

City of Flint, Michigan

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008

Introductory Section

Letter of Transmittal A.1-A.4

Organizational Chart B

List of Elected, Civil Service, and Appointed Officials C

Certificate of Achievement for Excellence in Financial Reporting D

Financial Section

Report Letter 1-2

Management’s Discussion and Analysis 3.1-3.13

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets 4-7

Statement of Activities 8-11

Fund Financial Statements:

Governmental Funds:

Balance Sheet..... 12-13

Reconciliation of the Balance Sheet
to the Statement of Net Assets..... 14

Statement of Revenue, Expenditures,
and Changes in Fund Balances 15

Reconciliation of the Statement of Revenue,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities 16

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds:

Statement of Net Assets 17-20

Statement of Revenue, Expenses
and Changes in Net Assets..... 21-22

Statement of Cash Flows 23-26

Fiduciary Funds:

Statement of Net Assets27

Statement of Changes in Net Assets28

Component Units:

Statement of Net Assets 29-32

Statement of Activities 33-34

Notes to the Financial Statements..... 35-91

Required Supplementary Information

Pension System Schedules of Funding Progress..... 92-93

Schedule of Revenue, Expenditures, and Changes
in Fund Balances – Budget and Actual General Fund 94-95

Other Supplemental Information

Fund Descriptions 96-100

Nonmajor Governmental Funds:

Combining Balance Sheet 101-105

Combining Statement of Revenue, Expenditures
and Changes in Fund Balances 106-109

Budgetary Comparison Schedules..... 110-119

Other Supplemental Information (Continued)

Internal Service Funds:

Combining Statement of Net Assets 120-123

Combining Statement of Revenue, Expenses,
and Changes in Net Assets 124-125

Combining Statement of Cash Flows 126-129

Fiduciary Funds:

Combining Statement of Net Assets 130-131

Combining Statement of Changes in Net Assets..... 132-133

Statement of Assets and Liabilities - Agency Funds 134

Schedule of Changes in Assets and
Liabilities - Agency Funds..... 135

Statistical Section

Listing of Statistical Schedules Presented S-1

Schedule 1. Net Assets by Component S-2

Schedule 2. Changes in Governmental Net Assets S-3

Schedule 3. Changes in Business Type Net Assets S-4

Schedule 4. Fund Balances, Governmental Funds..... S-5

Schedule 5. Changes in Fund Balances, Governmental Funds S-6

Schedule 6. Taxable Value and Actual Value of Taxable Property..... S-7

Schedule 7. Direct and Overlapping Property Tax Rates S-8 - S-9

Schedule 8. Principal Property Taxpayers S10

Schedule 9. Property Tax Levies and Collections..... S-11

Schedule 10. Ratios of Outstanding Debt S-12

Schedule 11. Ratios of General Bonded Debt Outstanding..... S-13

Schedule 12. Direct and Overlapping Governmental Activities Debt S-14

Schedule 13. Legal Debt Margin S-15

Schedule 14a. Pledged-Revenue Coverage - Water Fund Revenue Bonds..... S-16

Statistical Section (Continued)

Schedule 14b. Revenue Bond Coverage - Hurley Medical Center S-17

Schedule 15. Demographic and Economic Statistics..... S-18

Schedule 16. Principal Employers S-19

Schedule 17. Full-time Equivalent Government EmployeesS-20 - S-21

Schedule 18. Operating Indicators by Function/Program S-22

Schedule 19. Capital Asset Statistics S-23

Schedule 20. Comparative Schedule Flint Employees
Retirement System - Actuarial ValuationsS24



CITY OF FLINT Department of Finance

Donald J. Williamson
Mayor

December 29, 2008

To the Honorable 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, 2008.

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

Plante & Moran, PLLC, a firm of licensed certified public accountants, has audited the City of Flint's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2008, 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City of Flint, incorporated in 1855, is located in the eastern part of the State of Michigan. The City currently occupies a land area of 32.8 square miles and serves a population of 116,025. The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

The City of Flint has operated under the strong mayor – council form of government since November 4, 1975, when the present charter was adopted. Legislative authority is vested in a City Council consisting of nine members elected from each of the nine wards in the City and serving a four-year term. The City Council is responsible, among other things, for 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 normal governance scenario, as outlined above, 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 would then present this proposed budget to the City Council on the first Monday in May. The Council would be 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 appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or funds, however, would require the special 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.

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. The Flint metropolitan area unemployment rate (14.6%) is among the highest in the State. Population has declined to 116,025 from 128,107 in 1998. The City of Flint's economy was strongly tied to the automobile industry but has diversified over the last ten years. Property value for Flint's ten largest employers declined in 2008 to \$358.3 million compared to \$398.1 million in 2007. The total number of employees for the ten largest taxpayers in the City decreased from 41,261 in 2007 to 39,888 in 2008. Over-all property values have increased from \$1.815 billion in 1999 to \$1.911 billion in 2008, a decrease from \$1.966 billion in 2007.

Cash management policies and practices. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5 years. Additional information on the City of Flint's deposits and investments can be found in Section 3B of the Notes of the June 30, 2008 Audited Financial Statements.

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

The Workers' Compensation function resides in the Risk Management department, which allows for a coordinated effort to minimize accident-related losses. The Risk Management department has a Security/Fraud Manager to complement the already-existing efforts undertaken to control fraudulent exposures. Additional information on the City of Flint's risk management activities can be found in Section 4E of the Notes of the June 30, 2008 Audited Financial Statements.

Pension and other post-employment benefits. The City of Flint sponsors a single-employer defined benefit plan for its public safety and non-public safety employees. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes monthly 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, 2007 was 74.8% funded.

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 2,765 retired employees receiving these benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2008, the City paid \$19.3 million for post-employment health benefits premiums. The City has an actuarial accrued liability for other post-employment benefits (OPEB) of \$787.7 million. Additional information on the City of Flint's Retirement Plan can be found in Section 4 B of the Notes of the June 30, 2008 Audited Financial Statements.

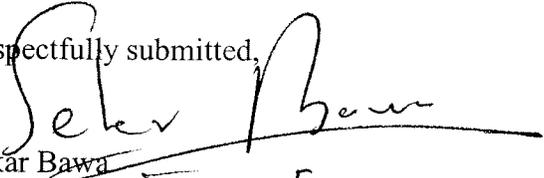
Awards and Acknowledgements

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, 2007. The City has now received the award six 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.

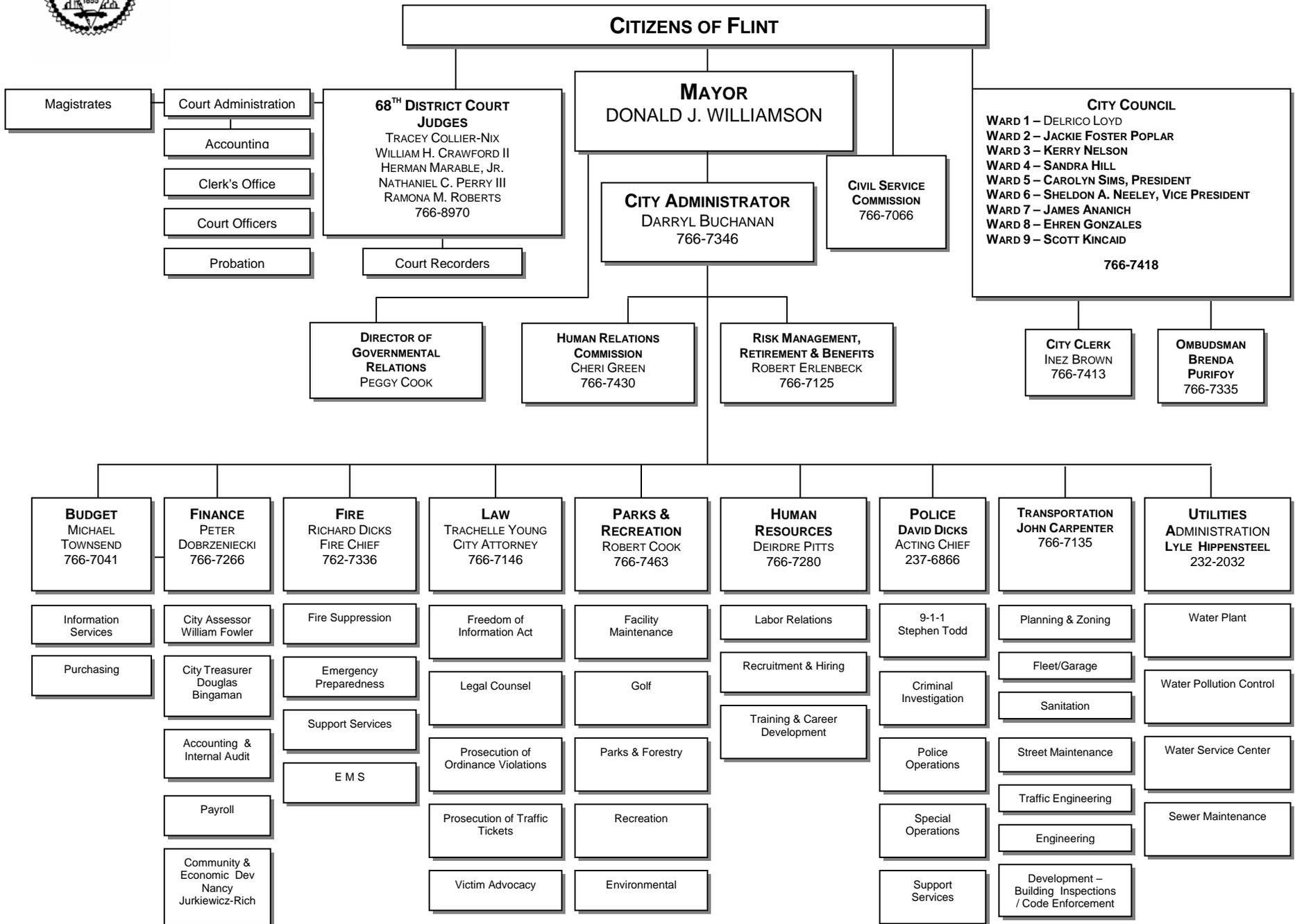
A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its 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 and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Flint's finances.

Respectfully submitted,


Sekar Bawa
Deputy Finance Director

CITY OF FLINT - ORGANIZATIONAL CHART - Fiscal Year 2008



CITY OF FLINT, MICHIGAN

Elected and City Officials

Elected Officials

Donald J. Williamson Mayor

City Council -

Delrico Loyd..... First Ward

Jacqueline Poplar, Chair, Governmental Operations.....Second Ward

Kerry Nelson.....Third Ward

Sandra HillFourth Ward

Carolyn A. Sims, President..... Fifth Ward

Sheldon Neeley, Vice President & Chair, Special AffairsSixth Ward

James AnanichSeventh Ward

Ehren Gonzales, Chair, Legislative Committee Eighth Ward

Scott Kincaid, Chair, Finance Committee..... Ninth Ward

Appointed and Other City Officials

Douglas BingamanCity Treasurer

Inez M. Brown.....City Clerk

Darryl Buchanan..... City Administrator

John Carpenter..... Transportation Director

Irma Chenevert.....Acting 68th District Court Administrator

Peggy CookDirector of Governmental Policy

Robert Cook Director, Parks & Recreation & Facility Maintenance

David DicksActing Police Chief

Richard Dicks, Sr.Fire Chief

Peter Dobrzeński..... Director of Finance

Robert ErlenbeckInsurance, Risk & Benefits Administrator

Larry Ford Chief Operating Officer, Downtown Development Authority

William Fowler City Assessor

Cheri Green Executive Director, Human Relations Commission

Lyle Hippensteel..... Director of Water/Sewer Utilities

Derrick Jones Purchasing Manager

Nancy Jurkiewicz Rich..... Director, Dept. of Community & Economic Development

Deirdre G. Pitts..... Human Resources Director

Brenda PurifoyOmbudsman

James Rutherford Chief Executive Officer, Downtown Development Authority

Stephen Todd..... Emergency 911 Administrator

Michael Townsend Director of Budget Management

Trachelle Young Chief Legal Officer

Vacant.....Director, Civil Service Commission

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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director



Plante & Moran, PLLC

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. The audit of the primary government was conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 4B, the City has implemented a new method of reporting and recording the other post-employment benefits obligations, as required by the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of June 30, 2008.

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, Michigan as of June 30, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedule, as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The introductory section, 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 combining balance sheets, combining statements of revenue, expenditures and changes in fund balance, and budgetary comparison schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly presented in relation to the basic financial statements taken as a whole. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report 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 opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

December 29, 2008

Management's Discussion and Analysis

As management of the City of Flint, we offer readers of the City of Flint's financial statements this narrative overview and analysis of the financial activities of the City of Flint for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The City acquired Capital Assets totaling \$ 20 million in governmental activities.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$374 million (net assets).

Overview of the Financial Statements

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

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

Management's Discussion and Analysis (Continued)

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

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

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

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

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

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

The government-wide financial statements include not only the City of Flint itself (known as the primary government), but also a legally separate Downtown Development Authority, Economic Development Corporation, Atwood Stadium Building Authority, and the Flint Area Enterprise Community, for which the City of Flint is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 4-11 of this report.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Flint maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Flint adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-16 of this report.

Proprietary Funds - The City of Flint maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Flint uses enterprise funds to account for its Hospital, Water, Sewer and Golf Course activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Flint's funds. The City of Flint uses internal service funds to account for its Data Processing, Central Maintenance Garage, Fringe Benefits, and Self-Insurance activities. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Hospital, the Water and the Sewer Funds, all of which are considered to be major funds of the City of Flint. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 17-26 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 of Flint's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-91 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Flint's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 92-95 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 96-135 of this report.

Government-wide Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position (See Table 2). Total assets of the City of Flint are \$690.3 million. Total net assets (total assets less total liabilities) are \$374.0 of which the largest portion \$312.0 million (83.4%), reflects its investment in capital assets (e.g., land, buildings, streets, sidewalks, machinery, and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The City of Flint uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Flint's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the City of Flint's total net assets \$62.0 million (16.6%) represents resources of which \$31.3 million are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$30.7 million (8.2%), may be used to meet the government's ongoing obligations to citizens and creditors. Net assets are divided between governmental activities and business-type activities. Governmental activities show a \$66.7 million deficit in unrestricted net assets. The \$66.7 million deficit results from the increase in the short term and long term liabilities; \$34.5 million in post employment healthcare liability, \$9.9 million in contributions to DDA for construction of Parking Deck and increase in wage cost due to settlement of union contracts.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Current and other assets	53.8	53.2	240.3	240.2	294.1	293.4
Capital assets	158.6	193.6	199.8	203.3	358.4	396.9
Total assets	212.4	246.8	440.1	443.5	652.5	690.3
Long-term liabilities outstanding	19.9	45.4	97.6	92.4	117.5	137.8
Other Liabilities	30.0	56.4	109.7	122.0	139.7	178.4
Total Liabilities	49.9	101.8	207.3	214.4	257.2	316.2
Net assets:						
Invested in capital assets net of related debt	152.1	190.5	111.8	121.4	263.9	311.9
Restricted	20.5	21.1	9.0	10.3	29.5	31.4
Unrestricted	(10.1)	(66.6)	112.0	97.4	101.9	30.8
Total net assets	162.5	145.0	232.8	229.1	395.3	374.1

Management's Discussion and Analysis (Continued)

Business-type activities have \$97.4 million of total net assets. Business type activities do not encumber at year-end and normally do not appropriate net assets as part of the budget process.

Governmental Activities - Changes in Net Assets (Table 3) provide some insight into current year activities as compared to those of the prior year. Total net assets for governmental activities decreased by \$48.5 million. Revenues in 2008 are \$23.5 million lower than in 2007. This decrease in revenue is primarily due to reduction of \$9.1 million in State capital grants for infrastructure and in 2007 there was a transfer of \$15.7 million from the Sewer fund to the Self Insurance fund for potential claims. 2008 expenses were 32.4 million higher than in 2007. This increase is due to \$34.5 million in post employment healthcare liability which the City is required to record for the first time under GASB 45.

Business-type Activities - Total net assets decreased by \$3.8 million in business-type activities. In 2007 there was a Sewer Fund transfer of \$15.7 million to the self-insurance fund for potential damage claims but none in 2008. The Hurley Medical Center net assets increased by \$5.6 million due to \$4.6 million improvement in joint venture income.

**Table 3-City of Flint's Changes in Net Assets
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program Revenues						
Charges for services	38.0	26.0	399.9	384.1	437.9	410.1
Operating grants and contributions	20.3	19.6	0.6	4.5	20.9	24.1
Capital grants and contributions	18.0	8.9	0.1	-	18.1	8.9
General Revenues						
Income taxes	18.6	16.5	-	-	18.6	16.5
Property taxes	24.9	25.6	-	-	24.9	25.6
State shared revenues	19.0	18.9	-	-	19.0	18.9
Other	3.6	3.4	6.2	6.4	9.8	9.8
Total revenues	<u>142.4</u>	<u>118.9</u>	<u>406.8</u>	<u>395.0</u>	<u>549.2</u>	<u>513.9</u>
Expenses						
Legislative	1.1	1.7	-	-	1.1	1.7
Judicial	5.8	8.8	-	-	5.8	8.8
General government	21.3	28.4	-	-	21.3	28.4
Public safety	53.6	83.1	-	-	53.6	83.1
Public works	40.3	30.5	-	-	40.3	30.5
Parks and Recreation	5.6	7.6	-	-	5.6	7.6
Community development	6.5	6.2	-	-	6.5	6.2
Interest on long term debt	0.8	1.1	-	-	0.8	1.1
Hospital	-	-	353.6	336.0	353.6	336.0
Water	-	-	31.6	34.0	31.6	34.0
Sewer	-	-	35.8	26.6	35.8	26.6
Golf Course	-	-	1.9	2.2	1.9	2.2
Total Expenses	<u>135.0</u>	<u>167.4</u>	<u>422.9</u>	<u>398.8</u>	<u>557.9</u>	<u>566.2</u>
Changes in Net Assets	7.4	(48.5)	(16.1)	(3.8)	(8.7)	(52.3)
Net Assets - Beginning	<u>186.1</u>	<u>193.5</u>	<u>248.9</u>	<u>232.8</u>	<u>435</u>	<u>426.3</u>
Net Assets - End	<u>193.5</u>	<u>145.0</u>	<u>232.8</u>	<u>229.0</u>	<u>426.3</u>	<u>374.0</u>

Analysis of Fund Financial Statements

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

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

As of the end of the 2008 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$11.1 million, a decrease of \$14.1 million from the prior year. Approximately \$5.1 million constitutes unreserved fund balance, which is available for spending.

The general fund is the chief operating fund of the City of Flint. City of Flint ended with \$6.9 million deficit in 2008. It is 10.0% of total revenues. The general fund has borrowed \$14.7 million from the Sewer fund for working capital. The decline of the General Fund cash and fund balance from the prior year is mainly due to a reduction in income tax revenue (\$2.2 million), increase in fringe cost (\$3.6 million) and increase in wages mainly due to the Fire union contract (\$4.0 million). The amended budget included a \$3.9 million appropriation of fund balance.

The remaining governmental funds have a fund balance of \$18.0 million, of which \$12.1 million is unreserved and undesignated. The largest fund balances among the governmental funds are the Major and Local Streets, \$3.8 million, Federal Grants, \$5.7 million, and Capital Improvements, \$3.5 million. The Building Department fund had a fund balance deficit of \$1.5 million. Other special revenue funds are maintained primarily to demonstrate accountability. Federal or local laws restrict the spending of the money in these funds.

The City of Flint will file a deficit elimination plan with the State to eliminate the deficit in the General and the Building Department funds in the next five years starting with the fiscal year 2010.

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

Total net assets of the Hurley Medical Center amounted to \$83.8 million, an increase of \$3.8 million. The increase is primarily a result of a net income from joint venture. The Hurley Medical Center did not issue any bonds in 2008.

Total net assets in the Water Fund are \$38.6 million, an increase of \$0.7 million from the previous year attributable mostly to operating income. The Water Fund has a bond reserve account of \$2.8 million and an equipment reserve account of \$2.7 million. Water operating revenues increased by \$0.8 million while cost of water purchased increased by \$0.2 million. Water operating revenues, plus interest income, exceeded total operating costs, less depreciation expense, less net OPEB costs, by \$5.7 million. The combined interest and principal payments were \$2.8 million, providing a legal debt margin well above the required 125%.

Management's Discussion and Analysis (Continued)

Net assets of the Sewer fund decreased by \$6.9 million to \$104.8 million. Sewer operating revenues decreased slightly by 0.8 million; however, sewer-operating costs (excluding a \$15.7 million transfer to the Self Insurance fund in 2007) increased by 6.5 million, mainly due to increase in employee fringe cost.

Net assets of the Golf Fund decreased by \$1.3 million to \$1.9 million. Golf operating revenue decreased by 0.2 million and operating expenses increased by 0.3 million. The State has defined the term "deficit" in such a way that the Golf Fund is now considered to have a deficit of \$1.9 million. The City Of Flint will file a deficit elimination plan to eliminate the deficit in five years.

Budgetary Highlights

Original to Amended - The general fund amended expenditures budget of \$74.9 million was \$0.8 million greater than the original budget, which reflected the \$1.0 million increase in funding for the Police to pay for the wage increase due to a union contract. The amended budget anticipated an additional \$1.1 million in Federal Revenue, an additional \$0.4 million in local grant revenue and the use of \$3.9 million in fund balance.

Amended to Actual - General Fund expenditures totaled \$79.5 million, \$4.6 million more than the final amended budget. General Fund revenues of \$66.8 million were \$4.3 million below the amended budget. The largest difference between budget and actual expenditures is the \$5.2 over budget amount in Public Safety, which was a result of a retroactive settlement agreement as part of the new fire contract and increase in the fringe cost. Lower than expected Property Taxes (\$0.7 million) and Income Taxes (\$0.9 million) and Federal Revenue (\$0.7 million) and Fines and Forfeits (\$0.5 million) and Local Grants (\$0.4 million) and Interest (\$0.7 million) accounted for the most of the revenue coming under budget.

Capital Assets and Debt Administration

Capital Assets - The City of Flint's investment in capital assets for its governmental and business-type activities, as of June 30, 2008 amounts to \$396.9 million (net of accumulated depreciation), a net increase of \$7.4 million. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City of Flint's capital assets can be found in Note 3 D.

Table 4-City of Flint's Capital Assets - Net of Depreciation
(in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Land	13.4	13.4	5.5	5.6	18.9	19.0
Construction in progress	0.0	0.0	25.1	8.3	25.1	8.3
Building and System	6.0	5.6	54.1	74.2	60.1	79.8
Improvements other than buildings	5.9	5.6	6.8	6.2	12.7	11.8
Machinery and Equipment	12.5	11.4	108.4	109.0	120.9	120.4
Infrastructure	151.8	157.6	0.0	0.0	151.8	157.6
Total	<u>189.6</u>	<u>193.6</u>	<u>199.9</u>	<u>203.3</u>	<u>389.5</u>	<u>396.9</u>

Management's Discussion and Analysis (Continued)

The City governmental activities made major capital improvements during 2008:

• Bridges	\$ 0.6 million
• Streets	14.9 million
• Sidewalks	0.6 million
• Signs and Signals	1.6 million
• Land and Building Improvements	0.1 million
• Vehicles & Equipment	2.1 million

Total capital improvements, as a result of governmental activities, were \$20.0 million. Depreciation was \$15.9 million.

The City business-type activities also made capital improvements during 2008:

• Building Improvements	\$5.0 million
• Equipment	7.9 million
• Vehicles	1.4 million

Total capital improvements as a result of business type activities were \$58.0 million with most of the improvements being made at Hurley Hospital. Depreciation was \$19.1 million.

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 Kearsley Parking deck. The City has pledged a portion of State Shared Revenue as security for the Bond. The DDA has pledged net revenue from the Parking Deck for the repayment of the Bond.

Long-term Debt - At year-end the City had \$27.8 million in bonds and notes outstanding for governmental activities and \$97.6 million in bonds and notes outstanding for business-type activities. Total long-term debt increased by \$10.5 million to \$136.1 million at year-end. Additional information on the City of Flint's long-term debt can be found in Note 3 G.

Table 4-City of Flint's Long-term Debt

	(in Millions)				Total Primary Government	
	Governmental Activities		Business-type Activities			
	2007	2008	2007	2008	2007	2008
General Obligation Bonds	5.5	14.2	0.4	0.3	5.9	14.5
Revenue Bonds and Notes	0.0	0.0	101.8	97.1	101.8	97.1
Other Notes	6.8	13.6	0.3	0.2	7.1	13.8
Capital Leases	0.0	0.9	1.5	0.1	1.5	1.0
Accrue Annual & Sick Pay	9.3	9.7	0.0	0.0	9.3	9.7
Total	21.6	38.4	104.0	97.7	125.6	136.1

Limitations on Debt - The State limits the amount of general obligation debt the City can issue to 7% of the assessed value of all taxable property within the City's corporate limits. The City's legal debt limit is \$118.9 million. The amount of debt available to the City (unused portion of the debt limitation) is \$104.5 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 - Moody's Investors' Service last rated the City of Flint's general obligation unlimited bonds at Ba1 with a stable outlook in February 2006.

Economic Factors - The year 2008 has been a pivotal point in time for the continued revitalization of the City of Flint. There are several economic areas that have developed to support the "new Flint."

One of the most exciting events in 2008 was the creation of the Center of Energy Excellence in Flint, as part of the State of Michigan's Economic Development Plans, the purpose of which is to enable municipalities, universities, and businesses to work together to create centers of excellence on alternative fuels. The City is very proud to be named one of the first Centers of Excellence in Michigan. This nomination certainly helps generate an enormous amount of enthusiasm for "going green" and alternative fuel manufacturing.

A City of Flint native-born citizen, Ambassador to Sweden Mr. Michael Wood, made the recommendation that the City of Flint and Kettering University work with the City and the University of Linkoping, Sweden, to develop the Center of Energy Excellence. To this end, the King of Sweden visited the City and Kettering University to lead the groundbreaking ceremony for the Swedish-Biogas waste-to-energy project. The ceremony was attended by State of Michigan Governor Jennifer Granholm, Flint Mayor Donald Williamson, and Dr. Stanley Liberty, President of Kettering University, among other high-ranking officials. There were thousands of citizens in attendance at the ceremony, which represented a new day dawning in Flint, Michigan.

