</b>	<b>Total Tax Levy <sup>(b)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected <sup>(c)</sup></b>	<b>Delinquent Tax Collections <sup>(d)</sup></b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
1999	2000	26,766,043	\$ 23,432,022	87.54%	\$ 2,123,634	\$ 25,555,656	95.48%
2000	2001	25,446,591	22,338,786	87.79%	2,721,703	25,060,489	98.48%
2001	2002	24,516,058	21,395,879	87.27%	2,344,978	23,740,857	96.84%
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,315	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,888,875	23,430,440	87.14%	3,270,819	26,701,259	99.30%
2006	2007	27,607,211	23,476,574	85.04%	4,105,854	27,582,428	99.91%
2007	2008	27,751,506	23,381,424	84.25%	3,769,660	27,151,084	97.84%
2008	2009	25,297,684	20,838,394	82.37%	3,236,819	24,075,213	95.17%
2009	2010	22,864,857	18,580,520	81.26%	3,370,201	21,950,721	96.00%
2010	2011	21,029,361	16,565,947	78.78%	2,865,096	19,431,043	92.40%
2011	2012	18,022,914	14,245,037	79.04%	1,620,980	15,866,017	88.03%
2012	2013	28,192,664	19,113,565	67.80%	5,020,599	24,134,164	85.60%
2013	2014	25,902,601	16,943,948	65.41%	5,443,506	22,387,454	86.43%

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

<sup>[b]</sup> Does not include Flint Downtown Development Authority levies.

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

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

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

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

Source: City Finance Dept. - Audit Division

**City of Flint**  
**Statistical Section**  
**Debt Capacity Information - Schedule 10**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
General obligation bonds	\$ 9,175,000	\$ 6,765,000	\$ 5,490,000	\$ 14,180,000	\$ 12,830,000	\$ 11,345,000	\$ 9,735,000	\$ 9,490,000	\$ 9,230,000	\$ 8,955,000
Local government loan	-	-	-	-	-	-	8,000,000	8,000,000	7,815,000	7,620,000
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	3,734,658	7,140,580	6,776,354	13,587,306	15,193,175	13,969,551	13,866,079	13,414,642	12,962,665	12,214,143
Capital leases	154,025	-	-	854,136	437,362.91	398,088	286,104	643,039	375,244	195,390
<b>Total governmental activities</b>	<b>13,063,683</b>	<b>13,905,580</b>	<b>12,266,354</b>	<b>28,621,442</b>	<b>28,460,538</b>	<b>25,712,639</b>	<b>31,887,183</b>	<b>31,547,681</b>	<b>30,382,909</b>	<b>28,984,533</b>
<b>Business type activities</b>										
General obligation bonds	2,996,030	1,688,571	371,634	250,740	125,370.00	-	-	-	-	-
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	106,098,490	105,849,432	101,794,432	97,094,432	91,289,015	122,651,259	117,225,336	25,955,336	23,840,336	21,675,336
Notes payable	396,768	332,985	265,719	194,776	119,958	41,054	-	-	-	-
Capital leases	5,276,146	3,446,408	1,539,212	75,384	514,243	-	-	-	-	-
<b>Total business-type activities</b>	<b>114,767,434</b>	<b>111,317,396</b>	<b>103,970,997</b>	<b>97,615,332</b>	<b>92,048,586</b>	<b>122,692,313</b>	<b>117,225,336</b>	<b>25,955,336</b>	<b>23,840,336</b>	<b>21,675,336</b>
<b>Total debt of the government</b>	<b>\$ 127,831,117</b>	<b>\$ 125,222,976</b>	<b>\$ 116,237,351</b>	<b>\$ 126,236,774</b>	<b>\$ 120,509,124</b>	<b>\$ 148,404,952</b>	<b>\$ 149,112,519</b>	<b>\$ 57,503,017</b>	<b>\$ 54,223,245</b>	<b>\$ 50,659,869</b>
<b>Total residential personal income</b>	<b>\$ 2,150,985,535</b>	<b>\$ 2,071,630,014</b>	<b>\$ 1,684,426,650</b>	<b>\$ 1,059,356,000</b>	<b>\$ 713,773,437</b>	<b>\$ 505,681,850</b>	<b>\$ 424,438,563</b>	<b>\$ 385,354,047</b>	<b>\$ 384,627,255</b>	<b>\$ 308,782,006</b>
Total debt as percentage of personal income	5.94%	6.04%	6.90%	11.92%	16.88%	29.35%	35.13%	14.92%	14.10%	16.41%
<b>Total population</b>	<b>118,596</b>	<b>117,271</b>	<b>115,821</b>	<b>114,449</b>	<b>112,857</b>	<b>111,475</b>	<b>102,434</b>	<b>101,558</b>	<b>100,515</b>	<b>99,763</b>
Total debt per capita	1,077.87	1,067.81	1,003.59	1,103.00	1,067.80	1,331.28	1,455.69	566.21	539.45	507.80

**City of Flint**  
**Statistical Section**  
**Debt Capacity Information - Schedule 11**  
**Ratios of General Bonded Debt Outstanding**  
**Since 2000 - Last Fourteen Fiscal Years**

Fiscal Year	Tax-Limited General			Debt as a		Population	Debt per Capita
	Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Percentage of Taxable Value		
2000	\$ 9,887,554	\$ 5,905,161	\$ 15,792,715	\$ 1,650,093,226	0.99%	126,525	124.82
2001	7,731,724	4,959,681	12,691,405	1,593,968,738	0.81%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,570,116,422	0.85%	123,349	109.37
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,308	82.93
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.42%	119,949	58.62
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.78%	118,596	110.15
2006	6,765,000	7,140,580	13,905,580	1,680,872,526	0.82%	117,271	118.58
2007	5,490,000	6,776,354	12,266,354	1,698,766,194	0.75%	115,821	105.91
2008	14,180,000	13,587,306	27,767,306	1,643,424,867	1.84%	114,449	242.62
2009	12,830,000	15,193,175	28,023,175	1,505,610,437	1.86%	112,857	248.31
2010	9,910,000	13,969,551	23,879,551	1,305,121,403	1.83%	111,475	214.21
2011	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40
2012	9,490,000	13,414,642	22,904,642	991,241,706	2.31%	101,558	225.53
2013	9,230,000	8,190,244	17,420,244	776,654,903	2.24%	101,515	174.62
2014	8,955,000	7,620,000	16,575,000	754,826,072	2.20%	99,763	166.14

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

**City of Flint**  
**Statistical Section**  
**Debt Capacity Information - Schedule 12**  
**Direct and Overlapping Governmental Activities Debt**  
**Current Fiscal Year**

Governmental Unit	Fiscal Year 2014		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 23,545,157	14.22%	\$ 3,348,121
Flint School District	18,628,132	100.00%	18,628,132
Genesee Intermediate School District	-	14.22%	-
Airport Authority	20,356,631	14.22%	2,894,713
Mott Community College	46,050,000	14.22%	6,548,310
Carman School District	40,208,000	13.20%	5,307,456
Kearsley School District	494,297	2.00%	9,886
Swartz Creek School District	15,008,275	75.00%	11,256,206
Westwood Heights School District	-	2.12%	-
Mass Transit Authority	3,000,000	14.22%	426,600
Flint Public Library	-	14.22%	-
Total Overlapping Debt			48,419,424
Direct City Debt			28,996,309
Total Direct and Overlapping Debt			<u>\$ 77,415,733</u>

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Calculation of legal debt limit:</b>										
Assessed valuation	\$ 1,898,324,000	\$ 1,947,237,500	\$ 1,966,294,100	\$ 1,910,964,000	\$ 1,648,408,800	\$ 1,393,042,600	\$ 1,191,515,300	\$ 969,129,800	\$ 795,172,400	\$ 781,815,250
7% of assessed valuation *	\$ 132,882,680	\$ 136,306,625	\$ 137,640,587	\$ 133,767,480	\$ 115,388,616	\$ 97,512,982	\$ 83,406,071	\$ 67,839,086	\$ 55,662,068	\$ 54,727,068
<b>Calculation of debt subject to limit:</b>										
Total bonded debt at June 30	\$ 118,269,520	\$ 114,303,502	\$ 107,656,066	\$ 111,525,172	\$ 120,509,125	\$ 146,969,952	\$ 149,112,519	\$ 57,503,017	\$ 54,223,245	\$ 50,464,479
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 106,089,490	\$ 105,849,932	\$ 101,794,432	\$ 97,094,432	\$ 107,670,125	\$ 137,059,952	\$ 139,377,519	\$ 48,013,014	\$ 44,993,245	\$ 21,675,336
Debt subject to limitation (net debt)	\$ 12,180,030	\$ 8,453,570	\$ 5,861,634	\$ 14,430,740	\$ 12,839,000	\$ 9,910,000	\$ 9,735,000	\$ 9,490,003	\$ 9,230,000	\$ 28,789,143
Legal debt margin (unused debt limitation)	\$ 120,702,650	\$ 127,853,055	\$ 131,778,953	\$ 119,336,740	\$ 102,549,616	\$ 87,602,982	\$ 73,671,071	\$ 58,349,083	\$ 46,432,068	\$ 25,937,925
Net debt subject to limit as % of debt limit	9.17%	6.20%	4.26%	10.79%	11.13%	10.16%	11.67%	13.99%	16.58%	52.60%