"Going green" and alternative fuels offers the City of Flint a new economic opportunity. The City of Flint, Swedish Biogas, the Swedish Energy Agency, and the Michigan Economic Development Corporation have entered into a cooperative business endeavor to upgrade our wastewater treatment plant to produce biogas methane to power the City's wastewater treatment plant and, eventually, the transportation facilities in the community. This biogas project is the first "going green" project targeted to "change up" our economic engine. There are several additional green projects that should follow in 2009. Along with "going green" initiatives are "going healthy" initiatives. The City has recently been awarded a DNR grant for a three-mile trail that will link the community and generate further economic stimulus.

Many significant investments have been made in the downtown area, including two engineering firms that have returned their offices to downtown. The first to be completed was the \$5 million plus Wade Trim Building. This building is set facing a beautiful streetscape and houses the new regional Wade Trim Engineering headquarters, four loft apartments, and is also home to the Channel 5/WNEM TV News studio.

The new Rowe Engineering Building is in its final months of construction, with an investment of over \$15 million. This beautiful facility will be home to the Regional Rowe Engineering Group. The Rowe Engineering team will occupy 30,000 square feet of office space and will be home to 100 employees from across Southeastern Michigan. The ground floor space of this block will be retrofitted into Genesee County's most exciting entertainment complex. The engineering team will be an excellent technical asset to the downtown area and the entire community at large.

Another downtown landmark, the Berridge Hotel, originally built in 1928, was reopened in December 2008 after a \$6 million renovation transformed the hotel into 17 loft apartments. Supporters expect this project to boost the entire neighborhood on the edge of Downtown.

Recently, the Community Foundation completed \$3 million in additions and renovations to their building, including their offices, two large loft-type apartments and a future bar/restaurant. These amenities will be much appreciated by the approximately 30,000 University students that attend School at the excellent higher education institutions that Flint offers; namely, Kettering University, the University of Michigan-Flint campus, Mott Community College and Baker College.

Kettering University is one of the top-rated engineering schools in the country and has recently expanded, adding a new Chemical Engineering program. Kettering also houses a Business Incubator for the development for start up companies in the City of Flint and the surrounding community. The newly formed Swedish Biogas LLC will soon reside at the Kettering Business Incubator. Additionally, Kettering University now highlights the fuel cell laboratory in the Mott Chemistry building. This facility offers leading edge technology for fuel cell and alternative fuel discovery.

The University of Michigan-Flint brings approximately 4300 students to downtown Flint, with a very widely-recognized academic and competitive curriculum. This summer, the school opened the newly constructed UM-Flint Residence Hall, which is at full capacity with 300 students. The residence hall is state of the art, offering a competitive advantage to the school to help insure future growth in enrollment. In addition, the school assists approximately 100 UM-Flint students in finding off-campus living accommodations.

Mott Community College is one of the country's leading community colleges and now offers a newly-constructed Regional Technology Center. The Center's purpose is to offer students a chance to develop workplace skills to ensure a competitive advantage, as jobs in the marketplace become more and more complex. This facility is a partnership between the Michigan Economic Development Corporation and the Local Workforce Board. Mott Community College offers 100 different program, with the technical aspects second to none, especially in the medical-related fields of study. A tour through the medical classes and laboratory demonstrate leading-edge technology designed to stimulate exact medical conditions that students will experience once out in the "real world." These skills will certainly be in demand at our two leading hospitals – Hurley and McLaren.

Over the past year, the Charles Stewart Mott Foundation and the Ruth Mott Foundation have funded the Gilkey Creek environmental improvements between Applewood Estate and Mott Community College. This undertaking included altering the flow of the creek to improve the water control. In addition, a state-of-the-art walking path has been completed along a beautiful scenic way.

Baker College, the largest independent college in the State of Michigan, has the most forward approach to education and job training available. Baker's comparative pass rate of nursing students is 98%, compared to the 75% national average. 98% of all of Baker's thousands of students are employed at this time. This is certainly a very important performance metric for the school and the community of Flint.

The universities' governmental relations and outreach efforts have been a driving force in bringing community leadership together to enable the improvement process. Academically, all four of the City's universities and colleges continue to grow more competitive each year and are valued for their leadership in the educational arena.

In the area of infrastructure, the City has implemented a \$1.2 million upgrade to the newly named University Avenue. This included new street signs, new lights, walkways, center malls and beautiful plantings.

Approximately six miles of new sidewalks have been constructed in the City sidewalk replacement program, funded by grants. And 19 traffic signals have been upgraded with the new traffic and pedestrian control technology. Several bridges have been replaced or repaired. These projects are just a few examples of the City's effort to demonstrate accountability with taxpayer dollars and move the City forward.

The City realized a tremendous boost in its financial arm through citizen participation in various community activities. Among the most notable are the Crim Festival of Races, which continues to expand year after year, and the Back to the Bricks road rally events. The many community-based activities draw our citizens together and help fuel the City's economy.

Although General Motors has a very difficult task in engineering a total transformation of the company in 2009, the City remains confident that the GM leadership is up to the challenge. The "New GM" is critical to the City in several areas. The City is host to approximately 5,000 GM/UAW jobs, while the surrounding area has about 7,000 GM/UAW jobs. The viability of the GM enterprise is critical to the City and surrounding community.

In addition, the City was recently awarded the new GM Volt/Cruze Engine Plant. This \$370 million engine plant will play a vital role in retaining 300 GM/UAW jobs. The new market, alternative fuel vehicles, will be a huge learning experience for the community at large. The new 1.4 liter dual overhead cam shaft engine will utilize state-of-the-art technology and cutting edge lean manufacturing principles in its production. It is expected that the Volt engine plant will be part of the new GM and the turnaround plans in 2009.

Also in 2008, Plant 38, on 2nd Avenue, created about 300 additional UAW positions in the field of computer-aided die design. With the new jobs came millions of dollars in software and hardware investments. This makes the Factory 38 Die Design operations one of the premier die design shops in the world. There may be more opportunity for job creation potential in the future.

In summary, 2008 presented the City's citizenry with significant economic challenges. However, many improvements and much growth also occurred. This emerging renaissance will continue to be accomplished through hard work, dedication to cause, and innovation by the people of the great City of Flint.

Budgets - The legality of whether or not the budget for fiscal year 2008 was properly adopted was disputed by City Council. An attorney employed by the City Council determined that the City did adopt a legal budget but identified issues with some of the budget amendments that have not yet been resolved to the satisfaction of City Council. The 2008 amended General Fund budget includes an appropriation of \$3.9 million from fund balance leaving a projected fund balance of \$2.5 million at June 30, 2008. Of the \$6.4 million fund balance, \$3.8 million is reserved for contracts issued but not completed at year-end, \$1.2 million is designated for the City Jail, and \$1.2 million is available from fund balance for future appropriation in the General Fund. The City faces a number of issues that will impact the 2008 budget. State wide, reductions in State Shared Revenue and the combined effect of laws that place limitations on millage rates and taxable values, keep revenue collections well below the rate of inflation. The City of Flint also faces loss of City Income Tax Revenue from layoffs at the Flint Delphi facility, and the increase in payroll expenditure with the settlement of the police and fire union contracts.

Rates - Although a City ordinance specifies a method to be used to set water rates, the resolution approved by City Council when authorizing the sale of Drinking Water Revolving Fund bonds establishes the current method of fixing and revising water rates. Per the resolution, the rates are set to provide for the payment of the expenses of the administration and operation of the water system so as to maintain the system in good repair. The rates must also be sufficient to pay an amount equal to 125% of the principal and interest on the bonds as well as any other obligations required by law.

The City has set rates each year to meet the requirements of the resolution. However, in order to reduce the impact of the annual water rate increase, the sewer rates have been reduced so that the total water and sewer bill has remained about the same over the last few years. However the City of Detroit has announced a 15.2% increase in water rates for 2008 and the Sewer Fund was required to transfer \$15.7 million to the Self Insurance Fund to fund the possibility of judgments and or settlements on a number of lawsuits, the City of Flint will adjust water and sewer rates in 2008. The City Water Department has successfully processed water from the Flint River system. The City in conjunction with the Michigan Department of Natural Resources continues to test the new water plant. The water plant currently has the ability to produce 36 million gallons of water per month, and has storage capacity of another 56 million gallons. The water plant is capable of supplying all of the City of Flint water demands at a cost that is substantially lower then the cost of purchasing water from the City of Detroit.

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

Basic Financial Statements

Government-wide Financial Statements

City of Flint, Michigan

Statement of Net Assets June 30, 2008

	Primary Government	
	Governmental Activities	Business-Type Activities
Assets		
Pooled cash and investments	\$ 18,127,886	\$ 27,452,259
Cash and equivalents	1,322,272	25,214,880
Cash with agent	-	-
Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$30,563,649)		
Taxes	1,974,738	-
Accounts	2,580,530	63,943,679
Notes and leases receivable	15,627,893	-
Due from component units	1,365,148	-
Due from other governments	11,581,402	-
Internal balances	(5,793,417)	5,793,417
Inventories	262,802	5,341,937
Real estate held for resale - seized property	-	-
Prepaid items	712,814	15,101,417
Restricted assets:		
Pooled cash and investments	33,389	5,555,572
Cash and equivalents	5,337,143	37,272,299
Investments	-	42,152,390
Accrued interest receivable	-	293,972
Capital assets (not depreciated)	13,448,725	13,890,596
Capital assets (net of accumulated depreciation)	180,187,360	189,386,946
Other assets	-	2,990,297
Investment in joint ventures	-	9,128,974
Total assets	246,768,685	443,518,635

The notes to financial statements are an integral part of this statement.

<u>Total</u>	<u>Component Units</u>
\$ 45,580,145	\$ -
26,537,152	1,517,848
-	10,751
1,974,738	-
66,524,209	386,664
15,627,893	1,991,550
1,365,148	-
11,581,402	-
-	-
5,604,739	-
-	43,200
15,814,231	11,586
5,588,961	-
42,609,442	532,436
42,152,390	-
293,972	-
27,339,321	5,933,740
369,574,306	695,640
2,990,297	-
9,128,974	-
690,287,320	11,123,415

City of Flint, Michigan

Statement of Net Assets (Continued) June 30, 2008

	Primary Government	
	Governmental Activities	Business-Type Activities
Liabilities		
Accounts payable	3,759,479	20,680,364
Accrued liabilities	2,619,878	60,533,043
Deposits and advances	943,590	697,691
Due to other governments	261,038	-
Due to primary government	-	-
Unearned revenue	1,249,902	-
Net pension obligation	-	28,474,249
Other post employment benefit liability	34,498,340	6,427,591
Noncurrent liabilities:		
Due within one year:		
Debt payable	10,875,905	5,180,572
Claims payable	2,220,520	-
Due in more than one year:		
Debt payable	27,441,449	92,434,760
Claims payable	17,958,147	-
Total liabilities	101,828,248	214,428,270
Net Assets		
Invested in capital assets, net of related debt	190,526,479	121,424,230
Restricted for:		
Streets	7,595,903	-
Public Improvement	5,198,426	-
Police	884,413	-
Parks and Recreation	104,042	-
Debt Service	-	2,809,861
Economic Development	1,031,894	-
Community Development	5,966,411	-
Capital Improvements	-	2,745,711
Other	309,085	4,733,434
Unrestricted (deficit)	(66,676,216)	97,377,129
Total net assets	\$ 144,940,437	\$ 229,090,365

The notes to financial statements are an integral part of this statement.

Total	Component Units
24,439,843	164,469
63,152,921	33,061
1,641,281	24,498
261,038	-
-	1,365,148
1,249,902	70,169
28,474,249	-
40,925,931	-
16,056,477	41,827
2,220,520	-
119,876,209	27,196
17,958,147	-
316,256,518	1,726,368
311,950,709	6,218,989
7,595,903	-
5,198,426	-
884,413	-
104,042	-
2,809,861	-
1,031,894	-
5,966,411	2,827,313
2,745,711	10,979
5,042,519	-
30,700,913	339,766
\$ 374,030,802	\$ 9,397,047

City of Flint, Michigan

Statement of Activities Year Ended June 30, 2008

Functions\Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Legislative	\$ 1,710,958	\$ 5,259	\$ -
	8,820,013	2,663,984	223,859
General government	28,415,124	16,496,851	228,790
Police	50,369,381	3,127,127	764,624
Fire	23,305,049	255,130	-
Emergency dispatch	4,374,189	1,717,934	-
Building inspection	5,063,848	1,501,849	1,503,992
Transportation	24,359,487	2,655	11,263,976
Public works	6,159,910	5,566	62,824
Parks and recreation	7,610,803	53,999	735,817
Community enrichment and development	6,163,998	147,744	4,806,279
Interest on long-term debt	1,091,347	-	-
Total governmental activities	167,444,107	25,978,098	19,590,161
Business-type Activities:			
Hospital	335,945,222	332,199,875	4,477,313
Water	34,030,253	33,956,858	-
Sewer	26,563,078	17,143,474	-
Golf courses	2,203,914	831,580	-
Total business-type activities	398,742,467	384,131,787	4,477,313
Total primary government	\$ 566,186,574	\$ 410,109,885	\$ 24,067,474
Component Units			
Downtown Development Authority	\$ 1,300,346	\$ 831,335	\$ 270,106
Atwood Stadium Building Authority	-	-	-
Flint Area Enterprise Community	488,839	-	335,858
Economic Development Authority	349,292	259,324	-
Total component units	\$ 2,138,477	\$ 1,090,659	\$ 605,964

The notes to financial statements are an integral part of this statement.

Program Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
\$ -	\$ (1,705,699)	\$ -	\$ (1,705,699)	\$ -
-	(5,932,170)	-	(5,932,170)	-
-	(11,689,483)	-	(11,689,483)	-
-	(46,477,630)	-	(46,477,630)	-
-	(23,049,919)	-	(23,049,919)	-
-	(2,656,255)	-	(2,656,255)	-
-	(2,058,007)	-	(2,058,007)	-
8,850,442	(4,242,414)	-	(4,242,414)	-
-	(6,091,520)	-	(6,091,520)	-
-	(6,820,987)	-	(6,820,987)	-
-	(1,209,975)	-	(1,209,975)	-
-	(1,091,347)	-	(1,091,347)	-
8,850,442	(113,025,406)	-	(113,025,406)	-
-	-	731,966	731,966	-
-	-	(73,395)	(73,395)	-
-	-	(9,419,604)	(9,419,604)	-
-	-	(1,372,334)	(1,372,334)	-
-	-	(10,133,367)	(10,133,367)	-
\$ 8,850,442	(113,025,406)	(10,133,367)	(123,158,773)	-
\$ -	-	-	-	(198,905)
-	-	-	-	-
-	-	-	-	(152,981)
-	-	-	-	(89,968)
\$ -	-	-	-	(441,854)

City of Flint, Michigan

Statement of Activities (continued) Year Ended June 30, 2008

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
General Revenues:			
Income taxes			
Property taxes			
State shared revenues			
Franchise taxes			
Unrestricted investment earnings			
Unrestricted contributions			
Gain on sale of capital assets			
Miscellaneous revenue			
Total general revenues			

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The notes to financial statements are an integral part of this statement.



Program Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
	16,516,416	-	16,516,416	-
	25,602,458	-	25,602,458	76,092
	18,959,082	-	18,959,082	-
	1,045,656	-	1,045,656	-
	2,133,630	6,382,545	8,516,175	98,580
	-	-	-	80,243
	35,610	-	35,610	-
	150,975	59,661	210,636	44,932
	64,443,827	6,442,206	70,886,033	299,847
	(48,581,579)	(3,691,161)	(52,272,740)	(142,007)
	193,522,016	232,781,526	426,303,542	9,539,054
	\$ 144,940,437	\$ 229,090,365	\$ 374,030,802	\$ 9,397,047

Fund Financial Statements

City of Flint, Michigan

Balance Sheet Governmental Funds June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investments	\$ -	\$ 12,639,763	\$ 12,639,763
Cash and cash equivalents	326,892	861,416	1,188,308
Receivable (net of allowance for estimated uncollectible accounts of \$8,328,717)			
Property taxes receivable	920,309	1,054,429	1,974,738
Notes and leases receivable	-	5,819,798	5,819,798
Other receivables	2,331,327	182,687	2,514,014
Due from other governments	6,607,951	4,973,451	11,581,402
Due from component units	-	791,304	791,304
Inventories	-	50,542	50,542
Restricted cash and cash equivalents	-	5,337,143	5,337,143
Restricted pooled cash and investments	-	33,389	33,389
Total assets	\$ 10,186,479	\$ 31,743,922	\$ 41,930,401

City of Flint, Michigan

Balance Sheet Governmental Funds (continued) June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 795,266	\$ 2,429,626	\$ 3,224,892
Retainage payable	-	10,993	10,993
Accrued liabilities	9,559	-	9,559
Due to other funds	14,653,786	2,915,148	17,568,934
Due to other governments	211,308	49,730	261,038
Deposits payable	-	943,590	943,590
Deferred revenue	1,385,930	7,437,014	8,822,944
Total liabilities	17,055,849	13,786,101	30,841,950
Fund Balances			
Reserved for encumbrances	177,450	892,872	1,070,322
Reserved for long-term lease receivable	-	1,336,000	1,336,000
Reserved for inventory	-	50,542	50,542
Unreserved, designated for:			
Subsequent years' expenditures:			
Special revenue funds	-	3,591,002	3,591,002
Unreserved and undesignated, reported in:			
General fund (deficit)	(7,046,820)	-	(7,046,820)
Special revenue funds	-	8,619,573	8,619,573
Debt service funds	-	7,163	7,163
Capital project funds	-	3,460,669	3,460,669
Total fund balances	(6,869,370)	17,957,821	11,088,451
Total liabilities and fund balances	\$ 10,186,479	\$ 31,743,922	\$ 41,930,401

The notes to financial statements are an integral part of this statement.

City of Flint, Michigan

Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2008

Fund balances reported in the governmental funds	\$ 11,088,451
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	186,418,676
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	17,510,942
Internal service funds are included as part of governmental activities	2,738,062
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(28,621,443)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current resources: therefore, they are not reported as fund liabilities	(9,695,911)
Net post employment benefit obligation are not due and payable in the current period and are not reported in the funds	(34,498,340)
Net assets of governmental activities	<u><u>\$ 144,940,437</u></u>

The notes to financial statements are an integral part of this statement.

City of Flint, Michigan

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 12,861,659	\$ 12,899,790	\$ 25,761,449
Income taxes	16,516,416	-	16,516,416
Special assessments	39,947	-	39,947
Federal revenue	1,676,514	5,421,600	7,098,114
State revenue	19,407,659	10,482,506	29,890,165
Licenses and permits	1,154,444	1,119,628	2,274,072
Fines and forfeits	3,248,546	329,017	3,577,563
Charges for services	9,993,339	383,323	10,376,662
Local grants	815,838	597,632	1,413,470
Interest	425,997	1,536,467	1,962,464
Other	682,778	854,186	1,536,964
Total revenue	66,823,137	33,624,149	100,447,286
Expenditures			
Current:			
Legislative	1,164,844	-	1,164,844
Judicial	6,367,737	-	6,367,737
General government	12,875,593	219,134	13,094,727
Public safety:			
Police	31,500,049	4,651,547	36,151,596
Emergency dispatch	3,134,397	1,251,292	4,385,689
Fire	16,608,564	50,000	16,658,564
Building inspection	257,659	4,367,302	4,624,961
Public works:			
Transportation	2,696,461	16,765,047	19,461,508
Public works	-	15,001,041	15,001,041
Parks and recreation	3,514,891	2,485,251	6,000,142
Community development	1,355,417	4,618,158	5,973,575
Debt Service:			
Principal retirement	-	2,076,203	2,076,203
Interest and fiscal charges	-	738,835	738,835
Total expenditures	79,475,612	52,223,810	131,699,422
Excess of revenue under expenditures	(12,652,475)	(18,599,661)	(31,252,136)
Other financing sources (uses):			
Debt issuance	-	18,431,292	18,431,292
Debt discount	-	42,633	42,633
Debt issuance costs	-	(104,733)	(104,733)
Proceeds from sale of capital assets	35,610	-	35,610
Transfers in	-	776,424	776,424
Transfers out	(604,199)	(1,473,252)	(2,077,451)
Total other financing sources (uses)	(568,589)	17,672,364	17,103,775
Net Change in Fund Balances	(13,221,064)	(927,297)	(14,148,361)
Fund Balances - Beginning of year	6,351,694	18,885,118	25,236,812
Fund Balances - End of year	\$ (6,869,370)	\$ 17,957,821	\$ 11,088,451

The notes to financial statements are an integral part of this statement.

City of Flint, Michigan

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (14,148,361)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however in the statement of activities these costs are allocated over their estimated useful lives and as depreciation :

Capital outlay	19,459,754
Depreciation expense	(13,829,131)
Net book value of assets disposed of	(1,262)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 2,076,203

Debt proceeds provide financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets (18,431,292)

Revenues related to long term receivable that will be recognized as received in future years 9,937,900

Increases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment (402,566)

Increase in net post employment benefit obligation (34,498,340)

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 90 days of year end 798,815

Internal service funds are also included as governmental activities 456,701

Changes in net assets of governmental activities \$ (48,581,579)

The notes to financial statements are an integral part of this statement.

City of Flint, Michigan

Statement of Net Assets Proprietary Funds June 30, 2008

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Assets		
Current assets:		
Pooled cash and investments	\$ -	\$ 8,314,650
Cash and cash equivalents	24,804,411	407,445
Receivables:		
Customer receivables (net of uncollectible allowance of \$22,143,617)	51,693,468	6,918,151
Due from other funds	-	-
Inventories	3,972,995	515,036
Prepaid items	15,101,417	-
Advances to other funds - current portion	-	-
Note receivable - current portion	-	-
Total current assets	95,572,291	16,155,282
Noncurrent assets:		
Restricted assets:		
Pooled cash and investments	-	5,555,572
Cash and equivalents	37,272,299	-
Investments	42,152,390	-
Accrued interest receivable	293,972	-
Advances to other funds - long term portion	-	-
Note receivable - long term portion	-	-
Capital assets - not depreciated	8,515,501	1,168,793
Capital assets - net of accumulated depreciation	55,370,611	57,264,585
Investment in joint ventures	9,128,974	-
Other	2,773,138	-
Total noncurrent assets	155,506,885	63,988,950
Total assets	251,079,176	80,144,232

The notes to financial statements are an integral part of this statement.

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
\$ 19,137,609	\$ -	\$ 27,452,259	\$ 5,488,123
-	3,024	25,214,880	133,964
4,206,748	-	62,818,367	66,518
20,161,971	-	20,161,971	16,505,386
834,758	19,148	5,341,937	212,260
-	-	15,101,417	506,853
1,174,625	-	1,174,625	-
-	-	-	130,000
45,515,711	22,172	157,265,456	23,043,104
-	-	5,555,572	-
-	-	37,272,299	-
-	-	42,152,390	-
-	-	293,972	-
3,766,128	-	3,766,128	-
-	-	-	520,000
3,336,097	870,205	13,890,596	-
73,794,673	2,957,077	189,386,946	7,217,409
-	-	9,128,974	-
217,159	-	2,990,297	-
81,114,057	3,827,282	304,437,174	7,737,409
126,629,768	3,849,454	461,702,630	30,780,513

(continued)

City of Flint, Michigan

Statement of Net Assets (Continued) Proprietary Funds June 30, 2008

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Liabilities and Net Assets		
Liabilities		
Current liabilities (payable from current assets):		
Accounts payable	16,348,261	3,734,388
Accrued liabilities	29,270,271	438,906
Deposits and advances	-	697,691
Retainage payable	-	208,309
Due to other funds	-	-
Net pension obligation	28,474,249	-
Advances from other funds - current portion	-	-
Capital lease obligation - current portion	75,385	-
Note payable - current portion	-	4,721
General obligation bonds - current portion	-	-
Revenue bonds - current portion	2,950,000	1,955,000
Total current liabilities	77,118,166	7,039,015
Noncurrent liabilities:		
Accrued expenses - long term	29,800,811	-
Claims payable	-	-
Other post employment benefit liability	-	2,679,492
Advances from other funds - long term portion	-	-
Note payable - long term portion	-	7,570
General obligation bonds - long term portion	-	-
Revenue bonds - long term portion	60,385,000	31,804,432
Total noncurrent liabilities	90,185,811	34,491,494
Total liabilities	167,303,977	41,530,509
Net Assets		
Invested in capital assets, net of related debt	16,237,747	24,661,655
Restricted for debt service	-	2,809,861
Restricted for capital replacement	-	2,745,711
Restricted for donor restrictions and other	4,733,434	-
Unrestricted (deficit)	62,804,018	8,396,496
Total net assets	\$ 83,775,199	\$ 38,613,723

The notes to financial statements are an integral part of this statement.

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
581,765	15,950	20,680,364	534,589
388,691	90,342	30,188,210	4,819,846
-	-	697,691	-
335,713	-	544,022	-
16,505,386	1,251,435	17,756,821	216,290
-	-	28,474,249	-
-	142,391	142,391	1,032,234
-	-	75,385	-
64,043	6,053	74,817	-
125,370	-	125,370	-
-	-	4,905,000	-
18,000,968	1,506,171	103,664,320	6,602,959
-	-	29,800,811	-
-	-	-	17,958,147
3,601,452	146,648	6,427,592	-
-	284,783	284,783	3,481,345
102,683	9,705	119,958	-
125,370	-	125,370	-
-	-	92,189,432	-
3,829,505	441,136	128,947,946	21,439,492
21,830,473	1,947,307	232,612,266	28,042,451
76,713,304	3,811,524	121,424,230	7,217,409
-	-	2,809,861	-
-	-	2,745,711	-
-	-	4,733,434	-
28,085,991	(1,909,377)	97,377,128	(4,479,347)
\$ 104,799,295	\$ 1,902,147	\$ 229,090,364	\$ 2,738,062

City of Flint, Michigan

Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Funds Year Ended June 30, 2008

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Operating Revenue		
Charges for services	\$ 332,199,875	\$ 33,956,858
Other miscellaneous revenue	-	-
Total operating revenue	332,199,875	33,956,858
Costs of Materials or Services Rendered	-	16,297,871
Operating Expenses		
Salaries, wages, and fringe benefits	232,046,992	11,305,817
Utilities	5,891,897	726,342
Equipment operation	-	237,634
Repairs and maintenance	3,002,221	144,203
Supplies	43,956,719	549,928
Insurance	2,788,158	-
Depreciation and amortization	11,556,405	2,132,120
Professional services	17,513,692	607,045
Claims and settlements	-	-
Administrative costs	-	1,050,578
Miscellaneous	14,353,487	523,627
Total operating expenses	331,109,571	17,277,294
Total materials, services, and operating expenses	331,109,571	33,575,165
Operating Income (Loss)	1,090,304	381,693
Non-operating Revenue (Expenses)		
Interest and dividend income	3,108,095	753,894
Interest expense	(4,182,612)	(455,088)
Net income from joint ventures	3,639,181	-
Restricted contributions net of expenses	838,132	-
Loss on sale of capital assets	(462,040)	-
Miscellaneous revenue	-	-
Clinic purchase	(191,000)	-
Income (Loss) - Before contributions	3,840,060	680,499
Capital Contributions		
Grants for capital improvements	-	-
Transfers from other funds	-	-
Change in Net Assets	3,840,060	680,499
Net Assets - Beginning of year	79,935,139	37,933,224
Net Assets - End of year	\$ 83,775,199	\$ 38,613,723

The notes to financial statements are an integral part of this statement.

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
\$ 17,143,474	\$ 831,580	\$ 384,131,787	\$ 41,269,023
-	59,661	59,661	-
17,143,474	891,241	384,191,448	41,269,023
-	14,793	16,312,664	27,568,908
14,996,773	1,085,576	259,435,158	3,989,625
2,819,609	58,345	9,496,193	12,362
304,334	22,238	564,206	-
403,849	51,700	3,601,973	555,979
959,220	72,890	45,538,757	2,261,482
-	-	2,788,158	481,203
5,000,750	507,497	19,196,772	2,089,379
854,122	36,036	19,010,895	2,706,407
-	-	-	2,992,319
650,234	278,685	1,979,497	-
543,776	5,032	15,425,922	125,691
26,532,667	2,117,999	377,037,531	15,214,447
26,532,667	2,132,792	393,350,195	42,783,355
(9,389,193)	(1,241,551)	(9,158,747)	(1,514,332)
2,520,556	-	6,382,545	168,341
(30,411)	(71,122)	(4,739,233)	(352,512)
-	-	3,639,181	-
-	-	838,132	-
-	-	(462,040)	-
-	-	-	8,175
-	-	(191,000)	-
(6,899,048)	(1,312,673)	(3,691,162)	(1,690,328)
-	-	-	846,002
-	-	-	1,301,027
(6,899,048)	(1,312,673)	(3,691,162)	456,701
111,698,343	3,214,820	232,781,526	2,281,361
\$ 104,799,295	\$ 1,902,147	\$ 229,090,364	\$ 2,738,062

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2008

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 308,441,289	\$ 34,686,356
Payments to vendors	(133,319,761)	(19,190,000)
Payments for interfund services	-	(500,000)
Payments to employees	(153,743,855)	(8,544,274)
Claims paid	-	-
Other receipts	-	-
Net cash provided by (used in) operating activities	21,377,673	6,452,082
Cash Flows from Investing Activities		
Distributions from joint ventures	1,600,000	-
Purchases of investments	(191,000)	-
Sale of investments	24,308,518	-
Interest on investments	4,043,599	753,894
Net cash provided by investing activities	29,761,117	753,894
Cash Flows from Non-capital Financing Activities		
Contributions for restricted purposes	838,132	-
Pooled cash advances made to other funds	-	-
Pooled cash advances from other funds	-	-
Payments received on long term note receivable	-	-
Repayment on advances made to other funds	-	-
Repayment on advances from other funds	-	-
Interest paid	-	-
Net cash provided by (used in) non-capital financing activities	838,132	-
Cash Flows from Capital and Related Financing Activities		
Capital contributions	-	-
Principal payments on long term debt	(4,100,753)	(1,988,514)
Purchase of capital assets	(15,012,637)	(4,564,055)
Proceeds from sale of assets	16,778	-
Interest payments	(4,386,682)	(455,088)
Net cash used in capital and related financing activities	(23,483,294)	(7,007,657)
Net Increase (Decrease) in Cash and Cash Equivalents	28,493,628	198,319
Cash and Cash Equivalents - Beginning of year	33,583,082	14,079,348
Cash and Cash Equivalents - End of year	\$ 62,076,710	\$ 14,277,667

The notes to financial statements are an integral part of this statement.

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
\$ 17,541,793	\$ 831,654	\$ 361,501,092	\$ 41,230,404
(5,122,089)	(540,646)	(158,172,496)	(34,922,268)
(500,000)	-	(1,000,000)	-
(11,321,605)	(913,520)	(174,523,254)	(3,680,146)
-	-	-	(1,513,652)
-	59,661	59,661	-
598,099	(562,851)	27,865,003	1,114,338
-	-	1,600,000	-
-	-	(191,000)	-
-	-	24,308,518	-
2,520,556	-	7,318,049	168,341
2,520,556	-	33,035,567	168,341
-	-	838,132	-
(16,469,700)	-	(16,469,700)	-
-	837,706	837,706	1,301,027
-	-	-	130,000
1,153,378	-	1,153,378	-
-	(142,392)	(142,392)	(757,339)
-	(41,561)	(41,561)	(24,062)
(15,316,322)	653,753	(13,824,437)	649,626
-	-	-	846,002
(260,656)	(5,741)	(6,355,664)	-
(3,870,204)	(55,600)	(23,502,496)	(1,525,359)
7,936	-	24,714	26,493
(30,411)	(29,561)	(4,901,742)	(328,450)
(4,153,335)	(90,902)	(34,735,188)	(981,314)
(16,351,002)	-	12,340,945	950,991
35,488,611	3,024	83,154,065	4,671,096
\$ 19,137,609	\$ 3,024	\$ 95,495,010	\$ 5,622,087

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds (continued) Year Ended June 30, 2008

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 1,090,304	\$ 381,693
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:		
Depreciation and amortization	11,556,405	2,132,120
Provision for bad debt	37,114,272	891,996
Amortization of deferred defeasance and bond issuance costs	367,848	-
Changes in operating assets and liabilities:		
Accounts receivable	(23,758,588)	(162,498)
Due from other funds	-	-
Inventories	(318,208)	7,856
Prepaid items and other assets	162,518	-
Accounts payable	1,673,170	586,796
Due to other funds	-	-
Customer deposits	-	(147,424)
Estimated claims liability	-	-
Net post employment benefit obligation	-	2,679,492
Accrued liabilities	(6,510,048)	82,051
Net cash provided by (used in) operating activities	\$ 21,377,673	\$ 6,452,082

Noncash Transactions

Capital asset purchases paid from accounts payable in the Water Fund \$506,746
 During 2008 the central garage made payments on an advance from
 the sewer fund, which was used to purchase capital assets in 2007, of \$1,010,985

The notes to financial statements are an integral part of this statement.

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
\$ (9,389,193)	\$ (1,241,551)	\$ (9,158,747)	\$ (1,514,332)
5,000,750	507,497	19,196,772	2,089,379
152,902	-	38,159,170	-
-	-	367,848	-
245,417	74	(23,675,595)	(38,619)
-	-	-	(805,386)
31,669	(3,571)	(282,254)	(7,869)
-	-	162,518	(155,030)
76,000	2,644	2,338,610	(241,951)
805,386	-	805,386	-
-	-	(147,424)	-
-	-	-	1,478,667
3,601,452	146,648	6,427,592	-
73,716	25,408	(6,328,873)	309,479
\$ 598,099	\$ (562,851)	\$ 27,865,003	\$ 1,114,338

City of Flint, Michigan

Statement of Net Assets Fiduciary Funds June 30, 2008

	Pension and Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents:		
Pooled cash and investments	\$ 686,728	\$ 2,337,147
Cash and cash equivalents	42,972,113	9,888,617
Investments:		
U.S. government obligations	71,207,401	-
Corporate stocks	430,355,435	-
Corporate bonds	123,339,645	-
Partnerships	40,364,468	-
Foreign stocks	46,746,935	-
Asset backed securities	6,464,948	-
Cash and securities held as collateral for securities lending	123,404,418	-
Taxes receivable (net of uncollectible allowance of \$39,003)	-	5,244,628
Accounts receivable (net of uncollectible allowance of \$2,466)	35,672	-
Accrued interest and dividends	1,210,036	-
Prepaid items	1,106,472	-
Restricted cash	-	357,055
Loans receivables	-	52,010
	<hr/>	<hr/>
Total assets	887,894,271	\$ 17,879,457
Liabilities		
Accounts payable	727,341	679,310
Accrues salaries and wages	5,294,914	-
Accrued expenses	-	-
Deposits and advances	-	938,825
Due to other governments	-	16,250,571
Due to component unit	-	10,751
Due to other funds	1,125,312	-
Obligations under securities lending agreements	123,404,418	-
	<hr/>	<hr/>
Total liabilities	130,551,985	\$ 17,879,457
Net Assets		
Held in trust for pension benefits and other employee benefits	<hr/> \$ 757,342,286 <hr/>	

The notes to financial statements are an integral part of this statement.

City of Flint, Michigan

Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2008

	Pension and Benefit Trust Funds
Additions	
Investment income:	
Interest	\$ 7,594,065
Dividends	4,899,497
Other investment income	484,989
Net investment income	<u>12,978,551</u>
Contributions:	
Employer	39,086,084
Employee	5,132,005
Total contributions	<u>44,218,089</u>
Securities lending income:	
Interest and fees	5,211,059
Less borrower rebates and bank fees	<u>(4,724,773)</u>
Net securities lending income	<u>486,286</u>
Total additions	<u>57,682,926</u>
Deductions	
Benefits payments	90,311,007
Net decrease in fair value of investments	50,384,777
Less investment expense	4,285,476
Refunds of contributions	824,258
Administrative expenses	202,526
Total deductions	<u>146,008,044</u>
Net Decrease in Net Assets Held in Trust	(88,325,118)
Net Assets	
Beginning of year	<u>845,667,404</u>
End of year	<u><u>\$ 757,342,286</u></u>

The notes to the financial statements are an integral part of this statement.

City of Flint, Michigan

Component Units Statement of Net Assets June 30, 2008

	Downtown Development Authority	Atwood Stadium Building Authority
Assets		
Cash and cash equivalents	\$ 441,253	\$ 9,342
Cash held with agent	-	-
Receivables:		
Accounts (net of allowance \$91,315)	25,060	-
Notes and leases receivable	767,837	-
Assets held for resale - seized property	-	-
Prepaid and other current assets	-	-
Restricted assets	232,476	-
Capital assets (not depreciated)	5,839,880	-
Capital assets (net of accumulated depreciation)	338,545	-
	<hr/>	<hr/>
Total assets	7,645,051	9,342

The notes to financial statements are an integral part of this statement.



Economic Development Corporation	Flint Area Enterprise Community	Totals
\$ 158,827	\$ 908,426	\$ 1,517,848
10,751	-	10,751
339,174	22,430	386,664
-	1,223,713	1,991,550
-	43,200	43,200
11,586	-	11,586
299,960	-	532,436
93,860	-	5,933,740
338,636	18,459	695,640
1,252,794	2,216,228	11,123,415

City of Flint, Michigan

Component Units Statement of Net Assets (Continued) June 30, 2008

	Downtown Development Authority	Atwood Stadium Building Authority
Liabilities		
Accounts payable	106,898	-
Due to primary government	1,365,148	-
Refundable bonds and deposits	16,645	-
Accrued liabilities	20,873	-
Deferred revenue	2,917	-
Restricted liabilities-deposits payable	-	-
Noncurrent liabilities:		
Due within one year	41,827	-
Due in more than one year	27,196	-
Total liabilities	1,581,504	-
Net Assets		
Invested in capital assets- Net of related debt	5,768,034	-
Restricted for:		
Community development	-	-
Capital improvements	10,979	-
Revolving loan program	-	-
Unrestricted (deficit)	284,534	9,342
Total net assets	\$ 6,063,547	\$ 9,342

The notes to financial statements are an integral part of this statement.

Economic Development Corporation	Flint Area Enterprise Community	Totals
40,955	16,616	164,469
-	-	1,365,148
-	-	16,645
-	12,188	33,061
625	66,627	70,169
7,853	-	7,853
-	-	41,827
-	-	27,196
49,433	95,431	1,726,368
432,496	18,459	6,218,989
-	198,803	198,803
-	-	10,979
781,586	1,846,924	2,628,510
(10,721)	56,611	339,766
\$ 1,203,361	\$ 2,120,797	\$ 9,397,047

City of Flint, Michigan

Component Units Statement of Activities Year Ended June 30, 2008

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Downtown Development Authority:			
Governmental activities:			
Development administration	\$ 467,911	\$ -	\$ 143,471
Business-type activities:			
Parking	832,435	831,335	126,635
Total Downtown Development Authority	<u>1,300,346</u>	<u>831,335</u>	<u>270,106</u>
Atwood Stadium Building Community	-	-	-
Flint Area Enterprise Community:			
Governmental activities:			
Community development	488,839	-	335,858
Economic Development Corporation:			
Governmental activities:			
Economic development	190,134	153,691	-
Business-type activities:			
Rental operations	159,158	105,633	-
Total Economic Development Corporation:	<u>349,292</u>	<u>259,324</u>	<u>-</u>
Total component units	<u>\$ 2,138,477</u>	<u>\$ 1,090,659</u>	<u>\$ 605,964</u>
General Revenues:			
Property taxes			
Interest			
Unrestricted income			
Unrestricted other revenues			
Total general revenues			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - Ending of year			

The notes to financial statements are an integral part of this statement.



Net (Expense) Revenue and
Changes in Net Assets

Component Units				
Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Total
\$ (324,440)	\$ -	\$ -	\$ -	\$ (324,440)
125,535	-	-	-	125,535
(198,905)	-	-	-	(198,905)
-	-	-	-	-
-	-	-	(152,981)	(152,981)
-	-	(36,443)	-	(36,443)
-	-	(53,525)	-	(53,525)
-	-	(89,968)	-	(89,968)
(198,905)	-	(89,968)	(152,981)	(441,854)
76,092	-	-	-	76,092
14,240	-	12,594	71,746	98,580
-	-	-	44,932	44,932
9,318	-	70,925	-	80,243
99,650	-	83,519	116,678	299,847
(99,255)	-	(6,449)	(36,303)	(142,007)
6,162,802	9,342	1,209,810	2,157,100	9,539,054
\$ 6,063,547	\$ 9,342	\$ 1,203,361	\$ 2,120,797	\$ 9,397,047

Notes to Basic Financial Statements

Note I - Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Flint is a municipal corporation governed by an elected mayor and a nine member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance they are part of the government's operations. The aggregate discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Blended Component Units:

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

The City of Flint Retirees Health Care Plan and Trust is a defined contribution plan that provides retiree health care benefits to certain City retirees. The Health Benefits 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.

The Hurley Medical Center Retiree Health Benefits Trust Fund is a defined contribution plan that provides retiree health care benefits to certain Hurley Medical retirees.

Discretely Presented Component Units:

The Atwood Stadium Building Authority (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 Authority vest to the City. The Authority is presented as a governmental activity.

The Flint Downtown Development Authority (Authority) was created under State law to promote and rehabilitate the downtown area. The Authority sponsors downtown events and manages parking facilities. State law provides for a specific tax levy for the operations of the Authority. 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 Authority vest to the City. The Authority has both governmental and business-type activities.

The City of Flint Economic Development Corporation (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 lease 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.

Note I - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (continued)

Discretely Presented Component Units (continued):

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.

Complete financial statements for the following individual component units may be obtained at the entity's administrative offices. Complete financial statements for Atwood Stadium Building Authority are not available.

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
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Hurley Medical Center Enterprise Fund:

The Hurley Medical Center Enterprise Fund is a separate administrative unit of the City of Flint. The Medical Center provides inpatient, outpatient and emergency care services in Genesee and surrounding counties.

The Enterprise Fund financial statements present the Medical Center and its wholly owned subsidiary Hurley Health Services, Inc. on a consolidated basis.

The Medical Center 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 Medical Center and HHS are exempt from income taxes except for HHS's subsidiary, Hurley Practice Management Services. A provision for income taxes (at statutory rates) has been provided for in the consolidated financial statements related to this entity's transactions. Hurley Practice Management Services (HPMS), adopted Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the current enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refund for the period plus or minus the net change in the deferred tax assets and liabilities. There is a deferred tax asset of \$150,000 at year end.

Note I - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (continued)

Hurley Medical Center Joint Ventures:

The Hurley Medical Center Enterprise Fund (Medical Center) participates in five privately held joint ventures: Greater Flint Area Hospital Imaging Center, Inc. (GFAHIC), Flint Health Systems Imaging Center Inc. (FHSIC), HGH, Inc. (HealthPlus Partners), Hurley PHO of Mid-Michigan and Genesys Hurley Cancer Institute. Each corporate joint venture is recorded in the financial statements in accordance with Accounting Principles Board Statement 18 on the equity method of accounting.

GFAHIC and FHSIC provide magnetic resonance imaging (MRI) services to the greater Flint and Genesee County community. The ownership of both corporations is allocated between Hurley Medical Center, Genesys Regional Medical Center, and McLaren Regional Medical Center. The joint venture provides that each participant shares in the annual earnings/loss of the Corporations. The net investment by the Medical Center at June 30, 2008 was \$3,347,319. A total of \$1,600,000 was distributed to the Medical Center during the year ended June 30, 2008.

HGH, Inc. is a joint venture among Hurley Medical Center, HealthPlus of Michigan, Inc., Genesys Regional Medical Center and Memorial Health Care Center. The venture was established during 1995 to provide a methodology to enroll Medicaid patients in the statewide managed care initiative for Medicaid. The arrangement provides that the three entities will share in the excess revenues or expenditures of the joint venture. The Medical Center had negative net investment (obligation) of \$(258,060) at June 30, 2006. During 2007, the Medical Center contributed capital of \$2,475,434 to pay outstanding claims. During 2008, the Medical Center received approximately \$911,000 for settlement of the joint venture. The net investment by the Medical Center was zero at June 30, 2008. This joint venture was dissolved as of December 31, 2005.

Hurley PHO of Mid-Michigan is a joint venture between Hurley Medical Center and its medical staff. The venture was established during 1997 to provide vertically integrated continuous care which will facilitate the Medical Center participating in managed care contracts in the future. The Medical Center's net investment at June 30, 2008 was \$742,665. The arrangement provides that the Medical Center will be allocated 50 percent of income or losses of the joint venture. At June 30, 2008, the Medical Center has established an allowance of \$500,000 for this investment for a net investment totaling \$242,665.

Genesys Hurley Cancer Institute is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001, to provide outpatient oncology services, including laboratory, and radiation oncology. The Medical Center's net investment at June 30, 2008 was \$5,531,490. The arrangement provides that the two entities will share equally in the income or losses of the joint venture.

HPMS has a 50 percent ownership in Hurley/Binson's Medical Equipment, Inc. The Medical Center's net investment at June 30, 2008 was \$0. Investment loss recognized in the year ended June 30, 2008 using the equity method was \$0.

The financial statements of each entity are available at the Hurley Medical Center's administrative office.

Note I - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

Note I - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The government reports the following major governmental fund:

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 government reports the following major proprietary funds:

The Hurley Medical Center Enterprise Fund is used to account for the financial operations of Hurley Hospital. The Hospital is owned by the City and is managed by an eleven member board of managers that are appointed by the mayor with the approval of City Council.

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

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

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

Pension Trust and Employee Benefit Funds account for the activities of the six different funds utilized to pay retirement, death and health care benefits for City of Flint and Hurley Medical Center retirees. These funds accumulate resources for pension and health care benefits financed by both employer and employee contributions.

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

Pension Trusts and Agency funds are reported as fiduciary funds and are not included in the government wide Statement of Net Assets and Statement of Activities.

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

Note I - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

When an expense is incurred for purpose for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted resources.

Proprietary funds distinguish *operating* revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Hurley Medical Center enterprise fund, the Water and Sewer enterprise funds, other enterprise funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. 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.

2. 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 market value.

At June 30, 2008, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as an interfund liability of that fund. Management has selected the Sewage Disposal Enterprise Fund to report the interfund receivable. Accordingly, the Sewer Fund's pooled cash and investment balance, as reported on the financial statement, has been decreased by the amounts receivable from the other City funds with an overdraft.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Investments

Investments for the City, as well as for its component units, are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

4. Receivables and payables

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

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

5. Inventories and prepaid items

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

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

6. Restricted assets

These assets are restricted through bond or grant agreements, or represent donated assets whose disposition is specified by the donor.

Restricted assets which are recorded in the Hurley Medical Center Enterprise Fund consist of:

- Assets set aside by the Board of Managers for identified purposes, and over which the Board retained control, and may at its discretion subsequently use for other purposes.
- Proceeds of debt issues and funds of the Center deposited with a trustee and limited to use in accordance with the requirements of an indenture.
- Assets restricted by outside donors.

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

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Capital assets

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

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$439,146 of interest expense was capitalized as part of the cost of assets under construction.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	5-50
Land improvements	5-50
Public domain infrastructure	10-50
Water and sewer infrastructure	10-75
Machinery and equipment	3-20

8. 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 is 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. In prior years, the governmental fund that has liquidated compensated absences has typically been the General Fund.

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. Long-term obligations and interest payments

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

10. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Property tax

The City's property tax is levied each July 1 on the taxable value determined as of December 31 of the preceding year for all taxable real and personal property located in the City. On July 1, the property tax attachment is an enforceable lien on the property. Assessed values are established by the City Assessor at 50% of estimated market value.

The City is permitted by the City charter to levy up to 10 mills on taxable valuation assessments. For the year ended June 30, 2008, the City levied the full 10 mills allowed. The levy consists of 7.5 mills for operating costs and 2.5 mills restricted for public improvement. The City levies 3.0 mills for garbage collection in accordance with state law. This resulted in \$12,079,213 for operating, \$4,035,907 for public improvement and \$4,825,502 for garbage collection.

A special voted assessment of .5 mills is levied for both paramedic services and dedicated funds for the improvement and maintenance of City parks, forestry and recreation services. The paramedic millage is a ten year millage for the period August 2006 – December 2016. The park millage is a ten year millage for the period November 2006 – December 2016. In addition, the City was authorized by the electorate to levy an additional property tax at the rate of 2.0 mills with all revenue received to be used to fund a city-wide neighborhood police program (a five year millage February 2007-December 2011). Because these additional levies were approved by a special vote, they do not fall under the 10 mill charter limitation. This resulted in \$782,446 for paramedic services, \$807,904 for parks and \$3,230,422 for neighborhood police.

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

11. Property tax (continued)

Taxes on the operating, public improvement, garbage collection, parks, and neighborhood police levies are billed July 1 and may be paid in three (3) 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 90 days after year end.

12. Hurley Medical Center - cost based reimbursement

Patient accounts receivable at June 30, 2008 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 \$21,240,000 for 2008.

13. 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 75 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 2008.

Charity care:

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

Estimated self-insured malpractice costs:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. 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.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

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

1. At the first meeting in April, the Mayor submitted to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The legally adopted operating budgets included proposed expenditures and the means of financing them for the General and Special Revenue Funds. (These funds are required to have budgets per Michigan law). Informational summaries of projected revenue and expenditures/expenses were provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
2. Public hearings were conducted at city hall to obtain taxpayer comments.
3. At the first City Council meeting in June, the budget was legally enacted on a department level through the passage of a resolution in accordance with State law.
4. The Mayor, or his designee, is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any budgetary level (as indicated above) were to be approved by the City Council.
5. Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the Federal Grants Fund, were adopted on a basis consistent with generally accepted accounting principles. The budget for the federal grants fund includes grant revenue and expenditures which were passed through to other City fund and recorded as revenue and expenditures in the grant receiving fund. For the fund financial statements, the federal grant fund includes only those revenue and expenditures incurred directly by that fund. In addition, budgets were not adopted for the State Grants, Atwood Stadium, City Park and Longway Park Special Revenue Funds since no expenditures were anticipated for the year.
6. Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.
7. The original budget was amended during the year.

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

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

A. Budgetary Information (continued)

A reconciliation of the budgetary comparison schedule to the fund statement of changes in fund balance for the federal grants fund is as follows.

Federal Grants:	<u>Total Revenue</u>	<u>Total Expenditures</u>
Actual expenditures on a budgetary basis	\$ 7,554,069	\$ 7,584,403
Revenue and expenditures budgeted for in other funds	<u>(2,974,018)</u>	<u>(2,974,018)</u>
Actual balances as reported on the fund statements	<u>\$ 4,580,051</u>	<u>\$ 4,610,385</u>

B. Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations at the department level during the year:

	<u>Final Budget</u>	<u>Actual</u>	Actual Over Amended <u>Budget</u>
General Fund:			
Judicial-68 th District Court	\$ 6,006,959	\$ 6,367,737	\$ 360,778
Civil Service	124,151	126,888	2,737
Mayor's Office	475,865	500,139	24,274
Union Representatives	349,077	359,950	10,873
Police Department	29,420,851	31,500,049	2,079,198
Emergency Dispatch	2,522,944	3,134,397	611,453
Fire Department	14,053,906	16,608,564	2,554,658
Transportation	2,587,759	2,696,461	108,702
Parks and Recreation	3,493,601	3,514,891	21,290
Transfers out	72,199	604,199	532,000
Federal Grants Special Revenue Fund:			
Debt service	154,653	271,545	116,892
Neighborhood Policing Special Revenue Fund:			
Police Department	3,508,012	3,641,991	133,979
Building Department:			
Debt service	-	65,409	65,409

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

C. Fund Deficits

The City has accumulated an unreserved fund balance or unrestricted net asset deficit in the following funds:

	Fund Balance \Unrestricted <u>Net Asset Deficit</u>
Primary Government	
General Fund	\$7,046,820
Golf Course Fund	1,909,377
Building Department Fund	1,550,369
Data Processing Fund	245,488
Central Maintenance Garage Fund	4,233,859
Component Units	
Flint Economic Development Corporation	\$ 10,721

The deficits in these funds were caused by expenditures in excess of revenues.

The final amended budget for the Building Department Special Revenue resulted in a deficit fund balance in violation of state law.