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

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

**City of Flint**  
**Statistical Section**  
**Debt Capacity Information - Schedule 14**  
**Pledged-Revenue Coverage - Water Fund Revenue Bonds**  
**Since 2000 - Last Fourteen Fiscal Years**

**Water Fund Revenue Bonds**

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

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

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

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

**City of Flint**  
**Statistical Section**  
**Demographic and Economic Information - Schedule 15**  
**Demographic and Economic Statistics**  
**Last Fourteen Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income *</b>	<b>Michigan Labor Market - Jobless Rate for Flint only</b>
2000	124,943	\$ 2,861,065,143	\$ 22,899	8.1%
2001	123,349	2,371,144,784	19,223	10.8%
2002	121,308	2,595,966,375	21,400	13.1%
2003	119,949	2,505,060,765	20,884	14.7%
2004	118,596	2,150,985,535	18,137	14.4%
2005	117,271	2,071,630,014	17,665	13.8%
2006	115,821	1,684,426,650	14,543	14.3%
2007	114,449	1,059,356,000	14,718	14.5%
2008	112,857	713,773,437	9,387	17.7%
2009	111,475	505,681,850	6,403	24.4%
2010	102,434	424,438,563	4,937	23.4%
2011	101,558	385,354,047	3,794	18.9%
2012	100,515	384,627,255	3,827	16.6%
2013	99,763	308,782,006	3,095	15.6%

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

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

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

<b>Taxpayer</b>		<b>FY 2014 (2013) Employees</b>	<b>Percentage of Total</b>	<b>FY 2005 (2004) Employees</b>	<b>Percentage of Total</b>	<b>2005 Rank</b>
1	General Motors Corp/Motors Liquidation Co	13,975	27.33%	17,797	22.44%	1
2	McLaren Regional Medical Center	3,014	5.90%	2,539	3.20%	6
3	Hurley Medical Center	2,949	5.77%	2,919	3.68%	5
4	University of Michigan	2,624	5.13%			
5	Flint School District	2,559	5.01%	4,933	6.22%	3
6	Genesee County	2,361	4.62%	3,141	3.96%	4
7	CS Mott Community College	2,022	3.95%			
8	Employment Plus	1,214	2.37%			
9	State of Michigan	1,183	2.31%	1,195	1.51%	7
10	Kettering University	1,010	1.98%			
	Delphi Automotive Systems			5,873	7.40%	2
	Genesys Health Systems			815	1.03%	10
	City of Flint			1,186	1.86%	8
	United States Postal Service			1,103	1.39%	9
		<u>32,911</u>	<u>64.37%</u>	<u>41,501</u>	<u>52.33%</u>	
Total Employees Working in City		51,128		79,312		

*\*Note: Delphi split from General Motors in 1999*

*Source: City of Flint Income Tax Division*

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

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Administration</b>										
City Administration	3.0	1.0	2.0	2.0	2.0	6.0	5.0	1.0	1.0	2.0
Mayor's Office	3.0	3.0	10.0	9.0	5.0	2.0	3.0	2.0	2.0	2.0
Mayor's Office on Human Services	-	-	-	-	-	-	-	-	-	-
Legal Department	11.0	6.0	11.0	12.0	10.0	12.0	11.5	9.0	8.0	8.0
City Clerk's Office (not including election workers)	7.0	8.0	6.0	7.0	6.0	6.0	6.0	6.0	5.0	5.0
City Council	11.0	13.0	12.0	12.0	12.0	12.0	11.0	2.0	1.0	2.0
Ombudsman's Office	1.0	1.5	2.0	5.0	2.0	2.5	2.0	-	-	-
Human Resources - Personnel & Labor Relations	10.0	7.0	7.0	7.0	7.0	12.0	11.0	7.0	5.0	7.0
Civil Service Commission	1.0	2.0	2.0	0.5	1.0	1.0	1.0	-	-	-
Human Relations Commission	2.0	2.0	2.0	3.0	2.0	2.0	1.5	1.0	-	-
Union Representatives	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0	1.0
<b>68th District Court</b>	48.5	51.0	52.0	52.0	63.0	55.0	49.0	35.0	30.0	30.0
<b>Finance Administration</b>										
Finance Department/Payroll/Retirement	17.0	18.0	17.0	19.0	14.0	14.0	12.0	8.0	8.0	8.0
Treasury/Customer Service/Income Tax	50.0	50.0	50.0	51.0	42.0	36.0	33.0	26.0	21.0	18.0
Assessment	11.0	12.0	11.0	13.0	12.0	10.5	9.0	8.0	8.0	9.0
Budget Management	2.0	2.0	2.0	2.0	1.0	1.0	-	-	-	-
Information Services/Data Processing	23.0	18.0	17.0	17.0	14.0	14.0	14.0	11.0	6.0	5.0
<b>Benefits/Risk Management</b>										
Insurance, Risk & Benefits Management	8.0	9.0	9.0	9.0	9.0	4.0	4.0	4.0	-	-
Public Service Attendants	-	20.0	21.0	20.0	16.0	14.0	10.0	15.0	-	-
<b>Purchasing</b>										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Inventory Control/Stockkeepers	4.0	5.0	5.0	8.0	6.0	6.0	5.0	5.0	-	-
City Market	-	-	-	-	-	-	-	-	-	-
Equal Opportunity/Contract Compliance	-	-	-	-	-	-	-	-	-	-
<b>Community &amp; Economic Development/Major Grants</b>	12.0	9.0	9.0	12.0	9.0	11.0	15.0	14.0	11.0	10.0