Note 3 - Detailed Notes on All Funds

A. Pooled Cash and Investments, Deposits, and Investments

The City maintains a cash and investment pool that is available for use by all funds except the ICMA 401 Retirement Pension Trust Fund. Each fund types' portion of this pool is displayed on the combined balance sheet as "Pooled Cash and Investments."

The pooled cash and investments account at June 30, 2008 is comprised of the following:

Cash deposits	\$ 7,256,401
Investments	<u>46,936,580</u>
	<u>\$54,192,981</u>

Note 3 - Detailed Notes on All Funds (Continued)

A. Pooled Cash and Investments, Deposits, and Investments (continued)

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the Sewage Disposal Enterprise Fund at June 30, 2008, follows:

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
General Fund	\$ -	\$ (14,653,786)
Special Revenue Funds:		
Major Streets Fund	4,432,342	-
Local Streets Fund	2,397,220	-
Federal Grants Fund	358,680	(1,402,386)
Neighborhood Policing Fund	-	(178,652)
State Act 25 I - Forfeitures Fund	1,596,522	-
EDA Revolving Loan Fund	57,638	-
Atwood Stadium Fund	6,454	-
Parks and Recreation	30,286	-
Senior Citizen Center	244,099	-
City Park Fund	7,985	-
Longway Fund	8,910	-
Building Department Fund	-	(1,334,110)
Garbage Fund	83,723	-
Debt Service Funds:		
Windmill Place Debt Service Fund	6,520	-
Buick City Debt Service Fund	643	-
Capital Projects Funds:		
Public Improvement Fund	3,442,130	-
Enterprise Funds:		
Water Supply Division Fund	13,870,222	-
Sewage Disposal Division Fund	39,299,580	-
Golf Course Fund	-	(1,251,435)
Internal Service Funds:		
Data Processing Fund	-	(216,290)
Fringe Benefits Fund	1,636,789	-
Self-Insurance Fund	3,617,764	-
Central Maintenance	233,570	-
Pension Trust Funds:		
Flint Employees' Retirement System Fund	686,728	-
Excess Pension Benefit Fund	-	(22,246)
Retiree Health Care Fund	-	(1,103,066)
Agency Funds:		
Miscellaneous Agency Fund	2,337,147	-
	<u>74,354,952</u>	<u>\$20,161,971</u>
Total pooled cash and investments	<u>\$54,192,981</u>	

Note 3 - Detailed Notes on All Funds (Continued)

B. 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 pension trust fund and retiree health care fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated four banks for the deposit of its funds. The investment policy adopted by the City Council 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 obligations 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 investment type and financial institution. These investment limitations do not affect the investments of the Pension Benefit Trust or the City's component units. 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 Hurley Medical Center Enterprise Fund's investing is controlled by Hurley Medical Center's Chief Financial Officer. Hurley has adopted the above City investment policy as its policy for investment of unrestricted funds. In addition to this policy, 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.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

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.

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$40,321,970 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk 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 custodial credit risk policy that a safekeeping agent evaluates annually the creditworthiness of investments. Uninsured collateralized securities not in the name of City at year-end totaled \$52,259,436.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy for investment of general City monies that 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 no investment shall have, at the time of purchase, an average life of more than five years and investments other than mortgage-backed securities may not have a maturity of more than 10 years. As of June 30, 2008, the following securities were subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (in Years)</u>
Asset Backed Securities	\$ 1,494	5.9
Certificates of Deposit	19,798	.2
Commercial Paper	21,453	.17
Corporate Bonds	13,232	6.14
Mexican Government Bonds	103	4.55
Non-Government Collateralized Mortgage Obligations	6,492	26.81
Repurchase Agreements	19,783	1.0
US Government Bonds	27,329	4.43
US Government Mortgaged Backed	<u>100,669</u>	6.41
	<u>\$210,353</u>	

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Credit risk:

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

As of June 30, 2008, the following are credit quality ratings of the City's debt securities, excluding guaranteed U.S. Government securities of \$7,279,647.97:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Credit Rating</u>	<u>Rating Organization</u>
Northern Trust Bond Index			
World Government Bond Index	\$57,264	Index average AAA/AA	Standard & Poors
Aggregate Bond Index	51,521	Index average AAA/AA/A/BAA	Standard & Poors
Mexican Government	100	BBB	Standard & Poors
Money Market Mutual Fund	10,874	A-1	Standard & Poors
	33,439	AAA	Standard & Poors
	50	Baa	Standard & Poors
Asset Backed Securities	128	A	Standard & Poors
	1,154	AAA	Standard & Poors
	206	Not Rated	
Commercial Paper	9,483	A-1	Standard & Poors
	7,182	A-2	Standard & Poors
	1,498	A-3	Standard & Poors
	3,290	Not Rated	
Corporate Bonds	4,082	A	Standard & Poors
	3,881	AA	Standard & Poors
	3,023	AAA	Standard & Poors
	97	BB	Standard & Poors
	1,580	BBB	Standard & Poors
	404	Not rated	
Non-Government Backed			
Collateralized Mortgage	5,650	AAA	
Obligations	815	Not rated	Standard & Poors
Repurchase agreements	19,729	Not rated	
US Government Bonds	11,064	AAA	Standard & Poors
US Government Mortgage Backed	100,051	AAA	Standard & Poors
	<u>\$326,565</u>		

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Foreign currency risk:

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

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value (in thousands)</u>
Foreign Stocks	Canadian Dollar	\$ 1,766
	Chinese	630
	Mexican Peso	703
	European Euro	30,029
	Japanese Yen	4,763
	Peru	1,237
	British Pound	3,828
	Swiss Franc	3,352
	Russian Federation	538
	Brazil	203
	Australian Dollar	20
		<u>\$ 47,069</u>

Securities lending agreement:

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

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Securities lending agreement (continued):

The System and the borrower maintain the right to terminate all securities lending transactions on demand. Cash collateral of \$123,404,418 was received for lent securities with a fair market value of \$120,222,437. Cash collateral was invested in a short term investment pool, with an average duration of 39 days at June 30, 2008. Noncash collateral was also received of \$8,447,204, for securities lent with a fair market value of \$8,240,366. Noncash collateral cannot be pledged or sold unless the borrower defaults; so it is not recorded on the balance sheet. The average term of the System's overall loans was approximately 95 days at June 30, 2008.

The plan's aggregate investments are as shown in the following table. These investments are reported at fair value. Except for mutual funds, which are not subject to custodial credit risk, investments are held by the system's agent (which is not affiliated with or related to the investment brokers) in the system's name. (Amounts are in thousands.)

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$458,039
US government bonds	7,284
Government mortgage backed securities	63,679
Non-government mortgage back securities	6,493
Corporate bonds	13,232
Asset backed securities	1,494
Partnerships	40,364
Foreign Government Bonds	102
Bond Pools	108,785
Short-term money market funds	37,287
	<u>\$736,759</u>

The following represents the balances relating to the securities lending transactions as of June 30, 2008. Collateral is invested in an investment pool in the name of the custodial bank. Collateral within this pool is allocated to the City's pension system in the amount of 102 percent of the loaned securities on a daily basis. (Amounts are in thousand; investments are reported at fair value.)

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Collateral Received</u>	<u>Collateral Invested</u>	<u>Collateral Investment Type</u>
US government bonds	\$6,555	\$6,694	\$3,933	Cash
			2,761	US gov't securities & letters of credit
US government mortgage backed	21,266	21,723	17,486	Cash
			4,237	US gov't securities & letters of credit
US corporate bonds	2,019	2,074	2,074	Cash
				US gov't securities & letters of credit
US equities	98,622	101,361	99,911	Cash
			1,450	US gov't securities & letters of credit
Total	<u>\$128,462</u>	<u>\$131,852</u>	<u>\$131,852</u>	

Collateral is invested in investment pools and is not exposed to custodial credit risk.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

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

Custodial credit risk is the risk that in the event of a bank failure, EDC's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, EDC had \$199,960 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with 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's, cash is subject to one type of risk, which is examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, FAEC's deposits may not be returned to it. FAEC does not have a deposit policy for custodial credit risk. At year end, FAEC had \$816,782 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 it deposits funds with 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, DDAs, cash and investment are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, DDA's deposits may not be returned to it. DDA does not have a deposit policy for custodial credit risk. At year end, DDA had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized. DDA believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, DDA evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit risk:

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>
Bank investment pool	\$673,445	Not available

Note 3 - Detailed Notes on All Funds (Continued)

C. Receivables

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

Governmental activities and fiduciary funds:

	<u>General Fund</u>	<u>Nonmajor, Internal Service, and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,975,869	\$ 6,508,066	\$ 8,483,935
Accounts	5,858,814	505,682	6,364,496
Intergovernmental	6,607,951	5,040,665	11,648,616
Interest and dividends	-	1,210,036	1,210,036
Notes and leases	-	19,039,812	19,039,812
	<hr/>	<hr/>	<hr/>
Gross receivables	14,442,634	32,304,261	46,746,895
Less: allowance for uncollectibles	(4,583,047)	(3,856,942)	(8,439,989)
	<hr/>	<hr/>	<hr/>
Net receivables	\$ 9,859,587	\$ 28,447,319	\$ 38,306,906

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (general fund)	\$ 736,250	\$ -	\$ 736,250
Delinquent property taxes receivable	1,054,345	-	1,054,345
Charges for services (Flint Community Schools)	530,812	-	530,812
Long-term notes receivable	4,483,798	-	4,483,798
Long-term advance to component unit	767,837	-	767,837
Grant receipts prior to meeting all eligibility requirements	-	1,249,902	1,249,902
	<hr/>	<hr/>	<hr/>
Total deferred/unearned revenue for governmental funds	\$ 7,573,042	\$ 1,249,902	\$ 8,822,944

Note 3 - Detailed Notes on All Funds (Continued)

C. Receivables (Continued)

Business type activities:

	Hurley Medical Center	Water Supply	Sewage Disposal	Nonmajor	Total
Receivables:					
Interest - restricted	\$ 293,972	\$ -	\$ -	\$ -	\$ 293,972
Accounts	72,933,468	7,418,436	5,665,589	-	86,017,493
Gross receivables	73,227,440	7,418,436	5,665,589	-	86,311,465
Less: allowance for uncollectibles	(21,240,000)	(500,285)	(333,529)	-	(22,073,814)
Net total receivables	<u>\$51,987,440</u>	<u>\$6,918,151</u>	<u>\$5,332,060</u>	<u>\$ -</u>	<u>\$ 64,237,651</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,449,987	\$ -	\$ 1,262	\$ 13,448,725
Capital assets, being depreciated:				
Buildings	19,872,177	79,693	8,056	19,943,814
Improvements other than buildings	10,839,249	49,216	-	10,888,465
Machinery and equipment	33,900,746	2,131,141	1,220,290	34,811,597
Infrastructure	326,159,715	17,714,077	2,937,338	340,936,454
Total capital assets being depreciated	<u>390,771,887</u>	<u>19,974,127</u>	<u>4,165,684</u>	<u>406,580,330</u>
Less accumulated depreciation for:				
Buildings	13,896,718	405,887	8,056	14,294,549
Improvements other than buildings	4,889,167	464,999	-	5,354,166
Machinery and equipment	21,409,657	3,177,798	1,201,972	23,385,483
Infrastructure	174,426,284	11,869,826	2,937,338	183,358,772
Total accumulated depreciation	<u>214,621,826</u>	<u>15,918,510</u>	<u>4,147,366</u>	<u>226,392,970</u>
Total capital assets, being depreciated, net	<u>176,150,061</u>	<u>4,055,617</u>	<u>18,318</u>	<u>180,187,360</u>
Governmental activities capital assets, net	<u>\$189,600,048</u>	<u>\$ 4,055,617</u>	<u>\$ 19,580</u>	<u>\$193,636,085</u>

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,522,462	\$ 68,550	\$ -	\$ 5,591,012
Construction in progress	25,109,684	18,215,227	35,025,327	8,299,584
Total capital assets, not being depreciated	<u>30,632,146</u>	<u>18,283,777</u>	<u>35,025,327</u>	<u>13,890,596</u>
Capital assets, being depreciated:				
Buildings and system	177,467,249	25,366,183	2,027,549	200,805,883
Improvements other than buildings	12,800,842	42,878	15,383	12,828,337
Machinery and equipment	317,766,755	14,335,687	11,020,403	321,082,039
Total capital assets, being depreciated	<u>508,034,846</u>	<u>39,744,748</u>	<u>13,063,335</u>	<u>534,716,259</u>
Less accumulated depreciation for:				
Buildings and system	123,233,742	5,226,696	1,820,465	126,639,973
Improvements other than buildings	6,163,876	453,488	15,072	6,602,292
Machinery and equipment	209,412,635	13,408,006	10,733,593	212,087,048
Total accumulated depreciation	<u>338,810,253</u>	<u>19,088,190</u>	<u>12,569,130</u>	<u>345,329,313</u>
Total capital assets, being depreciated, net	<u>169,224,593</u>	<u>20,656,558</u>	<u>494,205</u>	<u>189,386,946</u>
Business-type activities capital assets, net	<u>\$199,856,739</u>	<u>\$38,940,335</u>	<u>\$35,519,532</u>	<u>\$203,277,542</u>

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

Governmental activities:

Current:

Legislative	\$ 770
Judicial	13,642
General government	2,225,544
Police	347,931
Fire	533,803
Transportation	11,894,010
Emergency dispatch	95,111
Parks and recreation	736,637
Public works	3,985
Community enrichment and development	<u>67,077</u>

Total depreciation expense - governmental activities

\$15,918,510

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Primary Government (Continued)

Business-type activities:

Hospital	\$11,556,405
Water	2,132,120
Sewer	4,892,168
Golf	<u>507,497</u>
Total depreciation expense – Business-type activities	19,088,190
Amortization of intangible assets – Sewage Disposal Fund	<u>108,582</u>
Total depreciation and amortization expense – Business-type activities	<u>\$19,196,772</u>

Construction commitments:

The government has active construction projects as of June 30, 2008. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment</u>
Incinerator feed system improvements	\$ 1,596,393	\$ 1,752,977

The commitment for the incinerator and the feed system improvements is funded through sewer fund revenues.

Discretely presented component units capital asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office furniture and equipment	\$ 47,186	\$ 2,532	\$ -	\$ 49,718
Less accumulated depreciation for:				
Office furniture and equipment	<u>47,152</u>	<u>731</u>	<u>-</u>	<u>47,883</u>
Governmental activities capital total capital assets, net of depreciation	<u>\$ 34</u>	<u>\$ 1,801</u>	<u>\$ -</u>	<u>\$ 1,835</u>

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Discretely presented component units capital asset activity: - (continued)

Activity for the Flint Downtown Development Authority (DDA) for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	5,498,512	-	-	5,498,512
Construction in progress	-	341,368	-	341,368
Subtotal	5,498,512	341,368	-	5,839,880
Capital assets, being depreciated:				
Buildings	450,995	65,129	-	516,124
Land improvements	1,457,327	-	-	1,457,327
Leasehold improvements	5,519,160	4,513	-	5,523,673
Totals, capital assets being depreciated	7,427,482	69,642	-	7,497,124
Less accumulated depreciation for:				
Buildings	260,624	48,998	-	309,622
Land improvements	1,442,326	15,000	-	1,457,326
Leasehold improvements	5,306,766	86,700	-	5,393,466
Total accumulated depreciation	7,009,716	150,698	-	7,160,414
Total business-type activities, total capital assets, net of depreciation	417,766	(81,056)	-	336,710
Business-type activities total capital assets – net	<u>\$5,916,278</u>	<u>\$ 260,412</u>	<u>\$ -</u>	<u>\$ 6,176,590</u>

Construction commitments:

The DDA has an active construction project as of June 30, 2008 for the construction of a new parking deck. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment</u>
Kearsley Parking Deck construction	\$ 674,022	\$ 6,814,000

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Discretely presented component units capital asset activity: - (continued)

Activity for the Flint Economic Development Corporation for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 93,860	\$ -	\$ -	\$ 93,860
Capital assets, being depreciated:				
Buildings	514,782	-	-	514,782
Building improvements	694,177	-	-	694,177
Machinery and equipment	17,046	-	-	17,046
Totals, capital assets being depreciated	1,226,005	-	-	1,226,005
Less accumulated depreciation for:				
Buildings	470,383	25,739	-	496,122
Building improvements	339,112	35,089	-	374,201
Machinery and equipment	17,046	-	-	17,046
Total accumulated depreciation	826,541	60,828	-	887,369
Total capital assets, being depreciated, net	399,464	(60,828)	-	338,636
Capital assets, net	<u>\$ 493,324</u>	<u>\$ (60,828)</u>	<u>\$ -</u>	<u>\$ 432,496</u>

Activity for the Flint Area Enterprise Community for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 189,254	\$ -	\$ -	\$ 189,254
Equipment	41,247	12,803	-	54,050
Totals, capital assets being depreciated	230,501	12,803	-	243,304
Less accumulated depreciation for:				
Leasehold improvements	165,916	18,925	-	184,841
Equipment	37,850	2,154	-	40,004
Total accumulated depreciation	203,766	21,079	-	224,845
Total capital assets, being depreciated, net	<u>\$ 26,735</u>	<u>\$ (8,276)</u>	<u>\$ -</u>	<u>\$ 18,459</u>

Note 3 - Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Disposal Division Fund	General Fund	\$14,653,786
	Special Revenue Funds:	
	Federal Grants Fund	1,402,386
	Neighborhood Policing Fund	178,652
	Building Department Fund	1,334,110
	Nonmajor Enterprise Funds:	
	Golf Course Fund	1,251,435
	Internal Service Funds:	
	Data Processing Fund	216,290
	Pension Trust Funds:	
	Excess Pension Benefit Fund	22,246
	Retiree Health Care Fund	1,103,066
Self Insurance Fund	Sewer Disposal Division Fund	<u>16,505,386</u>
		<u>\$36,667,357</u>

The interfund receivables in the Sewer Enterprise Fund were created through negative pooled cash in other funds and monies loaned for operating purposes. The interfund receivable in the Self Insurance Fund represents charges for services due from the Sewer Fund not paid as of year end.

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government:		
State Grant Special Revenue Fund	Component Unit – DDA	\$ 767,837
Public Improvement Capital Projects Fund	Component Unit – DDA	<u>23,467</u>
		<u>791,304</u>
Long term receivable not recognized at fund level	Component Unit – DDA	<u>573,844</u>
	Total	<u>\$1,365,148</u>
Component Unit:		
EDC	Miscellaneous Agency Fund	<u>\$ 10,751</u>

Note 3 - Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Advances to/from other funds:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Sewer Disposal Division Fund	Central Maintenance Fund	\$4,513,579
	Golf Course Fund	<u>427,174</u>
		<u>\$4,940,753</u>

The advances from the sewer fund to the central maintenance and golf course funds were utilized to purchase equipment. The advances are to be repaid over five years with all amounts being repaid in May 2011. An interest rate of 5.25% is being charged to the borrowing funds.

	<u>Transfer In</u>
Transfer out:	
General fund to nonmajor governmental funds	\$ 604,199
Nonmajor governmental funds to nonmajor governmental funds	172,225
Nonmajor governmental funds to central garage internal service fund	<u>1,301,027</u>
Total transfers out	<u>\$2,077,451</u>

Transfers between funds were primarily for operating purposes or to cover operating deficits. The transfer from the Public Improvement Fund to the Central Garage Internal Service Fund was to provide funds for the payment of debt related to capital assets.

F. Capital and Operating Leases

The City has entered into agreements for the lease of automobiles, water treatment equipment, office equipment, construction equipment, fire equipment, and a fire station. The terms of each agreement provide options to purchase the fixed assets at any time during the lease terms, which range from three to five years. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "**Accounting for Leases**" which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$1,251,292 has been capitalized as equipment and related accumulate depreciation was \$62,565.

Note 3 - Detailed Notes on All Funds (Continued)

F. Capital and Operating Leases (Continued)

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of June 30, 2008:

2009	\$ 534,353
2010	<u>458,968</u>
Total future minimum payments	993,321
Less amount representing interest	<u>(63,800)</u>
Long-term obligation under capital leases	<u>\$ 929,521</u>

Also, Hurley Medical Center and HHS 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 following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

2009	\$ 2,293,145
2010	1,900,508
2011	1,464,498
2012	1,040,079
2013	796,798
Thereafter	<u>3,108,350</u>
Total minimum payments required	<u>\$10,603,378</u>

Rental expense for all operating leases for the year ended June 30, 2008, was \$2,611,812.

G. Long-term Debt

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

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

Long-term liability activity for the year ended June 30, 2008 is summarized as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds and Notes</u>	<u>Other Notes</u>	<u>Capital Leases</u>	<u>Accumulated Annual and Sick Pay</u>
Governmental Activities:					
Debt at July 1, 2007	\$ 5,490,000	\$ -	\$ 6,776,354	\$ -	\$ 9,293,345
New Debt:					
Annual and sick pay	-	-	-	-	5,245,312
New issuances	10,000,000	-	7,180,000	1,251,292	-
Principal payments made	(1,310,000)	-	(369,048)	(397,156)	(4,842,745)
Total governmental activities long-term debt	<u>14,180,000</u>	<u>-</u>	<u>13,587,306</u>	<u>854,136</u>	<u>9,695,912</u>

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2008:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds and Notes</u>	<u>Other Notes</u>	<u>Capital Leases</u>	<u>Accumulated Annual and Sick Pay</u>
Proprietary Fund:					
Debt at July 1, 2007	371,633	101,794,432	265,717	1,539,212	-
New Debt:					
Principal payments made	(120,893)	(4,700,000)	(70,941)	(1,463,828)	-
Total business type activities long-term debt at June 30, 2008	<u>250,740</u>	<u>97,094,432</u>	<u>194,776</u>	<u>75,384</u>	<u>-</u>
Total long-term debt - all activities June 30, 2008	<u>\$14,430,740</u>	<u>\$97,094,432</u>	<u>\$13,782,082</u>	<u>\$929,520</u>	<u>\$ 9,695,912</u>

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

A summary of long-term liability transactions and the composition of the June 30, 2008 long-term debt balance follows:

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at June 30, <u>2007</u>	Issuances (Retirements) <u>During Year</u>
Governmental Activities:					
MEDC Economic Development loan 2004 Financial Recovery General Obligation United Tax Bonds	1/18	6%	\$ 767,837	\$ 767,837	\$ -
Section 108 loan	5/10	3-3.25	8,000,000	5,490,000	(1,310,000)
Section 108 loan – 500 Block	8/16	Variable	2,624,000	1,820,000	(276,000)
Section 108 loan – Guaranteed Funds	8/07	Variable	3,840,000	3,840,000	-
Purchase contract	8/27	Variable	5,180,000	-	5,180,000
Capital lease – 911 Center	9/10	5.39	826,553	348,517	(93,048)
	1/10	4.94	1,251,292	-	1,251,292
				-	(397,156)
Capital Improvement Bonds	5/32	4.97	10,000,000	-	10,000,000
SIB 3 rd Avenue Reconstruction loan	12/28	0.50	2,000,000	-	2,000,000
Accrued annual and sick pay				9,293,345	5,245,312
					(4,842,745)
				<u>\$21,559,699</u>	<u>\$16,757,655</u>

Balance at June 30, <u>2008</u>	Due Within One <u>Year</u>
\$ 767,837	\$ -
4,180,000	1,350,000
1,544,000	171,000
3,840,000	3,840,000
5,180,000	-
255,469	98,131
-	-
854,136	416,774
10,000,000	-
2,000,000	-
-	-
<u>9,695,912</u>	<u>5,000,000</u>
<u>\$38,317,354</u>	<u>\$10,875,905</u>

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at June 30, <u>2007</u>	Issuances (Retirements) <u>During Year</u>
Business - Type Activities:					
Enterprise Funds:					
2001 MMBA Drinking Water Revolving Fund Revenue bonds	4/22	2.5	\$ 7,168,994	\$ 5,043,994	\$ (330,000)
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	8,035,000	6,030,000	(365,000)
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	8,974,581	7,024,581	(420,000)
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	18,335,857	17,565,857	(790,000)
McCollum Avenue Drain Contract	5/10	5.10	1,343,250	371,633	(120,893)
1998a Medical Center Revenue Refunding Bonds	7/21	4.0-5.375	18,560,000	13,445,000	(675,000)
1998B Medical Center Revenue Refunding Bonds	7/29	4.0-5.375	20,570,000	17,685,000	(440,000)
2003 Medical Center Revenue Refunding Bonds	7/21	6.0-6.5	35,000,000	35,000,000	(1,680,000)
Purchase contract	9/10	5.39	645,309	265,717	(70,941)
Capital lease	2008	0.0	490,015	10,014	(10,014)
Capital lease	2009	4.7	8,000,000	1,371,124	(1,295,740)
Capital lease	11/07	4.5	2,549,202	158,074	(158,074)
Total Business - Type Activities				<u>\$103,970,994</u>	<u>\$(6,355,662)</u>

Balance at June 30, <u>2008</u>	Due Within One <u>Year</u>
\$ 4,713,994	\$ 340,000
5,665,000	375,000
6,604,581	430,000
16,775,857	810,000
250,740	125,370
12,770,000	710,000
17,245,000	465,000
33,320,000	1,775,000
194,776	74,818
-	-
75,384	75,384
-	-
<u>\$97,615,332</u>	<u>\$5,180,572</u>

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

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

Year End June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 5,875,905	\$ 1,036,550	\$ 5,180,572	\$ 4,297,827
2010	2,356,174	985,512	5,261,943	4,060,257
2011	1,994,643	903,452	5,350,462	3,814,317
2012	876,275	652,624	5,535,140	3,563,623
2013	896,756	572,463	5,796,144	3,301,011
2014-2018	4,575,089	2,609,716	33,215,770	12,071,196
2019-2023	4,185,518	1,763,800	28,034,443	4,100,460
2024-2028	4,541,274	1,138,577	7,920,858	1,077,574
2029-2032	3,319,808	418,649	1,320,000	-
Total	<u>\$28,621,442</u>	<u>\$10,081,343</u>	<u>\$97,615,332</u>	<u>\$36,286,265</u>

Section 7-302 of the City Charter, adopted November 4, 1975, limits "net" debt to 7% 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 State of Michigan Public Act 279 of 1909.

Assessed valuation at May 29, 2007	<u>\$1,910,964,000</u>
Legal debt limit - (7% of assessed valuation)	\$ 133,767,480
Total Bonded Debt at June 30, 2008	\$111,525,172
Less debt not subject to limitation under City charter and state statute:	
Revenue bonds and notes	<u>97,094,432</u>
Debt subject to limitation	<u>14,430,740</u>
Unused debt limitation	<u>\$ 119,336,740</u>

Future Revenues Pledged for Debt Payments:

Revenue Bonds and Financial Recovery Bonds

The City has pledged substantially all revenue of the Water Enterprise Fund, net of operating expenses, to repay the Drinking Water Revolving Fund Revenue Bonds and Financial Recovery Bonds issued by the State of Michigan and have secured the Bonds with future State Revenue Sharing payments to be received by the City's General Fund. The remaining principal and interest to be paid on the bonds is \$40,833,423 and \$4,379,619, respectively. During the current year, net revenues of the system were \$2,812,619, and State Revenue Sharing revenues were \$18,959,082, as compared to the respective annual debt requirements of \$2,796,611 principal and \$1,458,638 of interest.

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

Future Revenues Pledged for Debt Payments (continued):

Section 108 Loan

The Section 108 loans were obtained through an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). The proceeds of the loans were then loaned to private entities for economic development purposes. Loans under the program are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program. During the current year, net revenues from the Community Development Block Grant Program were \$4,962,934 as compared to the annual debt requirements of \$4,321,795.

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.

Revenues Pledged in Connection with Component Unit Debt

The City has pledged, as security for bonds issued by the Flint Downtown Development Authority, a portion of the City's State Shared Revenues. The bonds, issued by the City on the DDA's behalf in 2008 in the amount of \$10,000,000, to provide funding for the Kearsley Parking Debt capital project, are payable through 2033. The DDA has pledged substantially all revenue of the parking deck, net of operating expenses, to repay the obligations; in addition, it has pledged the property taxes. Based upon the amount drawn to date, principal and interest to be paid on the bonds is \$903,591. During the current year, there were no net revenues of the system as the parking deck is only in the process of being constructed.

Note 3 - Detailed Notes on All Funds (Continued)**H. Restricted assets**

The balances of the restricted assets accounts in the governmental funds are as follows:

Federal Grants Fund:	
University Park	\$ 33,389
Section 108 Business Loan	5,162,408
EDA Revolving Fund:	
Revolving Loan Funds	<u>174,735</u>
Total restricted assets in governmental funds	<u>\$5,370,532</u>

The balances of the restricted asset accounts in the enterprise funds are as follows:

Hurley Medical Center:	
Equipment replacement and improvement	\$34,210,197
Self insurance	32,639,299
Revenue Bond Indenture – held by trustee	12,205,049
Children’s Miracle Network	664,116
Water Supply Fund:	
Revenue bond equipment replacement account	2,745,711
Debt service reserve	<u>2,809,861</u>
Total restricted assets in enterprise funds	<u>\$85,274,233</u>

Note 4 - Other information**A. Deferred Compensation**

Deferred compensation - 457A Plans:

The City, Hurley Medical Center, and the Flint Downtown Development Authority all offer deferred compensation plans adopted in accordance with Internal Revenue Code Section 457A. The plans, available to substantially all employees, permit employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Section 457A Plans, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the sole benefit of the employees. The assets are not subject to the claims of the employer's general creditors.

Participants' rights created under the plan are equivalent to those of general creditors and only in an amount equal to the fair market value of the deferred account maintained with respect to each participant. It is the opinion of legal counsel that the employers have no liability for losses under the plans, but do have the duty of care that would be required of an ordinary prudent investor.

Note 4 - Other information (Continued)

B. Retirement Plans and Other Post-employment Benefits

Detail of individual pension and benefit trust funds statements are as follows:

	Pension and Benefit Trust Funds					
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund
Assets						
Pooled cash and investments	\$ 686,728	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	42,675,353	-	98,364	-	37,235	161,161
Investments:						
U.S. government obligations	70,440,598	-	-	-	766,803	-
Corporate bonds	123,339,645	-	-	-	-	-
Partnerships	40,364,468	-	-	-	-	-
Corporate stocks	410,978,516	-	726,128	-	1,727,648	16,923,143
Foreign stocks	46,746,935	-	-	-	-	-
Asset backed securities	6,464,948	-	-	-	-	-
Receivables:						
Accrued interest	1,207,583	-	-	-	-	2,453
Other	-	22,246	986	-	12,440	-
Prepaid costs	-	-	-	1,106,472	-	-
Cash held as collateral for securities lending	123,404,418	-	-	-	-	-
Total assets	866,309,192	22,246	825,478	1,106,472	2,544,126	17,086,757
Liabilities						
Accounts payable	723,935	-	-	3,406	-	-
Accrued benefits	5,291,812	-	-	-	-	3,102
Due to other funds	-	22,246	-	1,103,066	-	-
Obligations under securities lending agreement	123,404,418	-	-	-	-	-
Total liabilities	129,420,165	22,246	-	1,106,472	-	3,102
Net Assets						
Held in trust for pension benefits and other employee benefits	\$ 736,889,027	\$ - 0 -	\$ 825,478	\$ - 0 -	\$ 2,544,126	\$ 17,083,655

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

	Pension and Benefit Trust Funds					
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund
Additions						
Investment income:						
Interest	\$ 7,587,319	\$ -	\$ -	\$ -	\$ -	\$ 6,746
Dividends	4,497,924	-	149,764	-	36,704	215,105
Other income	484,989	-	-	-	-	-
Net investment income	12,570,232	-	149,764	-	36,704	221,851
Contributions:						
Employer	10,021,836	65,047	-	18,286,035	-	10,713,166
Employee	3,800,789	-	24,749	976,404	330,063	-
Total additions	13,822,625	65,047	24,749	19,262,439	330,063	10,713,166
Securities lending income:						
Interest and fees	5,211,059	-	-	-	-	-
Less borrower rebates and bank fees	(4,724,773)	-	-	-	-	-
Net securities lending income	486,286	-	-	-	-	-
Total additions	26,879,143	65,047	174,513	19,262,439	366,767	10,935,017
Deductions						
Benefit payments	68,493,918	65,047	85,000	19,086,995	-	2,580,047
Net decrease in fair value of investments	47,890,018	-	416,183	-	152,569	1,926,007
Less investment expense	4,260,516	-	-	-	-	24,960
Refunds of contributions	824,258	-	-	-	-	-
Administrative expenses	26,781	-	301	175,444	-	-
Total deductions	121,495,491	65,047	501,484	19,262,439	152,569	4,531,014
Net Increase (Decrease) in Net Assets Held	(94,616,348)	-	(326,971)	-	214,198	6,404,003
Net Assets Held in Trust for Pension Benefits and Other Employee Benefits						
Beginning of year	831,505,375	-	1,152,449	-	2,329,928	10,679,652
End of year	\$ 736,889,027	\$ - 0 -	\$ 825,478	\$ - 0 -	\$ 2,544,126	\$ 17,083,655

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

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

I. Flint Employees' Retirement System:

The City of Flint Employees' Retirement System (FERS), a Single-Employer Public Employee Retirement System, covers substantially all employees of the City hired prior to October 1, 2003, including Hurley Medical Center, except certain firemen and policemen covered by the Charter Retirement Plan, and those employees that elect to participate in the Employees Defined Contribution - 401A Plan. The Retirement System is a blended component unit of the City of Flint. The plan was established by City ordinance and applicable state law, and is administered by a board of trustees. A separate financial statement for the FERS is not available. The City Council has the authority to amend the benefits offered.

Investments of the plan are made through Chase Trust Department and the Northern Trust. Employees who retire at or after age 55 (age 60 for certain Hurley Medical Center employees) with 10 years of credited service (8 years for appointed officials), or those members with 25 years credited service (23 years for police and fire), regardless of their age, are entitled to a retirement benefit. Certain police members can voluntarily retire at age 50 with 25 years of service. The retirement benefit can range from 1.7% to 2.6% of the participant's final average compensation based on the last three years (5 years for certain Hurley Medical Center employees) of credited service multiplied by the years of credit service depending on date of hire, and is payable monthly for life. Benefits fully vest on reaching 10 years of service with the benefit payable at age 55. The plan also provides death and disability benefits.

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

Membership in the plan at June 30, 2007, the date of the latest actuarial valuation, was comprised of 2,905 active plan members 359 inactive vested members and 3,084 retirees and beneficiaries receiving payments.

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

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

I. Flint Employees' Retirement System (continued):

The City forwarded \$3,800,789 of pension contributions withheld from employees during the year ended June 30, 2008. During 2008, employer contributions rates ranged from 4.43% to 33.16% of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

Actuarial assumptions:

Valuation date	June 30, 2007
Actuarial cost method	Hurley – individual entry age
	City – individual entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.0%
Projected salary increases	3.75% to 7.55%
Includes inflation at	3.75%

Annual pension cost:

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

<u>Fiscal</u> <u>Year</u> <u>End</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>% of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation (Asset)</u> <u>at June 30</u>
6/30/03	12/31/00	\$ 6,588,897	100%	\$ -
6/30/04	12/31/01	6,226,037	100	-
6/30/05	12/31/02	14,805,710	100	-
6/30/06	12/31/03	15,738,992	43	7,790,552
6/30/07	06/30/05	18,017,233	45	17,547,852
6/30/08	06/30/07	21,337,148	76	28,474,249

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

I. Flint Employees' Retirement System (continued):

Funding status and funding progress:

<u>Actuarial Valuation Year Ended</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability Attained Age (AAL) (b)</u>	<u>Unfunded (Over funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll ((b-a)/c)</u>
2002	\$871,274	\$955,306	\$ 84,032	91.20%	\$146,558	57.34%
2003	822,813	981,884	159,071	83.80	148,997	106.76
2004	803,420	971,686	168,266	82.68	150,429	111.86
2005	784,271	985,338	201,067	79.59	148,319	135.50
2006	782,098	1,023,599	241,501	76.41	146,634	164.70
2007	801,533	1,071,781	270,248	75.16	157,012	172.12

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

The Actuarial Value of Assets was computed on fair values “smoothed” over a four year period.

The net pension obligation at June 30, 2008 consists solely of amounts owed by Hurley Medical Center.

Annual pension cost (continued):

Annual pension cost	\$ 21,337,148
Amounts contributed	<u>(10,410,751)</u>
Increase in net pension obligation	10,926,397
Pension obligation – beginning of year	<u>17,547,852</u>
Pension obligation – end of year	<u>\$ 28,474,249</u>

Reserves: As of June 30, 2007 the plan’s legally required reserves have been fully funded as follows:

Reserves for employees’ contributions:	\$ 70,984,969
Reserves for employer contributions:	108,157,380
Reserve for retiree benefit payments:	622,391,007

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

2. 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, 2008, is 8 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, 2008, was \$151,881 and was calculated based on the actual current pension benefits due to be paid. The present value of vested benefits has not been determined. The City has not requested an actuarial valuation of the plan since 1985 because of the decreasing nature and the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net assets available for pension benefits at June 30, 2008 were \$-0-.

3. 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% of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100% immediately. Total contributions required and made by the City during the year ended June 30, 2008, were \$148,122, which represented 25% 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, 2008, were \$57,864,361 and \$592,486 respectively.

On January 1, 2002, a new plan was adopted for appointed and elected officials. The City contributes 11% of employees' gross earnings and employees have a mandatory 4% contribution. Employee accounts are fully vested after 5 years of service. The current year contribution was calculated based on covered payroll of \$32,309 resulting in an employer contribution of \$3,554 and employee contribution of \$1,656.

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

4. Defined contribution retirement plans:

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. Employees hired on or after October 1, 2003, are not eligible to participate in the Flint Employees Retirement System defined benefit pension plan. Employees hired prior to October 1, 2003 had the option of transferring assets from the defined benefit pension plan upon implementation of the defined contribution plan. The City contributes 10% of employees' gross earnings and employees have a mandatory 5% contribution. Employee accounts are fully vested after 5 years of service. The City's total payroll during the current year was \$57,864,361. The current year contribution was calculated based on covered payroll of \$157,011 resulting in an employer contribution of \$15,553 and employee contribution of \$8,757.

The City provides pension benefits to all of its full-time employees (or specific employee group, if applicable) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by City ordinance (authority under which the pension obligation is established), the City contributes 11% to 14.5% of employees' gross earnings and employee mandatory contributions of 4% to 5.5% for each employee plus interest allocated to the employee's account are fully vested after 5 years of service.

The City's total payroll during the current year was \$57,864,361. The current year contribution was calculated based on covered payroll of \$215,608, resulting in an employer contribution of \$22,275 and employee contributions of \$11,556.

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension expense included in the statements was \$817,182.

5. Profit Sharing and 403(b) Plan

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit sharing plan for HPMS employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to 15 percent of their salary. HHS may make a discretionary contribution. HHS's contribution to the 401(k) plan was \$46,370. HHS also maintains two tax-deferred annuity plans under section 403(b) of the Internal Revenue codes. Under the plans, HHS and THC employees may elect to defer up to a specified percentage of their salary, subject to the Internal Revenue Service limits. HHS may make a discretionary contribution. HHS's contribution to the 403(b) plan amounted to \$301,983.

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

6. Excess Benefits Pension Plan:

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

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

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

The Plan is intended to be funded on an annual basis via City contributions. There are no employee contributions to the Plan. The annual contribution will be determined by estimating the amount of "excess" benefits that will be paid out that calendar year. During the year ended June 30, 2008, employer contributions of \$65,047 were made to the plan and benefits of \$65,047 were paid out.

The City has not requested an actuarial valuation of the plan because of the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net assets available for pension benefits at June 30, 2008 were \$-0-.

7. Retiree Death Benefits Plan:

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

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 biweekly pay period. The employee withholdings and matching employer contributions are deposited into a separate account for investment purposes. The investments are administered by a seven member board appointed by the two unions and the mayor.

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

7. Retiree Death Benefits Plan (continued):

As of year end, there were 673 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2008, were both \$24,749. Net assets available for benefits, reported at fair value were \$825,478 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2008, death benefits of \$85,000 were paid.

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

During the year ended June 30, 2008, plan members contributed \$330,063. Net assets available for benefits was \$2,544,126 at June 30, 2008. No benefit payments were made during 2008.

9. Post-employment health care benefits:

Hurley Medical Center:

Effective for retirements on or after July 1, 1983, Hurley Medical Center provides a portion of health insurance premiums for retired employees. The Medical Center has set aside assets in an irrevocable trust account to be used for payment of its portion of health insurance premiums for retired employees. Beginning in 2008, the activity is reported in the fiduciary fund statements.

The Medical Center provides retiree health care benefits to eligible employees and their spouse through the Retiree Health Benefit Plan. Retired exempt employees receive full or partial coverage, depending on date of employment, at no cost to the retiree. Retired non-exempt employees pay the full amount or a portion of the premium. No payment is made if the retired employee is covered under other employment. The number of participants eligible to receive benefits was 548 in the year ended June 30, 2008.

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

10. Other Postemployment benefits

Plan description: The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Trust Fund. Benefits are provided to public safety and general employees. Currently, the plan has 2,765 members including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

This is a single employer defined benefit plan administered by the Hospital. The benefits are provided under collective bargaining agreements of Local 1799, 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.

Funding policy: The collective bargaining agreements require a contribution of \$50, \$75 or \$100 monthly depending on their Union contracts towards retiree health plan insurance. Contributions will stop once the retirees would have had 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 on a “pay-as-you-go” basis. The costs of administering the plan are borne by the City’s General Fund.

Funding progress: For the year ended June 30, 2008 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of July 1, 2006. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 60,118,371
Amounts contributed:	
Payments of current premiums	<u>(19,192,440)</u>
Increase in net OPEB obligation	40,925,931
OPEB obligation - beginning of year	<u>-</u>
OPEB obligation - end of year	<u><u>\$ 40,925,931</u></u>

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

10. Other Postemployment benefits (continued)

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

	<u>2008</u>
Annual OPEB Costs	\$ 60,188,371
Percentage contributed	32%
Net OPEB obligation	\$ 40,925,931

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

Valuation as of July 1, 2006 :	
Actuarial value of assets	\$ -
Actuarial accrued liability	787,695,883
Unfunded AAL	787,695,883
Funded ratio	0%
Annual covered payroll	42,609,837
Ratio of UAAL to covered payroll	1849%

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 supplementary 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.

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

10. Other Postemployment benefits (continued)

In the July 1, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 13 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after fourteen years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2006, was 30 years.

11. Hurley Medical Center other postemployment benefits

Effective for retirements on or after July 1, 1983, Hurley Medical Center provides a portion of health insurance premiums for retired employees. The Medical Center has set aside assets in an irrevocable trust account to be used for payment of its portion of health insurance premiums for retired employees. Funding and expenditures prior to July 1, 2007 have been reported in the proprietary fund statements. Beginning in 2008, the activity is reported in the fiduciary fund statements.

Plan Description - The Medical Center provides retiree health care benefits to eligible employees and their spouse through the Retiree Health Benefit Plan. Retired exempt employees receive full or partial coverage, depending on date of employment at no cost to the retiree. Retired non-exempt employees pay the full amount or a portion of the premium. No payment is made if the retired employee is covered under other employment. The number of participants eligible to receive benefits was 548.

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

Funding Policy - The Medical Center has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Medical Center has made contributions to advance-fund these benefits, as determined by an actuarial valuation. The costs of administering the plan are borne by the Medical Center's proprietary fund. For the year ended June 30, 2008, the Medical Center has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2005. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows for the year ended June 30, 2008:

Annual required contribution	\$7,799,755
Amount contributed	\$7,799,755
Percentage contributed	100%
Net OPEB obligation	\$ -

Note 4 - Other Information (Continued)

B. Retirement Plans and Other Post-employment Benefits (Continued)

11. Hurley Medical Center other postemployment benefits (continued)

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

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

In the June 30, 2005 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 12 percent initially, reduced by decrements to an ultimate rate of 3.75 percent after ten years. Both rates included a 3.75 percent inflation assumption. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2005 was 30 years.

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

Valuation as of June 30, 2005	
Actuarial value of assets	\$ 3,900,000
Actuarial accrued liability	85,218,296
Unfunded AAL	81,318,296
Funded ratio	5%
Annual covered payroll	\$135,946,295
Ratio of UAAL to covered payroll	60%

Note 4 - Other Information (Continued)

C. Building Department Fund Revenue and Expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. A separate fund has been established to account for the construction code activity. The City chose the latter because historically the expenditures have exceeded revenue. The activity related to construction code activity for the year ended June 30, 2008 is as follows:

Shortfall at July 1, 2007	\$(3,128,967)
Revenue:	
Building permits	1,116,128
Federal revenue	1,273,549
Charges for services	314,856
State revenue	230,443
Other revenue	57,225
Expenditures	<u>(4,367,302)</u>
Cumulative shortfall at June 30, 2008	<u><u>\$(4,504,068)</u></u>

D. Summary Disclosures of Significant Contingent Liabilities

Federal, state, and local grants:

The City participates in a number of federally, state, and locally assisted grant programs, principally of which is the federally funded Community Development Block Grant. The programs are subject to compliance audits. In accordance with the Single Audit Act of 1984, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of the compliance audits. The amount, if any, of expenditures which may be disallowed by the grant agencies, cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

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

Note 4 - Other Information (Continued)

E. Risk Management

Risk Management - primary government:

The City is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and workman'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 Enterprise Fund.

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

The City is self insured for workmen's compensation on a pay as you go basis for claims up to \$500,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self insurance program is administered by a third party administrator. All workman's compensation benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2008 was not material.

The City is self insured for active employee dental and eye care benefits on a pay as you go basis. The self insurance program is administered by a third party administrator. All claims and benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2008 was not material.

The City pays unemployment claims on a reimbursement basis. The amount of estimated claims payable at June 30, 2008 was not material.

The City is self insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay as you go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross and Blue Shield and Health Plus of Michigan. Once the individual contract or aggregate stop loss amount is reached reinsurance provides the remaining benefits. The City has two health insurance plans that are self insured, Blue Cross/Blue Shield of Michigan (BCBSM) and HealthPlus. For the year ended June 30, 2008, the City paid out \$6,601,754 in claims and administration fees to HealthPlus. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$150,000 Self Insured Retention (SIR). The City did not have any claims in excess of the stop loss deductible during the year. The City paid BCBSM \$22,121,306 during the year for claims funding and administration. The self insured coverages provided through BCBSM were protected by Specific Stop Loss coverage, which provided an unlimited excess with a \$100,000 deductible. No claims payable exist at June 30, 2008 due to escrowed reserves maintained by the third party administrators. The City also provides fully insured HMO health insurance coverage to a limited number of employees. At June 30, 2008, there were 1,791 retirees that were receiving medical benefits.

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

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

The City is self insured for other potential claims not covered by the commercial policy. The Hurley Medical Center Enterprise Fund is also self insured for a number of risks. The amounts below include all general liability claims against the City except for those related to Hurley Medical Center. Details regarding Hurley's self insurance practices are detailed separately. The City has estimated the claims that have been incurred through the end of the year, including both those claims that have been reported as well as those that have not yet been reported to the City. The estimate is based on legal counsel's recommendation and past settlement history. The estimated liability does not include any incremental costs. The amounts below include all general liability claims against the City except for those related to Hurley Medical Center. Hurley administers its own risk management program and details regarding Hurley's self insurance practices are detailed separately.

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

	<u>Fiscal Year Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Estimated liability, beginning of year	\$18,700,000	\$ 3,683,443
Estimated claims incurred, including changes in estimates	2,338,501	15,974,925
Claims payments	<u>(859,834)</u>	<u>(958,368)</u>
Estimated liability, end of year	<u>\$20,178,667</u>	<u>\$18,700,000</u>
Current portion	\$ 2,220,520	\$ 9,300,000
Long-term portion	<u>17,958,147</u>	<u>9,400,000</u>
	<u>\$20,178,667</u>	<u>\$18,700,000</u>

Hurley Medical Center Enterprise Fund:

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

The Medical Center's self insured retention is \$6 million for the first annual occurrence and \$4 million for each additional occurrence annually with excess claims-made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Hurley Medical Center Enterprise Fund (continued):

Changes in the aggregate liabilities for claims and defense costs payable for the past two years were as follows:

	<u>2008</u>	<u>2007</u>
Estimated liability - Beginning of year	\$35,022,210	\$32,996,608
Increase in claims liability	2,268,354	7,674,016
Defense costs and other fund expenses	(1,341,602)	(1,427,357)
Excess insurance premium payments	(1,756,455)	(1,652,300)
Claims paid	(1,547,500)	(2,568,757)
Estimated liability - End of year	<u>\$32,645,007</u>	<u>\$35,022,210</u>

Professional liability for claims is reported in accrued expenses, both current and long-term, on the balance sheet. The carrying amount of the insurance trust assets (at market) amounted to \$16,966,665 at June 30, 2008.

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

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

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Risk Management - component units:

The Flint Economic Development Corporation is exposed to various risks of loss related to property loss, torts, and error and omissions. The Corporation has purchased commercial insurance for these risks associated with a small business incubator facility which leases commercial and light industrial space to new businesses. Since the Corporation occupies premises located in the City of Flint Municipal Center and all Corporation personnel are employees of the City, any losses related to general liability, employee injuries, workman's compensation, and employee medical benefits are covered by City self insurance risk management programs. No claims related to Corporation activities have been presented to the City as of June 30, 2008.

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

The Flint Area Enterprise Community is exposed to various risks of loss related to property loss, torts, and errors and omissions. The FAEC has purchased commercial insurance coverage through various policies for general liability on all FAEC-owned property and workmen's compensation. Settled claims for the commercial insurance have net exceeded the amount of coverage in any of the past three years. There were no reductions in coverage during the current year.

F. Commitments

As of June 30, 2008, Hurley Practice Management Services (HPMS) is contingently liable as guarantor with respect to 50 percent of \$3,467,952 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, 2008. HPMS had 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. There are no recourse rights in the event of default by Hurley/Binson's Medical Equipment, Inc.

The future minimum payments related to the above debt are: 2009- \$2,828,624; 2010 - \$84,000; 2011 - \$84,000; and 2012 - \$471,328.

G. Related Party Transactions

The Medical Center pays subsidies and management fees for services rendered by HHS to the Medical Center. Management fees and contributions from the Medical Center to HHS for the year ended June 30, 2008 amounted to \$17,648,915, of which \$16,299,626 is staff and service contracts and \$1,349,289 is network management fees. Amounts paid by HHS to the Medical Center for rent and other miscellaneous expenses for the year ended June 30, 2008 amounted to \$799,813.

As of June 30, 2008, the Medical Center had accounts receivable from HHS of \$42,105 and accounts payable to HHS of \$446,318.

Note 4 - Other Information (Continued)

G. Related Party Transactions (Continued)

Included in other operating revenues of HHS are management fees and marketing fees for services rendered paid by Hurley/Binson's Medical Equipment, Inc., a related party to HPMS. Management fee and marketing income from Hurley/Binson's Medical Equipment, Inc. for the year ended June 30, 2008 amounted to \$0. There were no accounts receivable from Hurley/Binson's Medical Equipment at June 30, 2008. HPMS and HHS purchase courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$239,773 annually.

H. Subsequent Event

Subsequent to year-end, the investment portfolio's held by the Pension and Employee Benefit Trust Funds have incurred significant declines in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

I. Prior Period Restatement

During the year ended June 30, 2008, a net restatement in the amount of \$31,023,903 was necessary to properly account for infrastructure capital assets reported for governmental activities on the government wide statement of net assets. This adjustment was necessary to correct the initial valuation of certain infrastructure assets and to remove infrastructure that was recorded twice.

	<u>Governmental Activities</u>
Beginning net assets, as previously reported	\$162,498,113
Adjustment to correct infrastructure reported in the governmental activities at July 1, 2007	<u>31,023,903</u>
Beginning net assets, as restated	<u>\$193,522,016</u>

Required Supplementary Information

**Required Supplementary Information
Analysis of Funding Progress
June 30, 2008**

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

<u>Actuarial Valuation Year Ended</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Attained Age (AAL) (b)</u>	<u>Unfunded (Over funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll ((b-a)/c)</u>
2002	871,274	955,306	84,032	91.20	146,558	57.34
2003	822,813	981,884	159,071	83.80	148,997	106.76
2004	803,420	971,686	168,266	82.68	150,429	111.86
2005	784,271	985,338	201,067	79.59	148,319	135.50
2006	782,098	1,023,599	241,501	76.41	146,634	164.70
2007	801,533	1,071,781	270,248	75.16	157,012	172.12

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

The Actuarial Value of Assets was computed on fair values “smoothed” over a four year period.