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

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Fire Department</b>	120.0	130.0	134.0	134.0	123.0	97.0	75.0	94.0	91.0	79.0
Emergency 9-1-1	29.0	29.0	28.0	28.0	26.0	25.5	25.5	23.0	22.0	22.0
<b>Police Department</b>										
Sworn Officers	249.0	259.0	265.0	265.0	219.0	165.0	132.0	133.0	122.0	121.0
Civilians	31.0	32.0	32.0	35.0	28.0	23.5	18.0	15.0	22.0	17.0
Jail - Security Guards/Admin	-	-	-	29.0	-	-	-	-	-	-
School Crossing Guards (not FTEs)	32.9	27.4	23.0	25.0	25.0	25.0	34.0	31.0	24.0	29.0
<b>Parks &amp; Recreation</b>										
Administration	16.0	12.0	14.0	16.0	11.0	7.0	6.0	7.0	2.0	1.0
Facilities Maintenance/Grounds	24.0	30.0	27.0	13.0	13.0	11.0	9.0	8.0	4.0	1.0
Forestry Division	3.0	7.0	12.0	10.0	3.0	3.0	3.0	-	-	-
Golf Division	27.0	24.0	22.0	25.7	7.0	16.0	12.0	-	-	-
Recreation Division	-	-	-	-	-	-	-	-	-	-
IMA Sports Arena	-	-	-	-	-	-	-	-	-	-
<b>Public Works &amp; Utilities Administration</b>										
Public Works & Utilities Administration	-	-	-	-	-	-	-	-	-	-
Building Inspections/Development/Demolition	25.5	25.3	28.0	27.0	15.0	21.0	26.0	27.0	9.0	12.0
Engineering	8.0	7.5	7.5	8.0	6.0	6.0	5.0	5.0	-	-
Fleet Management	11.0	12.0	12.0	13.0	9.0	13.0	14.0	12.0	9.0	8.0
Street Maintenance	37.0	35.0	38.0	38.0	36.0	35.0	27.0	20.0	23.0	16.0
Traffic Engineering	15.0	16.0	17.0	18.0	15.0	15.0	17.0	9.0	10.0	11.0
Waste Collection/Sanitation	40.0	41.0	42.0	43.0	37.0	29.0	33.0	27.0	-	-
Transportation-Director/Administration	4.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Utilities Administration	3.0	5.0	5.0	4.0	5.0	5.0	3.0	3.0	3.0	3.0
Sewer Maintenance	27.0	26.0	31.0	34.0	31.0	34.0	32.0	25.0	25.0	26.0
Water Plant	27.0	27.0	28.0	30.0	27.0	33.0	29.0	23.0	20.0	23.0
Water Pollution Control	54.0	57.0	59.0	60.0	59.0	61.0	65.0	53.0	40.0	38.0
Water Service Center	43.0	45.0	44.0	54.0	54.0	54.0	48.0	38.0	31.0	34.0
<b>Total Staffing (excluding school crossing guards)</b>	<b>1,024.0</b>	<b>1,068.3</b>	<b>1,103.5</b>	<b>1,156.2</b>	<b>968.0</b>	<b>885.0</b>	<b>792.5</b>	<b>686.0</b>	<b>546.0</b>	<b>525.0</b>

Source: City of Flint Finance Office

**City of Flint**  
**Statistical Section**  
**Operating Information - Schedule 18**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/ program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Election Data (Calendar Year - November Elections):</b>										
Registered voters	91,288	91,637	89,538	92,890	85,441	84,624	83,063	83,176	83,255	78,992
Voters (at the polls or absentee)	13,204	32,243	24,386	48,869	10,397	25,573	15,787	N/A	40,348	15,161
Percent voting	14.5%	35.2%	27.2%	52.6%	12.2%	30.2%	19.0%		48.5%	19.2%
<b>68th District Court (Calendar Year):</b>										
Number of new court cases	44,635	47,083	44,276	43,088	44,812	33,516	25,251	N/A	25,972	28,219
<b>2007)</b>										
Physical arrests (fiscal year beg. 2007)	6,115	5,265	7,451	10,711	4,208	2,870	1,650	1,003	3,744	2,933
Traffic violations/misdemeanors/civil infractions (fiscal)	24,082	18,064	20,316	20,995	15,022	13,105	5,351	6,752	6,318	7,408
Investigations (fiscal year beg. 2007)	22,155	17,478	23,327	25,130	19,736	19,137	16,547	7,739	12,526	11,576
<b>Fire (Calendar Year):</b>										
Fire runs	2,945	2,867	3,154	3,487	3,031	3,191	3,111	3,553	3,191	2,679
Emergency medical runs	*3,751	4,633	3,834	4,233	2,413	3,562	3,861	3,095	3,562	1,755
Inspections	281	223	224	223	239	308	329	350	308	224
<b>Public Works:</b>										
Miles of streets resurfaced	18.07	51.39	49.56	33.37	22.79	25.16	113.50	6.82	4.32	-
Potholes repaired	832	678	715	835	850	725	750	725	700	32,486
<b>Refuse Collection:</b>										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	214,654	133,747	125,624	141,370	109,515	116,852	110,577	93,682	100,537	114,949
<b>Parks and Recreation (Calendar Year):</b>										
Recreation Centers - Senior & Youth Participants	683	1,091	1,483	1,407	2,974	5,690	3,326	2,318	1,653	1,045
<b>Water:</b>										
Number of customers billed	43,900	43,278	42,068	39,745	40,191	38,977	37,437	35,833	32,702	32,085
Total consumption (ccf)	13,610,901	12,258,619	11,516,460	12,120,350	10,844,801	10,027,390	10,140,906	9,649,847	9,470,315	8,114,852
Average consumption per user (ccf)	310	283	274	305	270	257	271	269	290	253
<b>Wastewater (Calendar Year):</b>										
Average daily sewage treatment - gallons	23,700,000	26,790,000	27,700,000	24,400,000	26,200,000	20,200,000	19,000,000	21,000,000	19,900,000	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.

\*Refuse Collection

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	8	8	6	6	6	7	9	10	5	6
Patrol units	88	88	105**	193	166	106	126	132	114	94
<b>Fire:</b>										
Stations	6	6	6	6	6	5	5	5	5	5
Fire response vehicles	16	17	18	18	18	15	15	14	15	14
Emergency response vehicles	4	4	3	3	3	5	5	5	4	3
<b>Public Works:</b>										
City Streets (miles):	507.60	508.60	508.60	508.39	508.39	508.39	508.39	508.39	508.18	508.18
Major streets	152.29	152.29	152.29	152.29	152.29	152.29	152.29	152.29	152.33	152.33
Local streets	355.31	356.31	356.31	356.10	356.10	356.10	356.10	356.10	355.85	355.85
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.50	986.50
Streetlights	11,173	11,143	11,331	11,331	11,374	11,356	11,292	11,292	11,292	11,292
Traffic Signals/Beacons	274	275	276	277	277	273	273	277	252	252
<b>Refuse Collection:</b>										
Collection trucks in service	23	20*	20	20	22	23	23	23	-	-
<b>Parks and Recreation:</b>										
Acreage	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,084	1,084
Developed parks/playgrounds	63	63	63	63	63	63	63	63	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	14	14
Community centers	6	6	6	5	5	5	5	4	2	2
Golf courses	4	4	4	4	4	4	4	2	2	2
<b>Water:</b>										
Water mains (miles)	540	540	540	540	540	540	540	540	540	540
Fire hydrants	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Storage capacity (gallons)	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
<b>Sewer:</b>										
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	350	350	350	350	350	350	350	350
Treatment capacity (gallons/day)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,001

Source: Various City Departments

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

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

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

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

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

**Continuation Indicators**

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

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

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

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

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

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

Major early retirement incentives were offered in 1994, 1995 and 1999.

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

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

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