**Required Supplementary Information
Schedule of Employer Contributions
June 30, 2008**

**General, Police, Fire, and Hurley Pension Plans
Schedule of Employer Contribution**

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>% of ARC Contributed</u>	<u>Net Pension Obligation (Asset) at June 30</u>
6/30/02	12/31/99	11,496,879	100	-
6/30/03	12/31/00	6,588,897	100	-
6/30/04	12/31/01	6,226,037	100	-
6/30/05	12/31/02	14,805,710	100	-
6/30/06	12/31/03	15,738,992	51	7,790,552*
6/30/07	06/30/05	18,017,233	45	17,547,852*
6/30/08	06/30/07	21,337,148	76	28,474,249*

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

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes				
Property taxes	\$ 13,553,430	\$ 13,553,430	\$ 12,861,659	\$ (691,771)
Income taxes	18,400,000	17,412,731	16,516,416	(896,315)
Intergovernmental				
Federal revenue	1,347,830	2,446,262	1,676,514	(769,748)
State revenue	19,593,521	19,646,068	19,407,659	(238,409)
Special assessments	200,000	200,000	39,947	(160,053)
Licenses and permits	1,183,860	1,183,860	1,154,444	(29,416)
Fines and forfeits	3,679,950	3,679,950	3,248,546	(431,404)
Charges for services	9,943,158	9,943,158	9,993,339	50,181
Local grant revenue	788,112	1,204,670	815,838	(388,832)
Interest	1,180,000	1,180,000	425,997	(754,003)
Other	572,058	609,666	682,778	73,112
Total revenue	70,441,919	71,059,795	66,823,137	(4,236,658)
Expenditures				
Current:				
Legislative - city council	1,297,029	1,232,029	1,164,844	67,185
Judicial-68th district court	5,976,968	6,006,959	6,367,737	(360,778)
General government:				
Contributions to agencies and others	547,250	547,250	250,000	297,250
Civil service	126,223	124,151	126,888	(2,737)
Human relations	202,970	196,575	187,826	8,749
Mayor's office	475,867	475,865	500,139	(24,274)
Finance	5,776,113	5,791,982	5,754,920	37,062
Community service	513,300	488,807	488,350	457
City clerk	1,233,990	1,233,990	1,215,197	18,793
Human resources	1,083,186	1,075,824	1,071,003	4,821
Office of the ombudsman	407,549	388,187	362,944	25,243
City administrator	910,620	910,619	872,496	38,123
Union representatives	335,393	349,077	359,950	(10,873)
Law office	1,342,325	1,230,692	1,227,916	2,776
Administration	550,861	514,753	457,964	56,789
Total general government	13,505,647	13,327,772	12,875,593	452,179

(continued)

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (continued) Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Public Safety:				
Police department	28,396,883	29,420,851	31,500,049	(2,079,198)
Emergency dispatch	2,522,944	2,522,944	3,134,397	(611,453)
Fire department	14,051,688	14,053,906	16,608,564	(2,554,658)
Building inspection	960,769	275,249	257,659	17,590
Total public safety	45,932,284	46,272,950	51,500,669	(5,227,719)
Transportation	2,030,000	2,587,759	2,696,461	(108,702)
Community development	2,010,984	1,986,154	1,355,417	630,737
Parks and recreation	3,320,745	3,493,601	3,514,891	(21,290)
Total expenditures	74,073,657	74,907,224	79,475,612	(4,568,388)
Excess of Revenue Over (Under) Expenditures	(3,631,738)	(3,847,429)	(12,652,475)	(8,805,046)
Other Financing Sources (Uses)				
Sale of capital assets	20,000	20,000	35,610	15,610
Transfers out	(72,199)	(72,199)	(604,199)	(532,000)
Total other financing sources (uses)	(52,199)	(52,199)	(568,589)	(516,390)
Net Change in Fund Balance	(3,683,937)	(3,899,628)	(13,221,064)	(9,321,436)
Fund Balance - Beginning of year	6,351,694	6,351,694	6,351,694	-
Fund Balance - End of year	\$ 2,667,757	\$ 2,452,066	\$ (6,869,370)	\$ (9,321,436)

Combining Fund Statements and Fund Descriptions

Special Revenue Funds

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

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.

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

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

The State Grants Fund was established to account for the receipt and disbursement of grants received from the State of Michigan for economic development.

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

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

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

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

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

(continued)

**Nonmajor Governmental Funds
Summary Descriptions (Continued)
June 30, 2008**

Special Revenue Funds – (continued)

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

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

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

Debt Service Funds

The Hyatt Debt Service Fund was established to accumulate resources for the payment of the tax increment bond issue utilized to finance a portion of the construction of a downtown hotel and convention center.

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

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

The Parking Deck Debt Service Fund was established to account for the issuance of bonds to finance the construction of a parking deck facility.

Capital Projects 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.

City of Flint, Michigan

Nonmajor Proprietary Funds Summary Descriptions June 30, 2008

The Golf Course Fund is used to account for the operation of the four city-owned golf courses. Most revenues are derived from greens and rental fees. Operations are managed by City employees.

Internal Service Funds Summary Descriptions June 30, 2008

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

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

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

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

Pension and Benefit Trust Funds

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

The Excess Pension Benefit Fund was established to provide certain retiring employees with pension benefits in addition to those provided by the Flint Employees' Retirement System.

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

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

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

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

Agency Funds

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

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

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Assets			
Pooled cash and investments	\$ 4,432,342	\$ 2,397,220	\$ 325,291
Cash and cash equivalents	60	-	705,583
Taxes receivable	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,538)	337	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,359,913)	-	-	3,840,000
Due from other funds	-	-	-
Due from other governments	3,166,565	332,843	1,474,043
Due from component unit	-	-	-
Inventories	50,542	-	-
Restricted cash and cash equivalents	-	-	5,162,408
Restricted pooled cash and investments	-	-	33,389
Total assets	\$ 7,649,846	\$ 2,730,063	\$ 11,540,714
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,181,404	\$ 25,093	\$ -
Deposits payable	-	-	-
Retainer payable	-	-	10,993
Due to other funds	-	-	1,402,386
Due to other governments	-	-	-
Deferred revenue	577,509	-	4,160,924
Total liabilities	2,758,913	25,093	5,574,303
Fund balances			
Reserved for encumbrances	783,013	-	-
Reserved for long term receivable	-	-	-
Reserved for inventory	50,542	-	-
Unreserved:			
Designated for subsequent years' expenditures	1,909,394	1,032,631	260,881
Undesignated (deficit)	2,147,984	1,672,339	5,705,530
Total fund balances	4,890,933	2,704,970	5,966,411
Total liabilities and fund balances	\$ 7,649,846	\$ 2,730,063	\$ 11,540,714

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	State Grants	EDA Revolving Loan	Atwood Stadium	Parks and Recreation Fund
\$ -	\$ 1,596,522	\$ -	\$ 57,638	\$ 6,454	\$ 30,286
-	-	-	155,723	-	-
282,457	-	-	-	-	70,977
181,420	-	-	-	-	-
-	-	-	643,798	-	-
-	-	-	-	-	-
-	-	767,837	-	-	-
-	-	-	-	-	-
-	-	-	174,735	-	-
-	-	-	-	-	-
\$ 463,877	\$ 1,596,522	\$ 767,837	\$ 1,031,894	\$ 6,454	\$ 101,263
\$ 1,561	\$ 2,453	\$ -	\$ -	\$ -	\$ 20,570
-	943,590	-	-	-	-
-	-	-	-	-	-
178,652	-	-	-	-	-
-	49,730	-	-	-	-
282,457	-	767,837	643,798	-	70,892
462,670	995,773	767,837	643,798	-	91,462
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	388,096	-	-
1,207	600,749	-	-	6,454	9,801
1,207	600,749	-	388,096	6,454	9,801
\$ 463,877	\$ 1,596,522	\$ 767,837	\$ 1,031,894	\$ 6,454	\$ 101,263

(continued)

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2008

	Special Revenue		
	Senior Citizen Centers	City Park	Longway Park
Assets			
Pooled cash and investments	\$ 244,099	\$ 7,985	\$ 8,910
Cash and cash equivalents	-	-	-
Taxes receivable	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,538)	-	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,359,913)	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Due from component unit	-	-	-
Inventories	-	-	-
Restricted cash and cash equivalents	-	-	-
Restricted pooled cash and investments	-	-	-
Total assets	\$ 244,099	\$ 7,985	\$ 8,910
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 30,158	\$ -	\$ -
Deposits payable	-	-	-
Retainer payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	207,641	-	-
Total liabilities	237,799	-	-
Fund balances			
Reserved for encumbrances	-	-	-
Reserved for long term receivable	-	-	-
Reserved for inventory	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	-	-	-
Undesignated (deficit)	6,300	7,985	8,910
Total fund balances	6,300	7,985	8,910
Total liabilities and fund balances	\$ 244,099	\$ 7,985	\$ 8,910

Special Revenue		Debt Service			
Building Department	Garbage Collection	Hyatt Debt Service	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service
\$ -	\$ 83,723	\$ -	\$ -	\$ 6,520	\$ 643
50	-	-	-	-	-
-	306,402	602	-	3,885	33,789
-	506	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 50	\$ 390,631	\$ 602	\$ -	\$ 10,405	\$ 34,432
\$ 81,490	\$ 81,546	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,334,110	-	-	-	-	-
-	-	-	-	-	-
24,960	306,402	602	-	3,885	33,789
1,440,560	387,948	602	-	3,885	33,789
109,859	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,550,369)	2,683	-	-	6,520	643
(1,440,510)	2,683	-	-	6,520	643
\$ 50	\$ 390,631	\$ 602	\$ -	\$ 10,405	\$ 34,432

(continued)

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2008

	Capital Projects Funds	
	Public Improvement	Total Nonmajor Governmental Funds
Assets		
Pooled cash and investments	\$ 3,442,130	\$ 12,639,763
Cash and cash equivalents	-	861,416
Taxes receivable	356,318	1,054,430
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,538)	423	182,686
Notes receivable (net of allowance for uncollectible accounts of \$3,359,913)	1,336,000	5,819,798
Due from other funds	-	-
Due from other governments	-	4,973,451
Due from component unit	23,467	791,304
Inventories	-	50,542
Restricted cash and cash equivalents	-	5,337,143
Restricted pooled cash and investments	-	33,389
Total assets	\$ 5,158,338	\$ 31,743,922
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,351	\$ 2,429,626
Deposits payable	-	943,590
Retainer payable	-	10,993
Due to other funds	-	2,915,148
Due to other governments	-	49,730
Deferred revenue	356,318	7,437,014
Total liabilities	361,669	13,786,101
Fund balances		
Reserved for encumbrances	-	892,872
Reserved for long term receivable	1,336,000	1,336,000
Reserved for inventory	-	50,542
Unreserved:		
Designated for subsequent years' expenditures	-	3,591,002
Undesignated (deficit)	3,460,669	12,087,405
Total fund balances	4,796,669	17,957,821
Total liabilities and fund balances	\$ 5,158,338	\$ 31,743,922

City of Flint

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	4,085,227
State revenue	8,220,822	2,031,241	-
Local revenue	78,957	-	3,919
Licenses and fees	-	-	-
Fines and forfeits	-	-	-
Charges for services	-	-	2,000
Interest	332,318	162,720	350,534
Other	335,234	71,642	138,371
Total revenue	<u>8,967,331</u>	<u>2,265,603</u>	<u>4,580,051</u>
Expenditures			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	-
Transportation	13,321,522	3,309,255	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	-	-	4,062,840
Debt Service:			
Principal retirement	-	-	276,000
Interest and fiscal charges	1,657	-	271,545
Total expenditures	<u>13,323,179</u>	<u>3,309,255</u>	<u>4,610,385</u>
Excess of Revenue Over (Under) Expenditures	<u>(4,355,848)</u>	<u>(1,043,652)</u>	<u>(30,334)</u>
Other Financing Sources (Uses)			
Note proceeds	2,000,000	-	5,180,000
Debt premium	-	-	-
Debt issuance costs	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,000,000</u>	<u>-</u>	<u>5,180,000</u>
Net Change in Fund Balances	<u>(2,355,848)</u>	<u>(1,043,652)</u>	<u>5,149,666</u>
Fund Balances - Beginning of year	7,246,781	3,748,622	816,745
Fund Balances - End of year	<u><u>\$ 4,890,933</u></u>	<u><u>\$ 2,704,970</u></u>	<u><u>\$ 5,966,411</u></u>

City of Flint

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued) Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue		
	City Park	Longway Park	Building Department
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	1,273,549
State revenue	-	-	230,443
Local revenue	-	-	-
Licenses and fees	-	-	1,116,128
Fines and forfeits	-	-	-
Charges for services	-	-	314,856
Interest	438	490	-
Other	-	6,857	57,225
Total revenue	438	7,347	2,992,201
Expenditures			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	4,367,302
Transportation	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	65,409
Total expenditures	-	-	4,432,711
Excess of Revenue Over (Under) Expenditures	438	7,347	(1,440,510)
Other Financing Sources (Uses)			
Note proceeds	-	-	-
Debt premium	-	-	-
Debt issuance costs	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	438	7,347	(1,440,510)
Fund Balances - Beginning of year	7,547	1,563	-
Fund Balances - End of year	\$ 7,985	\$ 8,910	\$ (1,440,510)

Special Revenue	Debt Service			Capital Project	
Garbage Collection	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	Public Improvement	Total Nonmajor Governmental Funds
\$ 4,825,502	\$ -	\$ -	\$ 55	\$ 4,035,907	\$ 12,899,790
62,824	-	-	-	-	5,421,600
-	-	-	-	-	10,482,506
-	-	-	-	-	597,632
3,500	-	-	-	-	1,119,628
-	-	-	-	-	329,017
-	-	-	-	-	383,323
70,045	-	-	41	444,007	1,536,467
2,066	-	-	-	24,667	854,186
4,963,937	-	-	96	4,504,581	33,624,149
-	-	-	-	219,134	219,134
-	-	-	-	710,408	4,651,547
-	-	-	-	50,000	50,000
-	-	-	-	1,251,292	1,251,292
-	-	-	-	-	4,367,302
-	-	-	-	134,270	16,765,047
5,056,876	-	-	-	9,944,165	15,001,041
-	-	-	-	337,655	2,485,251
-	-	-	-	114	4,618,158
-	-	-	-	1,800,203	2,076,203
-	172,225	-	-	227,999	738,835
5,056,876	172,225	-	-	14,675,240	52,223,810
(92,939)	(172,225)	-	96	(10,170,659)	(18,599,661)
-	-	-	-	11,251,292	18,431,292
-	-	-	-	42,633	42,633
-	-	-	-	(104,733)	(104,733)
80,000	172,225	-	-	-	776,424
-	-	-	-	(1,473,252)	(1,473,252)
80,000	172,225	-	-	9,715,940	17,672,364
(12,939)	-	-	96	(454,719)	(927,297)
15,622	-	6,520	547	5,251,388	18,885,118
\$ 2,683	\$ -	\$ 6,520	\$ 643	\$ 4,796,669	\$ 17,957,821

City of Flint, Michigan

Major Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
State revenue	\$ 7,822,458	\$ 8,497,925	\$ 8,220,822	\$ (277,103)
Local revenue	-	412,966	78,957	(334,009)
Interest	429,234	429,234	332,318	(96,916)
Other	281,000	281,000	335,234	54,234
Total revenue	8,532,692	9,621,125	8,967,331	(653,794)
Expenditures				
Transportation	9,429,790	13,622,087	13,321,522	300,565
Debt Service	-	280,103	1,657	278,446
Total expenditures	9,429,790	13,902,190	13,323,179	579,011
Excess of Revenue Under Expenditures	(897,098)	(4,281,065)	(4,355,848)	(74,783)
Other Financing Sources				
Note proceeds	-	-	2,000,000	2,000,000
Net Change in Fund Balances	(897,098)	(4,281,065)	(2,355,848)	1,925,217
Fund Balance - Beginning of year	7,246,781	7,246,781	7,246,781	-
Fund Balance - End of year	\$ 6,349,683	\$ 2,965,716	\$ 4,890,933	\$ 1,925,217

City of Flint, Michigan

Local Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
State revenue	\$ 2,532,642	\$ 2,532,642	\$ 2,031,241	\$ (501,401)
Interest	96,530	96,530	162,720	66,190
Other	108,500	108,500	71,642	(36,858)
Total revenues	2,737,672	2,737,672	2,265,603	(472,069)
Expenditures				
Transportation	4,080,017	4,078,650	3,309,255	769,395
Net Change in Fund Balances	(1,342,345)	(1,340,978)	(1,043,652)	297,326
Fund Balance - Beginning of year	3,748,622	3,748,622	3,748,622	-
Fund Balance - End of year	\$ 2,406,277	\$ 2,407,644	\$ 2,704,970	\$ 297,326

City of Flint, Michigan

Federal Grants Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ 5,294,991	\$ 7,478,493	\$ 7,059,245	\$ (419,248)
State revenue	-	-	-	-
Local revenue	-	3,919	3,919	-
Charges for services	-	-	2,000	2,000
Interest	62,742	62,742	350,534	287,792
Other	-	24,000	138,371	114,371
Total revenue	5,357,733	7,569,154	7,554,069	(15,085)
Expenditures				
Community enrichment	5,019,047	7,444,797	7,036,858	407,939
Debt Service:				
Principal retirement	276,000	300,000	276,000	24,000
Interest and fiscal charges	154,653	154,653	271,545	(116,892)
Total expenditures	5,449,700	7,899,450	7,584,403	315,047
Excess of Revenue Over (Under) Expenditures	(91,967)	(330,296)	(30,334)	299,962
Other Financing Sources				
Note proceeds	-	-	5,180,000	5,180,000
Net Change in Fund Balances	(91,967)	(330,296)	5,149,666	5,479,962
Fund Balance - Beginning of year	816,745	816,745	816,745	-
Fund Balance - End of year	\$ 724,778	\$ 486,449	\$ 5,966,411	\$ 5,479,962

City of Flint, Michigan

Neighborhood Policing Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 3,396,813	\$ 3,396,813	\$ 3,230,422	\$ (166,391)
Interest	39,000	39,000	50,036	11,036
Other	-	-	90,541	90,541
Total revenue	3,435,813	3,435,813	3,370,999	(64,814)
Expenditures				
Police department	3,508,012	3,508,012	3,641,991	(133,979)
Excess of Revenue Under Expenditures	(72,199)	(72,199)	(270,992)	(198,793)
Other Financing Sources				
Transfers in	72,199	72,199	272,199	200,000
Net Change in Fund Balances	-	-	1,207	1,207
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ 1,207	\$ 1,207

City of Flint, Michigan

State Act 25 I - Forfeitures Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Fines and forfeits	\$ 140,000	\$ 140,000	\$ 329,017	\$ 189,017
Charges for services	85,000	85,000	66,467	(18,533)
Interest	30,000	30,000	66,905	36,905
Other	25,000	25,000	34,211	9,211
Total revenue	280,000	280,000	496,600	216,600
Expenditures				
Police department	331,000	378,510	299,148	79,362
Net Change in Fund Balance	(51,000)	(98,510)	197,452	295,962
Fund Balance - Beginning of year	403,297	403,297	403,297	-
Fund Balance - End of year	\$ 352,297	\$ 304,787	\$ 600,749	\$ 295,962

City of Flint, Michigan

EDA Revolving Loan Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Principal payments	\$ 17,000	\$ 287,000	\$ 47,372	\$ (239,628)
Interest	38,500	38,500	28,539	(9,961)
Total revenues	55,500	325,500	75,911	(249,589)
Expenditures - Current				
Community development and enrichment	517,200	927,200	555,204	371,996
Net Change in Fund Balance	(461,700)	(601,700)	(479,293)	122,407
Fund Balance - Beginning of year	867,389	867,389	867,389	-
Fund Balance - End of year	\$ 405,689	\$ 265,689	\$ 388,096	\$ 122,407

City of Flint, Michigan

Parks & Recreation Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 849,203	\$ 849,203	\$ 807,904	\$ (41,299)
Interest	64,000	64,000	23,741	(40,259)
Other	-	-	46,000	46,000
Total revenue	913,203	913,203	877,645	(35,558)
Expenditures				
Parks and Recreation Department:	1,676,203	1,680,097	1,632,840	47,257
Excess of Revenue Under Expenditures	(763,000)	(766,894)	(755,195)	11,699
Other Financing Sources				
Transfers in	-	-	252,000	252,000
Net Change in Fund Balances	(763,000)	(766,894)	(503,195)	263,699
Fund Balance - Beginning of year	512,996	512,996	512,996	-
Fund Balance - End of year	\$ (250,004)	\$ (253,898)	\$ 9,801	\$ 263,699

City of Flint, Michigan

Senior Citizen Center Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Local revenue	\$ -	\$ 514,756	\$ 514,756	\$ -
Interest	-	-	6,300	6,300
Total revenue	-	514,756	521,056	6,300
Expenditures				
Parks and Recreation Department:	-	514,756	514,756	-
Net Change in Fund Balances	-	-	6,300	6,300
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ - 0 -	\$ 6,300	\$ 6,300

City of Flint, Michigan

Building Department Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ 959,000	\$ 1,262,607	\$ 1,273,549	\$ 10,942
State revenue	-	388,351	230,443	(157,908)
Licenses and fees	1,843,000	1,843,000	1,116,128	(726,872)
Charges for Services	816,000	857,000	314,856	(542,144)
Other	-	-	57,225	57,225
Total revenue	3,618,000	4,350,958	2,992,201	(1,358,757)
Expenditures				
Building inspection	3,618,000	4,779,379	4,367,302	412,077
Debt service	-	-	65,409	(65,409)
Total expenditures	3,618,000	4,779,379	4,432,711	346,668
Excess of Revenue Over (Under) Expenditures	-	(428,421)	(1,440,510)	(1,012,089)
Other Financing Sources				
Transfers in	-	-	-	-
Net Change in Fund Balances	-	(428,421)	(1,440,510)	(1,012,089)
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ - 0 -	\$ (428,421)	\$ (1,440,510)	\$ (1,012,089)

City of Flint, Michigan

Garbage Collection Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2008

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 5,095,220	\$ 5,095,220	\$ 4,825,502	\$ (269,718)
Federal revenue	-	100,000	62,824	(37,176)
Licenses and fees	3,000	3,000	3,500	500
Other	1,000	1,000	2,066	1,066
Interest	70,000	70,000	70,045	45
Total revenue	<u>5,169,220</u>	<u>5,269,220</u>	<u>4,963,937</u>	<u>(305,283)</u>
Expenditures				
Public works	5,169,220	5,269,220	5,056,876	212,344
Excess of Revenue Over (Under) Expenditures	-	-	(92,939)	(92,939)
Other Financing Sources				
Transfers in	-	-	80,000	80,000
Net Change in Fund Balances	-	-	(12,939)	(12,939)
Fund Balance - Beginning of year	15,622	15,622	15,622	-
Fund Balance - End of year	<u><u>\$ 15,622</u></u>	<u><u>\$ 15,622</u></u>	<u><u>\$ 2,683</u></u>	<u><u>\$ (12,939)</u></u>

City of Flint, Michigan

Internal Service Funds Combining Statement of Net Assets June 30, 2008

	Data Processing	Fringe Benefits	Central Maintenance Garage
Assets			
Current assets:			
Pooled cash and investments	\$ -	\$ 1,636,789	\$ 233,570
Cash and cash equivalents	-	133,864	100
Receivables (net of allowance for estimated uncollectible amounts of \$69,803)	-	164	2,909
Note receivable - current portion	-	130,000	-
Due from other funds	-	-	-
Inventories	-	-	212,260
Prepaid costs	-	376,203	-
Total current assets	-	2,277,020	448,839
Noncurrent assets:			
Note receivable - long term	-	520,000	-
Capital assets	587,269	-	6,630,140
Total noncurrent assets	587,269	520,000	6,630,140
Total assets	587,269	2,797,020	7,078,979

Self- Insurance	Total
\$ 3,617,764	\$ 5,488,123
-	133,964
63,445	66,518
-	130,000
16,505,386	16,505,386
-	212,260
130,650	506,853
<u>20,317,245</u>	<u>23,043,104</u>
-	520,000
-	7,217,409
<u>-</u>	<u>7,737,409</u>
<u>20,317,245</u>	<u>30,780,513</u>

City of Flint, Michigan

Internal Service Funds Combining Statement of Net Assets (continued) June 30, 2008

	Data Processing	Fringe Benefits	Central Maintenance Garage
Liabilities			
Current liabilities:			
Accounts payable	29,198	217,777	169,119
Accrued salaries and wages	-	2,579,243	-
Other accrued liabilities	-	-	-
Claims payable - current	-	-	-
Due to other funds	216,290	-	-
Advances from other funds - current portion	-	-	1,032,234
Total current liabilities	245,488	2,797,020	1,201,353
Noncurrent liabilities:			
Advances from other funds	-	-	3,481,345
Provision for claims	-	-	-
Total noncurrent liabilities	-	-	3,481,345
Total liabilities	245,488	2,797,020	4,682,698
Net Assets			
Invested in capital assets, net of related debt	587,269	-	6,630,140
Unrestricted (deficit)	(245,488)	-	(4,233,859)
Total net assets	\$ 341,781	\$ - 0 -	\$ 2,396,281

Self- Insurance	Totals
118,495	534,589
-	2,579,243
20,083	20,083
2,220,520	2,220,520
-	216,290
-	1,032,234
2,359,098	6,602,959
-	3,481,345
17,958,147	17,958,147
17,958,147	21,439,492
20,317,245	28,042,451
-	7,217,409
-	(4,479,347)
\$ - 0 -	\$ 2,738,062

City of Flint, Michigan

Internal Service Funds Combining Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Data Processing	Fringe Benefits	Central Maintenance Garage
Operating Revenue			
Charges for services	\$ 2,701,363	\$ 29,156,672	\$ 4,398,845
Costs of Materials or Services Rendered	-	27,568,908	-
Operating Expenses			
Salaries, wages, and fringe benefits	1,390,076	794,435	1,412,535
Utilities	-	-	12,362
Repair and maintenance	290,165	-	212,921
Supplies	13,371	7,982	2,230,146
Insurance	-	-	-
Depreciation	249,489	-	1,839,890
Professional services	390,766	785,268	301,105
Claims and settlements	-	-	-
Miscellaneous	1,653	409	101,720
Total operating expenses	2,335,520	1,588,094	6,110,679
Total materials, services, and operating expenses	2,335,520	29,157,002	6,110,679
Operating Income (Loss)	365,843	(330)	(1,711,834)
Nonoperating Revenue (Expenses)			
Investment income	-	330	-
Interest expense	(24,062)	-	(328,450)
Miscellaneous revenue	-	-	8,175
Income (Loss) - Before contributions	341,781	-	(2,032,109)
Capital contributions	-	-	846,002
Transfers in	-	-	1,301,027
Change in Net Assets	341,781	-	114,920
Net Assets - Beginning of year	-	-	2,281,361
Net Assets - End of year	\$ 341,781	\$ - 0 -	\$ 2,396,281

Self- Insurance	Totals
\$ 5,012,143	\$ 41,269,023
-	27,568,908
392,579	3,989,625
-	12,362
52,893	555,979
9,983	2,261,482
481,203	481,203
-	2,089,379
1,229,268	2,706,407
2,992,319	2,992,319
21,909	125,691
5,180,154	15,214,447
5,180,154	42,783,355
(168,011)	(1,514,332)
168,011	168,341
-	(352,512)
-	8,175
-	(1,690,328)
-	846,002
-	1,301,027
-	456,701
-	2,281,361
\$ - 0 -	\$ 2,738,062

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows Year Ended June 30, 2008

	Data Processing	Fringe Benefits	Central Maintenance Garage
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,701,363	\$ 29,160,001	\$ 4,403,284
Payments to suppliers	(678,342)	(28,800,008)	(2,778,657)
Payments to and on behalf of employees	(1,498,129)	(312,839)	(1,454,261)
Claims paid	-	-	-
Net cash provided by operating activities	524,892	47,154	170,366
Cash Flows from Noncapital Financing Activities			
Payments received on long term note receivable	-	130,000	-
Interest payments on pooled cash advances	(24,062)	-	-
Pooled cash repayments to other funds	(442,530)	-	(314,809)
Transfers from other funds	-	-	1,301,027
Net cash (used in) provided by noncapital financing activities:	(466,592)	130,000	986,218
Cash Flows from Capital and Related Financing Activities			
Capital contributions	-	-	846,002
Purchase of capital assets	(58,300)	-	(1,467,059)
Proceeds from sale of capital assets	-	-	26,493
Interest payments on long term advances	-	-	(328,450)
Net cash used in capital and related financing activities	(58,300)	-	(923,014)
Cash Flows from Investing Activities			
Interest received	-	330	-
Net Increase in Cash and Cash Equivalents	-	177,484	233,570
Cash and Cash Equivalents - Beginning of year	-	1,593,169	100
Cash and Cash Equivalents - End of year	\$ - 0 -	\$ 1,770,653	\$ 233,670

Self- Insurance	Totals
\$ 4,965,756	\$ 41,230,404
(2,665,261)	(34,922,268)
(414,917)	(3,680,146)
(1,513,652)	(1,513,652)
<u>371,926</u>	<u>1,114,338</u>
-	130,000
-	(24,062)
-	(757,339)
-	<u>1,301,027</u>
-	<u>649,626</u>
-	846,002
-	(1,525,359)
-	26,493
-	<u>(328,450)</u>
-	<u>(981,314)</u>
<u>168,011</u>	<u>168,341</u>
539,937	950,991
3,077,827	4,671,096
<u>\$ 3,617,764</u>	<u>\$ 5,622,087</u>

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows (continued) Year Ended June 30, 2008

	Data Processing	Fringe Benefits	Central Maintenance Garage
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	365,843	(330)	(1,711,834)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	249,489	-	1,839,890
Change in assets and liabilities:			
Accounts receivable	-	3,329	4,439
Due from other funds	-	-	-
Inventory	-	-	(7,869)
Prepaid items	-	(155,030)	-
Accounts payable	17,613	(282,411)	87,466
Estimated claims liability	-	-	-
Accrued liabilities	(108,053)	481,596	(41,726)
Net cash provided by operating activities	\$ 524,892	\$ 47,154	\$ 170,366

Non cash transactions:

During 2008 the central garage made payments on an advance from the sewer fund, which was used to purchase capital assets in 2007, of \$1,010,985

Self- Insurance	Totals
(168,011)	(1,514,332)
-	2,089,379
(46,387)	(38,619)
(805,386)	(805,386)
-	(7,869)
-	(155,030)
(64,619)	(241,951)
1,478,667	1,478,667
(22,338)	309,479
\$ 371,926	\$ 1,114,338

City of Flint, Michigan

Combining Statement of Net Assets Pension and Benefit Trust Funds June 30, 2008

	Pension and Benefit Trust Funds		
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit
Assets			
Pooled cash and investments	\$ 686,728	\$ -	\$ -
Cash and cash equivalents	42,675,353	-	98,364
Investments:			
U.S. government obligations	70,440,598	-	-
Corporate bonds	123,339,645	-	-
Partnerships	40,364,468	-	-
Corporate stocks	410,978,516	-	726,128
Foreign stocks	46,746,935	-	-
Asset backed securities	6,464,948	-	-
Receivables:			
Accrued interest	1,207,583	-	-
Other	-	22,246	986
Prepaid costs	-	-	-
Cash held as collateral for securities lending	123,404,418	-	-
Total assets	<u>866,309,192</u>	<u>22,246</u>	<u>825,478</u>
Liabilities			
Accounts payable	723,935	-	-
Accrued benefits	5,291,812	-	-
Due to other funds	-	22,246	-
Obligations under securities lending agreement	123,404,418	-	-
Total liabilities	<u>129,420,165</u>	<u>22,246</u>	<u>-</u>
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 736,889,027</u>	<u>\$ - 0 -</u>	<u>\$ 825,478</u>



Pension and Benefit Trust Funds

Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund	Totals
\$ -	\$ -	\$ -	\$ 686,728
-	37,235	161,161	42,972,113
-	766,803	-	-
-	-	-	71,207,401
-	-	-	123,339,645
-	1,727,648	16,923,143	40,364,468
-	-	-	430,355,435
-	-	-	46,746,935
-	-	-	6,464,948
-	-	2,453	-
-	12,440	-	1,210,036
1,106,472	-	-	35,672
-	-	-	1,106,472
-	-	-	-
-	-	-	123,404,418
1,106,472	2,544,126	17,086,757	887,894,271
3,406	-	-	727,341
-	-	3,102	5,294,914
1,103,066	-	-	1,125,312
-	-	-	123,404,418
1,106,472	-	3,102	130,551,985
\$ - 0 -	\$ 2,544,126	\$ 17,083,655	\$ 757,342,286

City of Flint, Michigan

Combining Statement of Changes in Net Assets Pension and Benefit Trust Funds Year Ended June 30, 2008

	Pension and Benefit Trust Funds	
	Flint Employee's Retirement System	Excess Pension Benefit
Additions		
Investment income:		
Interest	\$ 7,587,319	\$ -
Dividends	4,497,924	-
Other income	484,989	-
Net investment income	12,570,232	-
Contributions:		
Employer	10,021,836	65,047
Employee	3,800,789	-
Total additions	13,822,625	65,047
Securities lending income:		
Interest and fees	5,211,059	-
Less borrower rebates and bank fees	(4,724,773)	-
Net securities lending income	486,286	-
Total additions	26,879,143	65,047
Deductions		
Benefit payments	68,493,918	65,047
Net decrease in fair value of investments	47,890,018	-
Less investment expense	4,260,516	-
Refunds of contributions	824,258	-
Administrative expenses	26,781	-
Total deductions	121,495,491	65,047
Net Increase (Decrease) in Net Assets Held	(94,616,348)	-
Net Assets Held in Trust for Pension Benefits and Other Employee Benefits		
Beginning of year	831,505,375	-
End of year	\$ 736,889,027	\$ - 0 -

Pension and Benefit Trust Funds

Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund	Totals
\$ -	\$ -	\$ -	\$ 6,746	\$ 7,594,065
149,764	-	36,704	215,105	4,899,497
-	-	-	-	484,989
149,764	-	36,704	221,851	12,978,551
-	18,286,035	-	10,713,166	39,086,084
24,749	976,404	330,063	-	5,132,005
24,749	19,262,439	330,063	10,713,166	44,218,089
-	-	-	-	5,211,059
-	-	-	-	(4,724,773)
-	-	-	-	486,286
174,513	19,262,439	366,767	10,935,017	57,682,926
85,000	19,086,995	-	2,580,047	90,311,007
416,183	-	152,569	1,926,007	50,384,777
-	-	-	24,960	4,285,476
-	-	-	-	824,258
301	175,444	-	-	202,526
501,484	19,262,439	152,569	4,531,014	146,008,044
(326,971)	-	214,198	6,404,003	(88,325,118)
1,152,449	-	2,329,928	10,679,652	845,667,404
\$ 825,478	\$ - 0 -	\$ 2,544,126	\$ 17,083,655	\$ 757,342,286

City of Flint, Michigan

Statement of Assets and Liabilities Agency Funds June 30, 2008

	Miscellaneous Agency	County Revolving Loan	Totals
Assets			
Pooled cash and investments	\$ 2,337,147	\$ -	\$ 2,337,147
Cash and cash equivalents	9,742,015	146,602	9,888,617
Receivables:			
Property tax	5,244,628	-	5,244,628
Loans	-	52,010	52,010
Restricted pooled cash and investments	-	357,055	357,055
Total assets	\$ 17,323,790	\$ 555,667	\$ 17,879,457
Liabilities			
Accounts payable	\$ 679,310	\$ -	\$ 679,310
Deposits and advances	938,825	-	938,825
Due to other governmental units	15,694,904	555,667	16,250,571
Due to component units	10,751	-	10,751
Total liabilities	\$ 17,323,790	\$ 555,667	\$ 17,879,457

City of Flint, Michigan

Schedule of Changes in Assets and Liabilities - Agency Funds Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Miscellaneous Agency				
Assets				
Pooled cash and investments	\$ 2,297,833	\$ 89,480,007	\$ 89,440,693	\$ 2,337,147
Cash and cash equivalents	1,120,908	75,378,075	66,756,968	9,742,015
Property tax receivable	6,937,178	111,219,197	112,911,747	5,244,628
Total assets	\$ 10,355,919	\$ 276,077,279	\$ 269,109,408	\$ 17,323,790
Liabilities				
Accounts payable	\$ 865,124	\$ 64,273,943	\$ 64,459,757	\$ 679,310
Deposits and advances	627,833	617,398	306,406	938,825
Due to other governments	8,797,843	94,595,319	87,698,258	15,694,904
Due to component unit	65,119	10,751	65,119	10,751
Due to other funds	-	31,726,796	31,726,796	-
Total liabilities	\$ 10,355,919	\$ 191,224,207	\$ 184,256,336	\$ 17,323,790
County Revolving Loan Fund				
Assets				
Pooled cash and investments	\$ -	\$ 46,462	\$ 46,462	\$ -
Cash and cash equivalents	491,268	295,157	282,768	503,657
Loan receivable	63,471	348	11,809	52,010
Total assets	\$ 554,739	\$ 341,967	\$ 341,039	\$ 555,667
Liabilities				
Accounts payable	\$ 5,641	\$ 38,476	\$ 44,117	\$ -
Due to other governments	545,794	24,919	15,046	555,667
Due to other funds	3,304	-	3,304	-
Total liabilities	\$ 554,739	\$ 63,395	\$ 62,467	\$ 555,667

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

This part of the City of Flint’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required 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 Assets by Component	Schedule 1
Changes in Governmental Net Assets	Schedule 2
Changes in Business Type Net Assets	Schedule 3
Fund Balances, Governmental Funds	Schedule 4
Changes in Fund Balances, Governmental Funds	Schedule 5

Revenue Capacity:

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

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

Debt Capacity:

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

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

Demographic and Economic Information:

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

Demographic and Economic Statistics	Schedule 15
Principal Employers	Schedule 16

Operating & 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 by Function/Program	Schedule 18
Capital Asset Statistics	Schedule 19

Flint Employees’ Retirement System:

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

Comparative Schedule - Actuarial Valuations	Schedule 20
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Financial Trend Information - Schedule I

CITY OF FLINT, MICHIGAN

Net Assets by Component

Last Seven Fiscal Years

	As of June 30,						
	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
Invested in capital assets, net of related debt	38,705,481	31,886,337	141,106,021	138,186,259	131,561,717	152,133,527	190,526,479
Restricted	21,062,035	22,742,107	26,974,091	21,199,405	23,125,198	20,433,487	21,090,174
Unrestricted	(35,826,004)	(20,865,177)	(17,403,520)	(10,288,651)	346,817	(10,068,901)	(66,676,216)
Total net assets	23,941,512	33,763,267	150,676,592	149,097,013	155,033,732	162,498,113	144,940,437
Business Type Activities:							
Invested in capital assets, net of related debt	142,009,977	132,971,445	134,791,542	107,239,606	108,506,065	111,838,676	121,424,230
Restricted	3,574,245	3,703,231	9,200,024	7,586,825	8,855,044	8,986,780	10,289,006
Unrestricted	95,276,627	117,814,590	110,533,651	143,675,288	131,574,217	111,956,070	97,377,129
Total net assets	240,860,849	254,489,266	254,525,217	258,501,719	248,935,326	232,781,526	229,090,365
Primary government in total:							
Invested in capital assets, net of related debt	180,715,458	164,857,782	275,897,563	245,425,865	240,067,782	263,972,203	311,950,709
Restricted	24,636,280	26,445,338	36,174,115	28,786,230	31,980,242	29,420,267	31,379,180
Unrestricted	59,450,623	96,949,413	93,130,131	133,386,637	131,921,034	101,887,169	30,700,913
Total net assets	264,802,361	288,252,533	405,201,809	407,598,732	403,969,058	395,279,639	374,030,802

Notes: This schedule will eventually provide 10 years of data, going back to the implementation of GASB 34 in 2002.

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

Financial Trend Information - Schedule 2

CITY OF FLINT, MICHIGAN

Changes in Governmental Net Assets

Last Seven Fiscal Years

	Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
Expenses:							
General government	17,871,147	18,358,997	33,042,657	35,828,206	20,733,886	22,445,665	30,126,082
Judicial	5,268,053	4,589,294	5,135,841	3,883,382	5,329,461	5,838,951	8,820,013
Public Safety	45,788,684	37,914,780	36,354,270	30,608,495	45,291,068	49,833,782	78,048,619
Building inspection	-	1,596,003	2,851,237	1,698,197	4,386,646	3,672,350	5,063,848
Public works	16,912,661	11,165,666	26,108,326	25,428,339	19,488,952	40,305,844	30,519,397
Community enrichment and development	9,791,270	9,925,920	11,404,334	6,805,959	9,708,503	6,467,573	6,163,998
Parks and recreation	3,186,935	4,592,849	4,320,780	3,106,729	4,506,042	5,596,244	7,610,803
Interest on long-term debt	623,933	415,823	360,690	313,032	436,774	824,536	1,091,347
Total governmental activities	99,442,683	88,559,332	119,578,135	107,672,339	109,881,332	134,984,945	167,444,107
Program revenues:							
Charges for services							
General government	6,228,446	6,594,324	22,869,917	11,775,239	12,750,497	13,731,733	16,502,110
Judicial	2,413,707	458,807	718,454	7,181	2,237,892	2,470,636	2,663,984
Public Safety	1,038,383	2,812,784	2,622,539	5,039,718	3,469,635	4,055,880	5,100,191
Building inspection	-	721,203	835,492	1,404,790	1,961,099	1,483,269	1,501,849
Public works	1,787,388	262,086	24,265	127,111	112,275	15,715,702	8,221
Community enrichment and development	254,144	92,360	111,737	218,020	152,119	499,645	147,744
Parks and recreation	1,230,176	41,142	96,438	52,367	33,370	40,679	53,999
Total charges for services	12,952,244	10,982,706	27,278,842	18,624,426	20,716,887	37,997,544	25,978,098
Operating grants and contributions	21,058,997	22,310,789	23,015,985	15,466,318	21,701,007	20,341,109	19,590,161
Capital grants and contributions	1,390,344	1,750,373	3,910,422	1,983,974	4,523,574	18,063,785	8,850,442
Total program revenue	35,401,585	35,043,868	54,205,249	36,074,718	46,941,468	76,402,438	54,418,701
Net (expense) revenue	(64,041,098)	(53,515,464)	(65,372,886)	(71,597,621)	(62,939,864)	(58,582,507)	(113,025,406)
General revenues:							
Property taxes	21,004,264	24,347,127	24,501,378	27,186,359	25,441,852	24,905,192	25,602,458
Income taxes	24,119,519	21,525,330	19,948,853	20,681,150	19,660,536	18,603,312	16,516,416
State-shared revenues	-	-	-	19,760,886	19,541,013	18,959,082	18,959,082
Franchise fees	-	-	-	-	1,022,191	1,036,958	1,045,656
Unrestricted investment earnings	1,043,593	810,017	1,156,340	873,119	2,875,063	2,502,919	2,133,630
Unrestricted grants and contributions	23,249,454	22,229,308	19,978,653	1,054,290	-	-	-
Unrestricted earnings	2,434,814	2,208,620	74,649	221,401	-	-	150,975
Sale of capital assets	-	-	-	-	335,928	39,425	35,610
Total general revenues	71,851,644	71,120,402	65,659,873	69,777,205	68,876,583	66,046,888	64,443,827
Gain (loss) on disposal of capital assets	-	(3,956,437)	-	-	-	-	-
Transfers	(174,646)	(3,826,746)	(703,256)	250,179	-	-	-
Change in net assets	7,635,900	9,821,755	(416,269)	(1,570,237)	5,936,719	7,464,381	(48,581,579)

Note: This schedule will eventually provide 10 years of data, going back to the implementation of GASB 34 in 2002.

Financial Trend Information - Schedule 3

CITY OF FLINT, MICHIGAN

Changes in Business Type Net assets

Last Seven Fiscal Years

	Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
Operating Revenue							
Sale of water	25,415,874	27,205,494	31,394,271	30,875,582	34,177,436	33,172,084	33,956,858
Sewage disposal charges	19,235,767	23,391,287	21,684,475	20,985,941	18,782,008	17,918,595	17,143,474
Hurley Medical Center	284,242,833	326,831,605	321,100,785	341,685,734	327,335,663	347,856,879	332,199,875
Other charges for services	333,180	1,420,701	1,199,414	1,165,773	1,035,664	1,030,999	891,241
Total operating revenue	329,227,654	378,849,087	375,378,945	394,713,030	381,330,771	399,978,557	384,191,448
Operating Expenses							
Cost of water produced/purchased	10,173,085	13,110,376	14,921,511	15,551,071	15,779,772	16,052,006	16,297,871
Water supply	12,573,076	11,152,958	13,668,105	9,565,732	10,637,184	12,572,311	15,145,174
Sewage disposal	16,263,424	16,209,815	18,894,621	14,377,716	15,676,866	31,514,909	21,531,917
Hurley Medical Center	285,097,713	316,559,531	305,243,841	333,154,375	328,655,402	337,602,912	319,553,166
Nonmajor Enterprise funds	91,767	1,028,644	1,133,198	744,469	999,994	1,332,660	1,625,295
Depreciation	21,118,963	21,560,045	20,078,945	21,016,396	19,612,798	18,902,668	19,196,772
Total operating expenses	345,318,028	379,621,369	373,940,221	394,409,759	391,362,016	417,977,466	393,350,195
Operating Income (Loss)	(16,090,374)	(772,282)	1,438,724	303,271	(10,031,245)	(17,998,909)	(9,158,747)
Nonoperating Revenue (Expense)							
Investment income	3,941,210	3,547,009	1,768,395	3,266,633	1,932,514	7,011,989	6,382,545
Interest expense	(4,537,810)	(4,872,228)	(6,024,326)	(3,257,534)	(4,673,513)	(4,620,131)	(4,739,233)
Income (loss) from joint ventures	1,321,984	486,099	2,098,517	2,677,943	2,734,278	(965,390)	3,639,181
Gain (loss) on disposal of assets	-	9,000,325	(578)	125,583	(712,535)	(324,965)	(653,040)
Capital grants and contributions	4,892,681	2,412,748	51,963	1,110,785	1,184,108	743,606	838,132
Write off of accounts receivable	(9,779,685)	-	-	-	-	-	-
Income (Loss) - Before transfers	(20,251,994)	9,801,671	(667,305)	4,226,681	(9,566,393)	(16,153,800)	(3,691,162)
Transfers from other funds	-	5,411,200	703,256	736,405	-	-	-
Transfers to other funds	-	(1,584,454)	-	(986,584)	-	-	-
Change in Net Assets	(20,251,994)	13,628,417	35,951	3,976,502	(9,566,393)	(16,153,800)	(3,691,162)

Note: This schedule will eventually provide 10 years of data, going back to the implementation of GASB 34 in 2002.

Financial Trend Information - Schedule 4

CITY OF FLINT, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	As of June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	2,470,602	1,612,069	1,091,217	362,368	82,435	82,082	19,388	1,222,171	68,624	177,450
Unreserved, designated for City jail									1,235,672	-
Designated for subsequent years' expenditures	685,321	-	-	-	-	-	1,572,584	2,512,158	3,817,088	-
Unreserved (deficit)	-	(14,709,249)	(27,676,563)	(26,617,953)	(14,069,159)	(7,871,141)	4,507,985	5,180,925	1,230,310	(7,046,820)
Total general fund (deficit)	3,155,923	(13,097,180)	(26,585,346)	(26,255,585)	(13,986,724)	(7,789,059)	6,099,957	8,915,254	6,351,694	(6,869,370)
All Other Governmental Funds:										
Reserved	4,293,561	1,489,892	2,656,219	1,931,161	1,797,570	2,029,831	3,392,943	6,110,321	5,187,345	2,279,414
Designated for subsequent years' expenditures	1,092,745	1,134,611	278,197	-	730,295	1,239,710	8,539,080	8,485,398	7,519,456	3,591,002
Unreserved, reported in:										
Special revenue funds	-	-	-	-	2,206,825	1,519,985	7,931,807	6,254,926	5,358,369	8,619,573
Debt service funds	-	-	-	-	573	54,045	6,578	6,721	7,067	7,163
Capital projects funds	-	-	-	-	2,618,573	1,909,930	87,638	996,232	812,881	3,460,669
Undesignated	-	332,050	343,293	5,695,228	-	-	-	-	-	-
Total all other governmental funds	5,386,306	2,956,553	3,277,709	7,626,389	7,353,836	6,753,501	19,958,046	21,853,598	18,885,118	17,957,821
Total governmental fund balance	8,542,229	(10,140,627)	(23,307,637)	(18,629,196)	(6,632,888)	(1,035,558)	26,058,003	30,768,852	25,236,812	11,088,451

Financial Trend Information - Schedule 5

CITY OF FLINT, MICHIGAN

Changes in Fund Balances, Governmental Funds

Last Seven Fiscal Years

	2002	2003	2004	2005	2006	2007	2008
Revenue							
Property taxes	24,661,910	24,752,965	24,501,522	24,852,131	25,324,052	25,914,497	25,761,449
Income taxes	24,119,519	20,813,829	19,941,781	20,670,108	19,660,536	18,717,312	16,516,416
Special assessments	-	-	-	327,834	174,930	54,225	39,947
Federal revenue	8,645,009	10,879,408	13,510,468	6,055,201	7,546,232	9,813,891	7,098,114
State-shared revenues (and grants)	35,659,912	34,260,541	31,114,612	30,377,126	33,546,805	29,486,652	29,890,165
Licenses and permits	2,822,141	1,993,056	2,121,053	2,546,380	2,574,399	2,182,735	2,274,072
Fines and forfeitures	2,530,780	2,506,075	2,687,404	2,801,511	2,603,615	3,517,872	3,577,563
Charges for services	7,343,059	7,555,264	12,667,671	7,713,078	9,426,545	10,108,460	10,376,662
Local grants	252,619	578,894	1,816,437	778,851	931,252	633,911	1,413,470
Interest and Other	4,433,165	2,828,792	3,291,662	2,561,743	3,796,181	4,046,407	3,499,428
Total revenue	110,468,114	106,168,824	111,652,610	98,683,963	105,584,547	104,475,962	100,447,286
Expenditures							
Current:							
Legislative	1,137,913	892,569	518,190	915,521	1,274,989	1,100,228	1,164,844
Judicial	5,242,975	4,556,480	4,527,082	5,156,051	5,325,026	5,834,563	6,367,737
General government	17,819,780	17,119,340	28,287,256	12,388,079	12,385,713	12,468,418	13,094,727
Public safety	44,763,124	37,185,128	32,666,458	41,437,041	44,067,519	49,277,571	57,195,849
Building inspections	-	1,596,003	2,593,178	2,883,968	4,669,425	3,943,583	4,624,961
Public works	22,756,930	14,684,702	17,304,349	23,064,773	20,743,060	21,802,572	34,462,549
Parks & Recreation	4,458,451	4,989,311	4,020,712	3,810,410	4,254,071	5,257,766	6,000,142
Community development	11,127,446	10,603,546	11,522,650	4,014,867	9,391,721	7,587,157	5,973,575
Debt Service:							
Principal	2,717,447	2,889,575	2,017,031	1,628,048	2,844,077	1,639,228	2,076,203
Interest and fiscal charges	623,933	415,823	360,690	313,032	436,945	586,217	738,835
Total expenditures	110,647,999	94,932,477	103,817,596	95,611,790	105,392,546	109,497,303	131,699,422
Excess of Revenue Over (Under) Expenditures	(179,885)	11,236,347	7,835,014	3,072,173	192,001	(5,021,341)	(31,252,136)
Other Financing Sources (Uses)							
Debt issuance	1,172,000	1,452,000	-	8,000,000	3,840,000	-	18,369,192
Sale of fixed assets	-	-	-	221,403	678,848	39,425	35,610
Transfers in	6,275,018	8,594,889	8,788,999	4,701,209	4,569,980	1,306,256	776,424
Transfers out	(6,676,886)	(6,375,166)	(9,533,690)	(4,669,738)	(4,569,980)	(1,856,380)	(2,077,451)
Total other financing sources (uses)	770,132	3,671,723	(744,691)	8,252,874	4,518,848	(510,699)	17,103,775
Net change in fund balances	590,247	14,908,070	7,090,323	11,325,047	4,710,849	(5,532,040)	(14,148,361)
Fund Balances - Beginning of year	(7,846,342)	(7,256,095)	7,651,975	14,732,956	26,058,003	30,768,852	25,236,812
Fund Balances - End of year	(7,256,095)	7,651,975	14,742,298	26,058,003	30,768,852	25,236,812	11,088,451
Debt Service as a percentage of capital outlay	36.39%	36.33%	19.41%	18.42%	26.81%	8.05%	14.47%

Notes: This schedule will eventually provide 10 years of data, going back to the implementation of GASB 34 in 2002.

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

Revenue Capacity Information - Schedule 6

CITY OF FLINT, MICHIGAN

Taxable Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
		Real Property:			Personal Property	Total Value				
		Residential	Commercial	Industrial						
1998	1999	664,725,448	190,642,374	337,752,282	548,689,267	1,741,809,371	53.0500	3,469,509,608	50.20%	113,279,100
1999	2000	681,457,780	196,101,603	225,850,126	546,683,717	1,650,093,226	53.0086	3,531,489,514	46.73%	109,017,100
2000	2001	702,316,712	201,737,535	229,725,019	460,189,472	1,593,968,738	55.9086	3,563,778,172	44.73%	99,643,400
2001	2002	735,141,459	213,306,825	195,586,761	395,076,836	1,539,111,881	56.8956	3,511,923,954	43.83%	92,409,000
2002	2003	773,884,137	221,047,898	187,870,246	387,314,141	1,570,116,422	56.8103	3,607,345,434	43.53%	90,951,800
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751
2007	2008	943,643,241	233,136,810	204,025,343	317,960,800	1,698,766,194	58.6748	3,932,588,200	43.20%	103,753,679

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

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

Source: City Assessor

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

Millage Rates - Direct City Taxes

Tax Year	General Operating	Public Improvements	Police	Public Transp	Parks & Rec	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County***	County Parks & Recreation
1998	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4925	5.5948	0.4925
1999	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2000	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2001	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4906	5.5735	0.4906
2002	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4886	5.5512	0.4886
2003	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5072	0.4849
2007	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2008	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847

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.*

Source: City Assessor

Overlapping Tax Rates***Total Tax Rate**

Mott									
Bishop Airport	MTA	District Library	Michigan S.E.T.	Community College	Intermediate School District	School: Homestead	School: Non- homestead	Homestead	Non- homestead
0.4925	0.4000	0.0000	6.0000	1.8745	3.6032	0.0000	18.0000	35.0500	53.0500
0.4910	0.3988	0.0000	6.0000	1.8694	3.5894	0.0000	18.0000	35.0086	53.0086
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

Revenue Capacity Information - Schedule 8

CITY OF FLINT, MICHIGAN

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
General Motors	197,341,100	1	10.33% *	631,492,300	1	34.80%
Delphi	70,872,600	2	3.71% *	31,908,600	3	
Consumers Energy	42,521,200	3	2.23%	48,620,700	2	2.68%
Great Lakes Tech Centre	12,562,500	4	0.66%	7,213,700	5	0.40%
Automotive Component Carriers	8,280,900	5	0.43%			
Michigan Coca Cola Bottling	6,091,000	6	0.32%	4,017,300	10	
Citizens Bank	6,032,800	7	0.32%	5,848,400	8	0.32%
Ramco Lapeer Assoc.	6,415,000	8	0.34%	4,656,900	9	0.26%
PPG Industries, Inc.	4,560,600	9	0.24%	5,902,700	7	0.33%
The Herald Company, Inc. (Flint Journal)	3,618,000	10	0.19%	6,236,900	6	0.34%
EDS Corporation				25,379,700	4	1.40%
Total Assessed Value, Top Ten	358,295,700		18.75%	771,277,200		40.52%
Total Assessed Value, City of Flint	\$ 1,910,964,000			\$ 1,814,888,657		

Source: City Assessor

Revenue Capacity Information - Schedule 9

CITY OF FLINT, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year ^(a)	Fiscal year ended June 30,	Total Tax Levy ^(b)	Current Tax Collections	Percent of Current Taxes Collected ^(c)	Delinquent Tax Collections ^(d)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1998	1999	27,174,398	24,674,656	90.80%	2,190,832	26,865,488	98.86%
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%

^[a] Taxes are levied on the first day of the subsequent fiscal year.

^[b] Does not include Flint Downtown Development Authority levies.

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

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

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

Source: City Treasurer & City Assessor

Debt Capacity Information - Schedule 10

CITY OF FLINT, MICHIGAN

Ratios of Outstanding Debt

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
General obligation bonds	12,078,470	9,887,554	7,731,724	8,145,494	4,825,137	2,455,000	9,175,000	6,765,000	5,490,000	14,180,000
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	6,154,369	5,329,645	4,505,134	4,061,364	4,419,082	4,082,706	3,734,658	7,140,580	6,776,354	13,587,306
Capital leases	541,519	575,516	454,547	1,283,408	815,767	493,636	154,025	-	-	854,136
Total Governmental Activities	18,774,358	15,792,715	12,691,405	13,490,266	10,059,986	7,031,342	13,063,683	13,905,580	12,266,354	28,621,442
Business Type Activities:										
General obligation bonds	20,381,530	18,524,210	19,875,834	9,263,140	7,228,424	4,204,534	2,996,030	1,688,571	371,634	250,740
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	80,955,000	77,125,000	73,145,000	85,994,660	96,568,575	98,172,350	106,098,490	105,849,432	101,794,432	97,094,432
Notes payable	162,024	594,162	5,013,946	8,293,516	514,680	457,248	396,768	332,985	265,719	194,776
Capital leases	528,533	462,141	1,359,792	-	8,679,229	6,973,933	5,276,146	3,446,408	1,539,212	75,384
Total Business Type Activities	102,027,087	96,705,513	99,394,572	103,551,316	112,990,908	109,808,065	114,767,434	111,317,396	103,970,997	97,615,332
Total debt of the government	120,801,445	112,498,228	112,085,977	117,041,582	123,050,894	116,839,407	127,831,117	125,222,976	116,237,351	126,236,774
Total residential personal income	\$3,281,661,814	\$3,150,325,981	\$2,861,065,143	\$2,371,144,784	\$2,595,966,375	\$2,505,060,765	\$2,150,985,535	\$2,071,630,014	\$2,071,558,869	\$1,684,426,650
Total debt as percentage of personal income	3.68%	3.57%	3.92%	4.94%	4.74%	4.66%	5.94%	6.04%	5.61%	7.49%
Total population	128,107	126,525	124,943	124,599	121,768	120,558	119,393	118,247	117,394	116,025
Total debt per capita	942.97	889.14	897.10	939.35	1,010.54	969.16	1,070.68	1,058.99	990.15	1,088.01

Debt Capacity Information - Schedule II

CITY OF FLINT, MICHIGAN

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Tax-Limited General Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
1999	12,078,470	6,695,888	18,774,358	1,650,093,226	1.14%	128,107	146.55
2000	9,887,554	5,905,161	15,792,715	1,593,968,738	0.99%	126,525	124.82
2001	7,731,724	4,959,681	12,691,405	1,539,111,881	0.82%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,570,116,422	0.86%	124,599	108.27
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	121,768	82.62
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.44%	120,558	58.32
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.79%	119,393	109.42
2006	6,765,000	7,140,580	13,905,580	1,680,872,526	0.83%	118,247	117.60
2007	5,490,000	6,776,354	12,266,354	1,698,766,194	0.72%	117,394	104.49
2008	14,180,000	13,587,306	27,767,306	1,643,424,483	1.69%	116,025	239.32

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

Debt Capacity Information - Schedule 12

CITY OF FLINT, MICHIGAN

Direct and Overlapping Governmental Activities Debt

Current Fiscal Year

Governmental Unit	Fiscal Year 2008		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	163,507,786	14.22%	\$ 23,250,807
Flint School District	11,195,000	100.00%	11,195,000
Genesee Intermediate School District	2,193,554	14.22%	0
Airport Authority	29,323,576	14.22%	4,169,813
Mott Community College	60,725,000	14.22%	8,635,095
Carman School District	45,308,800	13.20%	5,980,762
Kearsley School District	448,274	2.00%	8,965
Swartz Creek School District	1,105,399	75.00%	829,049
Westwood Heights School District	196,547	2.12%	4,167
Mass Transit Authority	0	14.22%	-
Flint Public Library	0	14.22%	-
Total Overlapping Debt			\$ 54,073,658
Direct City Debt			\$ 111,525,172
Total Direct and Overlapping Debt			\$ 165,598,830

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

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

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

Debt Capacity Information - Schedule 13

CITY OF FLINT, MICHIGAN

Legal Debt Margin

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Calculation of legal debt limit:										
Assessed valuation	\$ 1,734,754,804	\$ 1,814,888,657	\$ 1,779,610,000	\$ 1,803,672,717	\$ 1,825,161,532	\$ 1,863,768,043	\$ 1,898,324,000	\$ 1,947,237,500	\$ 1,966,294,100	\$ 1,910,964,000
7% of assessed valuation *	\$ 121,432,836	\$ 127,042,206	\$ 124,572,700	\$ 126,257,090	\$ 127,761,307	\$ 130,463,763	\$ 132,882,680	\$ 136,306,625	\$ 137,640,587	\$ 133,767,480
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 113,415,000	\$ 105,536,764	\$ 100,752,558	\$ 103,403,294	\$ 108,622,135	\$ 104,831,884	\$ 118,269,520	\$ 114,303,502	\$ 107,656,066	\$ 111,525,172
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 81,280,000	\$ 77,275,000	\$ 73,145,000	\$ 85,994,660	\$ 96,568,575	\$ 98,172,350	\$ 106,089,490	\$ 105,849,932	\$ 101,794,432	\$ 97,094,432
Debt subject to limitation (net debt)	\$ 32,135,000	\$ 28,261,764	\$ 27,607,558	\$ 17,408,634	\$ 12,053,560	\$ 6,659,534	\$ 12,180,030	\$ 8,453,570	\$ 5,861,634	\$ 14,430,740
Legal debt margin (unused debt limitation)	\$ 89,297,836	\$ 98,780,442	\$ 96,965,142	\$ 108,848,456	\$ 115,707,747	\$ 123,804,229	\$ 120,702,650	\$ 127,853,055	\$ 131,778,953	\$ 119,336,740
Net debt subject to limit as % of debt limit	26.46%	22.25%	22.16%	13.79%	9.43%	5.10%	9.17%	6.20%	4.26%	10.79%

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

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

Debt Capacity Information - Schedule 14a

CITY OF FLINT, MICHIGAN

Pledged-Revenue Coverage - Water Fund Revenue Bonds

Last Nine 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	0	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

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.

Debt Capacity Information - Schedule I4b

CITY OF FLINT, MICHIGAN

Revenue Bond Coverage - Hurley Medical Center

Last Fifteen Fiscal Years (amounts expressed in thousands)

Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1994	215,137	181,109	34,028	3,670	5,211	8,881	3.83
1995	232,464	196,293	36,171	4,529	5,041	9,570	3.78
1996	250,846	207,600	43,246	1,255	4,474	5,729	7.55
1997	260,099	219,772	40,327	2,840	4,877	7,717	5.23
1998	278,611	238,991	39,620	2,515	4,434	6,949	5.70
1999	272,030	240,522	31,508	3,570	4,668	8,238	3.82
2000	289,380	256,059	33,321	3,830	4,536	8,366	3.98
2001	300,158	261,459	38,699	3,980	4,420	8,400	4.61
2002	287,390	270,027	17,363	4,295	3,594	7,889	2.20
2003	345,034	283,239	61,795	29,585	3,584	33,169	1.86
2004	324,546	278,279	46,267	1,875	4,970	6,845	6.76
2005	347,060	298,184	48,876	2,090	3,964	6,054	8.07
2006	330,464	302,872	27,592	2,195	3,881	6,076	4.54
2007	351,556	307,035	44,521	2,195	3,990	6,185	7.20
2008	338,947	319,553	19,394	2,795	3,590	6,385	3.04

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

In 2002, write-off of Accounts Receivable also not included in applicable expenses.

Debt service requirements were less in 1996 due to the defeasance of three revenue bond issues.

Demographic and Economic Information - Schedule I 5

CITY OF FLINT, MICHIGAN

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1998	128,107	\$3,281,661,814	\$25,617	9.5%
1999	126,525	\$3,150,325,981	\$24,899	8.8%
2000	124,943	\$2,861,065,143	\$22,899	8.1%
2001	124,599	\$2,371,144,784	\$19,030	10.8%
2002	121,768	\$2,595,966,375	\$21,319	13.1%
2003	120,558	\$2,505,060,765	\$20,779	14.6%
2004	119,393	\$2,150,985,535	\$18,016	14.4%
2005	118,247	\$2,071,630,014	\$17,520	13.8%
2006	117,394	\$2,071,558,869	\$17,646	14.5%
2007	116,025	\$1,684,426,650	\$14,518	14.6%

Source: Michigan Dept. of Labor & Economic Growth, Office of Labor Market Information
(not seasonally adjusted), U.S. Census Dept. & City of Flint Income Tax Division

Demographic and Economic Information - Schedule 16

CITY OF FLINT, MICHIGAN

Principal Employers

Current Year and Nine Years Ago

Taxpayer	FY 2008 (2007) Employees	Percentage of total	FY 1999 (1998) Employees	Percentage of total	1998 rank
1 General Motors Corporation	18,968	25.57%	37,708	38.40%	1
2 Delphi Automotive Systems	4,803	6.47%			*
3 Flint School District	4,199	5.66%	5,661	5.77%	2
4 Hurley Medical Center	2,765	3.73%	3,341	3.40%	5
5 McLaren Regional Medical Center	2,614	3.52%	2,850	2.90%	6
6 Genesee County	2,523	3.40%	3,497	3.56%	3
7 City of Flint	1,317	1.78%	1,625	1.66%	7
8 State of Michigan	1,164	1.57%	1,400	1.43%	8
9 Genesys Health Systems	784	1.06%	3,450	3.52%	4
10 United States Postal Service	751	1.01%	1,200	1.22%	9
	39,888	53.76%	60,732	61.89%	
Total Employees Working in City	74,193		98,128		

*Note: Delphi split from General Motors in 1999

Source: City of Flint Income Tax Division

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administration										
City Administration	11.0	11.0	11.0	6.0	4.0	5.0	3.0	1.0	2.0	2.0
Mayor's Office	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	10.0	9.0
Mayor's Office on Human Services	3.0	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal Department	13.8	14.0	14.0	14.0	14.0	13.0	11.0	6.0	11.0	12.0
City Clerk's Office (Election Workers incl thru 2006)	16.8	17.8	17.8	16.8	15.8	15.8	15.8	16.8	14.8	15.8
City Council	13.0	14.0	14.0	12.0	12.0	11.0	11.0	13.0	12.0	12.0
Ombudsman's Office	7.0	8.0	8.0	5.0	2.0	1.0	1.0	1.5	2.0	5.0
Human Resources - Personnel & Labor Relations	14.0	14.0	14.0	10.0	8.0	9.0	10.0	7.0	7.0	7.0
Civil Service Commission	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0	0.5
Human Relations Commission	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	3.0
Union Representatives	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
68th District Court	68.3	69.0	69.0	58.0	58.0	52.0	48.5	51.0	52.0	52.0
Finance Administration										
Finance Department/Payroll/Retirement	19.0	20.0	21.0	15.0	19.0	18.0	17.0	18.0	17.0	19.0
Treasury/Customer Service/Income Tax Assessment	58.0	58.0	60.0	56.0	51.0	51.0	50.0	50.0	50.0	51.0
Budget Management	17.0	16.0	16.0	13.0	12.0	10.0	11.0	12.0	11.0	13.0
Information Services/Data Processing	5.0	6.0	6.0	4.0	6.0	5.0	2.0	2.0	2.0	2.0
Information Services/Data Processing	21.0	21.0	21.0	24.0	22.0	21.0	23.0	18.0	17.0	17.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	3.0	3.0	3.0	8.0	9.0	8.0	8.0	9.0	9.0	9.0
Public Service Attendants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	21.0	20.0
Purchasing										
Administration	3.0	3.0	4.0	4.5	3.0	3.0	3.0	3.0	3.0	3.0
Inventory Control/Stockkeepers	8.0	10.0	10.0	8.0	1.0	1.0	4.0	5.0	5.0	8.0
City Market	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Equal Opportunity/Contract Compliance	5.1	5.1	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Community & Economic Development/Major Grants	21.0	22.0	20.0	17.0	11.5	12.0	12.0	9.0	9.0	12.0

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fire Department	224.0	223.0	216.0	143.0	133.0	132.0	120.0	130.0	134.0	134.0
Emergency 9-1-1	36.0	36.0	36.0	34.0	30.0	29.0	29.0	29.0	28.0	28.0
Police Department										
Sworn Officers	342.0	342.0	336.0	277.0	238.0	249.0	249.0	259.0	265.0	265.0
Civilians	54.6	78.6	71.6	36.0	34.0	35.0	31.0	32.0	32.0	35.0
Jail - Security Guards/Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.0
School Crossing Guards	32.9	32.9	32.9	32.9	32.9	32.9	32.9	27.4	23.0	25.0
Parks & Recreation										
Administration	7.0	7.0	6.0	7.0	4.0	5.5	16.0	12.0	14.0	16.0
Facilities Maintenance/Grounds	12.0	13.0	13.0	11.0	8.0	31.0	24.0	30.0	27.0	13.0
Forestry Division	30.1	27.6	27.6	17.6	17.6	9.0	3.0	7.0	12.0	10.0
Golf Division	28.8	29.6	29.8	27.5	41.0	18.0	27.0	24.0	22.0	25.7
Recreation Division	50.7	45.9	49.4	31.9	26.9	0.0	0.0	0.0	0.0	0.0
IMA Sports Arena	15.8	18.9	21.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Works & Utilities Administration										
Public Works & Utilities Administration	7.0	7.0	7.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Inspections/Development/Demolition	39.0	44.0	45.0	0.0	0.0	25.5	25.5	25.3	28.0	27.0
Engineering	15.0	16.0	16.0	14.0	9.0	8.0	8.0	7.5	7.5	8.0
Fleet Management	11.0	13.0	14.0	14.0	12.0	10.0	11.0	12.0	12.0	13.0
Street Maintenance	38.5	39.4	38.4	36.4	35.4	30.0	37.0	35.0	38.0	38.0
Traffic Engineering	14.0	15.5	15.0	16.0	15.0	15.0	15.0	16.0	17.0	18.0
Waste Collection/Sanitation	48.8	49.8	50.0	56.0	57.0	40.0	40.0	41.0	42.0	43.0
Transportation-Director/Administration	0.0	0.0	0.0	0.0	5.0	5.0	4.0	5.0	5.0	5.0
Utilities Administration	0.0	0.0	0.0	0.0	4.0	5.0	3.0	5.0	5.0	4.0
Sewer Maintenance	26.0	30.0	31.0	31.0	27.0	27.0	27.0	26.0	31.0	34.0
Water Plant	34.0	35.0	35.0	33.0	27.0	28.0	27.0	27.0	28.0	30.0
Water Pollution Control	60.0	60.0	61.0	66.0	57.0	56.0	54.0	57.0	59.0	60.0
Water Service Center	54.0	51.0	51.0	51.0	43.0	45.0	43.0	45.0	44.0	54.0
Total Staffing	1497.2	1539.1	1525.8	1226.6	1114.1	1080.7	1065.7	1104.5	1135.3	1190.0

Source: City of Flint Budget Office

Operating Information - Schedule 18

CITY OF FLINT, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/ program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Election Data (Calendar Year - November Elections):										
Registered voters	98,798	91,933	92,934	89,854	88,490	92,049	91,288	91,637	89,538	92,890
Voters (at the polls or absentee)	34,125	47,909	14,186	28,770	23,529	46,512	13,204	32,243	24,386	48,869
Percent voting	34.5%	52.1%	15.3%	32.0%	26.6%	50.5%	14.5%	35.2%	27.2%	52.6%
68th District Court (Calendar Year):										
Number of court cases	48,082	43,748	44,868	47,141	47,801	44,071	44,635	47,083	44,276	N/A
Police (Calendar Year thru 2006):										
Physical arrests (fiscal year beg. 2007)	9,285	8,311	8,870	6,504	6,081	5,541	6,115	5,265	7,451	10,711
Traffic violations (fiscal year beg. 2006)	28,844	24,830	24,062	26,101	25,899	22,907	24,082	18,064	20,316	20,995
Investigations (fiscal year beg. 2007)	N/A	31,929	29,258	26,289	24,887	22,497	22,155	17,478	23,327	25,130
Fire (Calendar Year):										
Fire runs	N/A	3,874	4,482	4,472	4,526	3,944	2,945	2,867	3,154	3,487
Emergency medical runs	N/A	13,439	16,571	16,300	16,752	16,170	*3,751	4,633	3,834	4,233
Inspections	N/A	N/A	N/A	38	66	296	281	223	224	223
Public Works:										
Miles of streets resurfaced	N/A	N/A	19.34	18.26	13.36	11.81	18.07	51.39	49.56	33.37
Potholes repaired	N/A	N/A	N/A	935	906	1,348	832	678	715	835
Refuse Collection:										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	N/A	N/A	N/A	N/A	102,113	112,801	214,654	133,747	125,624	141,370
Parks and Recreation (Calendar Year):										
Recreation Centers - Senior & Youth Participants	N/A	N/A	N/A	N/A	N/A	610	683	1,091	1,483	1,407
Water:										
Number of customers billed	46,641	48,369	44,148	46,400	45,600	45,890	43,900	43,278	42,068	39,745
Total consumption (ccf)	14,667,127	14,911,536	16,450,108	15,498,367	13,426,910	13,297,217	13,610,901	12,258,619	11,516,460	12,120,350
Average consumption per user (ccf)	314	308	373	334	294	290	310	283	274	305
Wastewater (Calendar Year):										
Average daily sewage treatment - gallons	20,400,000	22,500,000	26,000,000	22,100,000	20,800,000	26,800,000	23,700,000	26,790,000	27,700,000	24,400,000

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

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

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

Operating Information - Schedule 19

CITY OF FLINT, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/ program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	5	7	7	8	9	9	8	8	6	6
Patrol units	116	116	116	116	88	88	88	88	105**	193
Fire:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire response vehicles	18	18	18	17	16	16	16	17	18	18
Emergency response vehicles	11	11	11	11	9	7	4	4	3	3
Public Works:										
City Streets (miles):	506.63	505.47	505.47	505.47	509.31	509.33	507.60	508.60	508.60	508.39
Major streets	149.12	149.12	149.12	149.12	152.96	152.98	152.29	152.29	152.29	152.29
Local streets	357.51	356.35	356.35	356.35	356.35	356.35	355.31	356.31	356.31	356.10
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25
Streetlights	9,823	11,319	11,086	11,154	11,182	11,267	11,173	11,143	11,331	11,331
Traffic Signals/Beacons	275	275	275	275	274	274	274	275	276	277
Refuse Collection:										
Collection trucks in service	23	23	25	26	26	22	23	20*	20	20
Parks and Recreation:										
Acreage	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836
Developed parks/playgrounds	63	63	63	63	63	63	63	63	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	12	12
Community centers	6	6	6	6	6	6	6	6	6	5
Golf courses	4	4	4	4	4	4	4	4	4	4
Water:										
Water mains (miles)	540	540	540	540	540	540	540	540	540	540
Fire hydrants	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Storage capacity (gallons)	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
Sewer:										
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	350	350	350	350	350	350	350	350
Treatment capacity (gallons/day)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

Source: Various City Departments

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

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

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

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

(\$ amounts expressed in thousands)

Continuation Indicators

Valuation Date	Valuation Assets		APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll			
December 31											
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%

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

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

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

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

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

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

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

Source: Gabriel Roeder Smith & Company Actuarial Valuation Reports

Report on Internal Control

December 29, 2008

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

Dear Honorable Mayor and Members of City Council Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the City's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards are to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this **Report on Internal Control** will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the City of Flint as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a

misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Infrastructure Capital Assets Recordkeeping

During the current fiscal year, management determined the cost of certain infrastructure capital assets was not estimated properly when initially capitalized. As a result, infrastructure assets related to road construction were under stated in the financial records by approximately \$38 million at July 1, 2007.

In addition, it was determined that certain infrastructure capital assets had not been properly removed from the capital asset schedules when replaced with new construction. As a result, certain infrastructure assets were overstated by approximately \$7 million at July 1, 2007.

A prior period adjustment was posted by management to correct these misstatements as of the beginning of this fiscal year.

Recording Capital Assets Obtained Through Capital Leases

During 2008, certain capital assets were acquired under lease contracts that qualified as capital lease obligations. Capital lease transactions require that the capital assets and related debt be recorded at the time the lease is entered into. The debt related to the acquisition was properly posted to the accounting records. However, the capital assets acquired were not added to the schedule of capital assets used in governmental activities.

Recognition of Bond Proceeds

The City received bond proceeds of \$5.1 million from the issuance of Section 108 loans under the Community Development Block Program. The City recognized deferred revenue for the bond proceeds received. The City should have recognized bond proceeds revenue as the proceeds are both available and appropriable for expenditure.

Lack of Segregation of Duties at the Golf Courses

Due to the size of the staff at the golf courses there has been a lack of segregation of duties which continued during 2008. The supervisor for each course receipts cash, prepares the receipt and deposit form, and determines the account coding assigned to receipts. The course supervisor has control over both the un-deposited cash and the financial records related to the cash receipt prior to the deposit of the receipts with Treasury. Under these circumstances, the possibility of an error being made in the accounting records and not being discovered on a timely basis exists.

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

December 29, 2008

We wish to make it absolutely clear that we are not suggesting that the golf supervisor is making errors of any nature. What we are saying is that due to the lack of segregation of duties, there is an inherent limitation in the golf courses' system of internal accounting control, and we are required to disclose this to you. The ideal internal control situation would allow the City to segregate the recordkeeping duties from the cash handling duties. However, this could require that the City hire additional staff to separate these duties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following significant deficiencies described above constitute material weaknesses.

- Infrastructure Capital Assets Record Keeping
- Recognition of Bond Proceeds
- Lack of Segregation of Duties at the golf courses

This communication is intended solely for the information and use of management, the Honorable Mayor and Members of City Council, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script that reads "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE