

CITY OF FLINT, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2009



**Dayne Walling
Mayor**

Prepared by

Department of Finance and Administration

Michael A. Townsend, Director of Finance

Sekar R. Bawa, Deputy Director

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CITY OF FLINT, MICHIGAN

Department of Finance

Dayne Walling
Mayor

Michael A. Townsend
Finance Director

December 18, 2009

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, 2009.

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, 2009, 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, 2009, 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 112,900 (2009 Census Estimate). The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

The City of Flint has operated under the strong mayor – council form of government since November 4, 1975, when the 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.

On February 9, 2009 Mayor Donald J. Williamson announced his resignation as Mayor of the City of Flint. Per the Flint City Charter, *Section 2-411, Vacancy in the Office of Mayor*, the City Administrator serves as the Temporary Mayor until such time as an Acting Mayor or Mayor is elected accordingly. The City Administrator possesses all the powers of the Mayor as provided in the Charter, except the power to remove Mayoral appointees and the power of veto. Newly appointed City Administrator Michael K. Brown took on the responsibilities of Temporary Mayor on February 16, 2009. The City Council called a special primary election to be held May 5, 2009 and a general election was called for August 4, 2009, in accordance with the Charter, to fill the remainder of the unexpired term of Donald J. Williamson. On August 4, 2009, the Citizens of the City of Flint elected Dayne Walling as the Mayor of the City of Flint.

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 April. 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 (25.5% in 2009) is among the highest in the State. Population has steadily declined to 112,900 (2009 estimate) from 193,317 in 1970. 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 2009 to \$279.7 million compared to \$358.3 million in 2008. The total number of employees for the ten largest taxpayers in the City decreased from 39,888 in 2008 to 38,252 in 2009. Overall property values have decreased from \$1.782 billion in 2000 to \$1.648 billion in 2009, which is also a decrease from \$1.911 billion in 2008.

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, 2009 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, 2009 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 (the latest actuarial report) was 75% 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 2,980 retired employees receiving these benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2009, the City paid \$20.3 million for post-employment health benefits premiums. The City has an actuarial accrued liability for other post-employment benefits (OPEB) of \$800 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, 2009 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, 2008. The City has now received the award seven 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, 2009, 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 City also received recognition by the Michigan Government Finance Officers' Association for exemplary accomplishment in receiving awards from the GFOA for both Excellence in Financial Reporting and Distinguished Budget Presentation. Only 25 governmental units state-wide received this award.

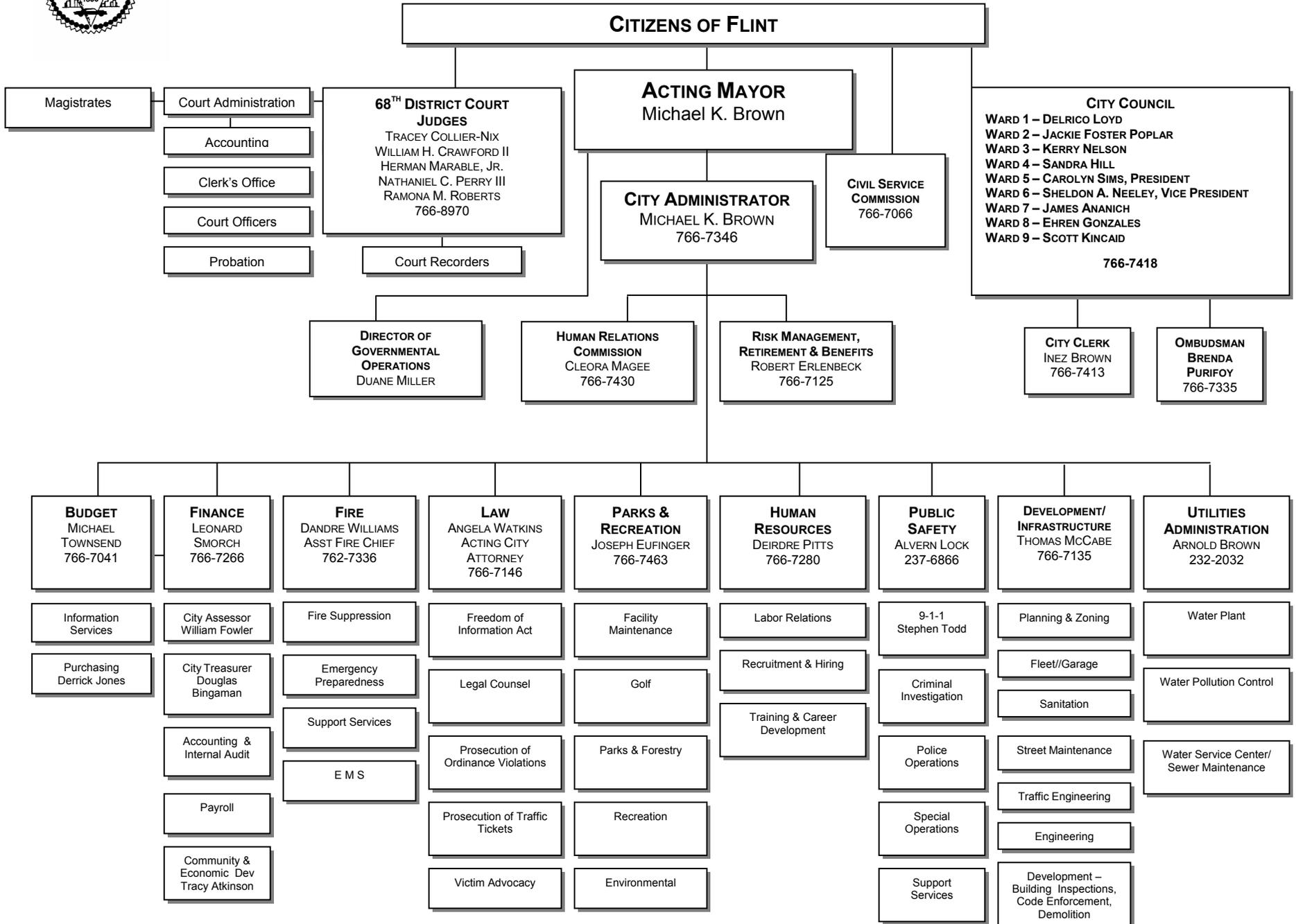
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this 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,

A handwritten signature in black ink, appearing to read "M. A. Townsend", with a stylized flourish at the end.

Michael A. Townsend
Finance Director

CITY OF FLINT - ORGANIZATIONAL CHART – Fiscal Year 2009



CITY OF FLINT, MICHIGAN
As of June 30 - Fiscal Year 2009
Elected and City Officials

Michael K. Brown..... Acting Mayor – Feb 17, 2009 – Aug 9, 2009

City Council

Delrico J. Loyd, Vice President & Chair, Special Affairs..... First Ward
 Jacqueline Poplar, Chair, Governmental Operations.....Second Ward
 Kerry Nelson.....Third Ward
 Sandra HillFourth Ward
 Carolyn A. Sims..... Fifth Ward
 Sheldon NeeleySixth Ward
 James Ananich, President.....Seventh Ward
 Ehren Gonzales, Chair, Legislative Committee Eighth Ward
 Scott Kincaid, Chair, Finance Committee..... Ninth Ward

Appointed and Other City Officials

Tracy Atkinson Superintendent, Dept. of Community & Economic Development
 Douglas Bingaman City Treasurer
 Arnold Brown..... Utilities Superintendent
 Inez M. Brown..... City Clerk
 Michael J. Brown Director of Water/Sewer Utilities
 Michael K. Brown.....City Administrator/Acting Mayor
 Robert Campbell..... Director of Communications
 Irma Chenevert..... 68th District Court Administrator
 Robert Erlenbeck Risk Management & Benefits Administrator
 Joseph Eufinger.....Director, Parks & Recreation
 Larry Ford Chief Operating Officer, Downtown Development Authority
 William Fowler City Assessor
 Derrick Jones Purchasing Manager
 Alvern Lock Police Chief
 Cleora Magee Acting Executive Director, Human Relations Commission
 Thomas McCabe Transportation Director
 Duane Miller Director of Governmental Operations
 Deirdre G. Pitts..... Director of Human Resources & Labor Relations
 Brenda Purifoy Ombudsman
 Leonard Smorch..... Director of Finance
 Stephen Todd..... Emergency 911 Administrator
 Michael Townsend Director of Budget Management
 Angela Watkins..... Acting Chief Legal Officer
 Dandre Williams..... Assistant Fire Chief
 Vacant.....Director, Civil Service Commission

CITY OF FLINT, MICHIGAN
As of November 30, 2009
Elected and City Officials

Elected Officials

Dayne Walling Elected Mayor August 3, 2009
(for balance of unexpired term ending in November 2011)

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

Delrico J. Loyd, President First Ward
 Jackie Foster Poplar, Chair, Governmental Operations Second Ward
 Bryant W. Nolden Third Ward
 Joshua M. Freeman, Chair, Finance Committee Fourth Ward
 Bernard Lawler Fifth Ward
 Sheldon Neeley Sixth Ward
 Dale K. Weighill, Vice President & Chair, Special Affairs Seventh Ward
 Michael J. Sarginson, Chair, Legislative Committee Eighth Ward
 Scott Kincaid Ninth Ward

Appointed and Other City Officials

Tracy Atkinson Superintendent, Dept. of Community & Economic Development
 Peter Bade Chief Legal Officer
 Douglas Bingaman City Treasurer
 Arnold Brown Waste Superintendent
 Inez M. Brown City Clerk
 Michael J. Brown Utilities Administrator
 Robert Erlenbeck Risk & Benefits Administrator
 Larry Ford Chief Operating Officer, Downtown Development Authority
 William Fowler City Assessor
 Patrick Gerace Director of Neighborhood Services
 Dawn Jones Communications Director
 Derrick Jones Purchasing Manager
 Alvern Lock Director of Public Safety
 Cleora Magee Acting Executive Director, Human Relations Commission
 Rhoda Matthews Citizen Services Director
 Thomas McCabe Director of Utilities
 Paula McGlown 68th District Court Administrator
 Steven Montle Green Cities Coordinator
 Kay Muhammad Transportation and Development Superintendent
 Tom O'Brien Interim Information Technology Services Administrator
 Joseph Pilara Utilities Superintendent
 Donna Poplar Director of Human Resources & Labor Relations
 Brenda Purifoy Ombudsman
 Michael Rule Fleet & Yards Superintendent
 David Solis Director of Governmental Policy
 Stephen Todd Emergency 911 Administrator
 Michael A. Townsend Director of Finance
 Dandre Williams Assistant Fire Chief
 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, 2008

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 stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

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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, 2009, 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.

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, 2009, 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 general fund 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

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Honorable Mayor and Members
of the City Council
City of Flint

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 non major fund 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 required supplementary 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 18, 2009

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Management's Discussion and Analysis

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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, 2009. 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 \$12.7 million in governmental activities.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$332.4 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.

City of Flint

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the 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.

City of Flint

Management's Discussion and Analysis (Continued)

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 35-92 of this report.

City of Flint

Management's Discussion and Analysis (Continued)

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 93-96 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 88-127 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 \$649.0 million. Total net assets (total assets less total liabilities) are \$332.4 of which the largest portion \$307.8 million (92.6%), 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, \$24.7 million (7.4%), represents resources of which \$30.8 million are subject to external restrictions on how they may be used. There is no remaining balance of unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. Net assets are divided between governmental activities and business-type activities. Governmental activities show a \$94.6 million deficit in unrestricted net assets. The \$94.6 million deficit results from the increase in the short term and long term liabilities, mainly \$63.1 million in post employment healthcare liability.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Current and other assets	53.2	45.0	240.2	215.6	293.4	260.6
Capital assets	193.6	188.9	203.3	199.5	396.9	388.4
Total assets	246.8	233.9	443.5	415.1	690.3	649.0
Long-term liabilities outstanding	79.9	97.8	104.0	134.2	183.9	232.0
Other Liabilities	21.9	26.5	110.4	58.1	132.3	84.6
Total Liabilities	101.8	124.3	214.4	192.3	316.2	316.6
Net assets:						
Invested in capital assets net of related debt	190.5	184.6	121.4	123.2	311.9	307.8
Restricted	21.1	19.7	10.3	11.0	31.4	30.7
Unrestricted	(66.7)	(94.6)	97.4	88.5	30.7	(6.1)
Total net assets	144.9	109.7	229.1	222.7	374.0	332.4

Management's Discussion and Analysis (Continued)

Business-type activities have \$222.7 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 \$35.3 million. Revenues in 2009 were \$7.1 million lower than in 2008. This decrease in revenue can be equally shared; six of the seven revenue categories experienced losses in 2009. The 2009 expenses were 19.6 million lower than in 2008. This decrease is due in spite of \$28.6 million in post employment healthcare liability which the City is required to record under GASB 45.

Business-type Activities - Total net assets decreased by \$6.3 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 or 2009. The Hurley Medical Center's net assets increased by \$6.2 million, due to \$2.3 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	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Revenues:						
Program Revenues						
Charges for services	26.0	25.1	384.1	407.2	410.1	432.3
Operating grants and contributions	19.6	17.2	4.5	0.4	24.1	17.6
Capital grants and contributions	8.9	10.2		.2	8.9	10.4
General revenues						
Income taxes	16.5	14.3			16.5	14.3
Property taxes	25.6	24.3			25.6	24.3
State shared revenues	18.9	18.5			18.9	18.5
Other	3.4	2.2	6.4	4.5	9.8	6.7
Total revenues	<u>118.9</u>	<u>111.8</u>	<u>395.0</u>	<u>412.3</u>	<u>513.9</u>	<u>524.1</u>
Expenses						
Legislative	1.7	1.7			1.7	1.7
Judicial	8.8	6.7			8.8	6.7
General government	28.4	26.9			28.4	26.9
Public safety	83.1	66.8			83.1	66.8
Public works	30.5	31.9			30.5	31.9
Parks & Recreation	7.6	6.1			7.6	6.1
Community development	6.2	6.6			6.2	6.6
Interest on long term debt	1.1	1.1			1.1	1.1
Hospital			336.0	351.5	336.0	351.5
Water			34.0	38.6	34.0	38.6
Sewer			26.6	26.1	26.6	26.1
Golf Course			2.2	1.7	2.2	1.7
Total Expenses	<u>167.4</u>	<u>147.8</u>	<u>398.8</u>	<u>417.9</u>	<u>566.2</u>	<u>565.7</u>
Transfers		.7		(.7)		
Changes in net assets	<u>(48.5)</u>	<u>(35.3)</u>	<u>(3.8)</u>	<u>(6.3)</u>	<u>(52.3)</u>	<u>(41.6)</u>
Net assets - beginning	<u>193.5</u>	<u>144.9</u>	<u>232.8</u>	<u>229.1</u>	<u>426.3</u>	<u>374.0</u>
Net assets - end	<u>145.0</u>	<u>109.7</u>	<u>229.0</u>	<u>222.7</u>	<u>374.0</u>	<u>332.4</u>

City of Flint

Management's Discussion and Analysis (Continued)

Analysis of Fund Financial Statements

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

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

As of the end of the 2009 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$7.7 million, a decrease of \$3.4 million from the prior year. Approximately \$1.5 million deficit constitutes unreserved fund balance.

The General Fund is the chief operating fund of the City of Flint. The City of Flint ended with a \$10.1 million deficit in 2009. This is 15.8% of total revenues. This is the result of the \$6.9 million deficit from 2008, plus transfers to the Building Inspections Fund (\$1.7 million) and the Golf Fund (\$1.6 million) to cover their deficits. The General Fund operated at a deficiency of revenue over expenditures for the 2009 fiscal year in the amount of \$2.8 million. The General Fund did borrow cash of \$17.2 million from the Sewer fund for working capital in 2009. The decline of the General Fund cash is mainly due to a reduction in income tax revenue (\$2.2 million), property tax (\$.4 million), state revenue (\$.6 million), federal revenue (\$.8 million) and fines and forfeitures (\$.5 million). However, the offset to these losses was a \$4.4 million increase in charges for services from increased Payments in Lieu of Taxes (PILOT) and a first time booking of revenue of Return On Investment (ROI).

The remaining governmental funds have a unreserved, undesignated fund balance of \$17.9 million, of which \$8.6 million is unreserved and undesignated. The largest fund balances among the governmental funds are the Major and Local Streets, \$2.4 million, Federal Grants, \$5.1 million, and Capital Improvements, \$.3 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 filed a deficit elimination plan in April 2009 with the State to eliminate the deficits for 2008 in the General Fund, the Building Inspections Fund and the Golf Fund. This plan was for the next five years starting with the fiscal year 2010. The plan was created by administration and approved unanimously by City Council and submitted according to State law. A revised plan was submitted in June 2009 to the State combining the deficits (\$10.5 million) of the 2008 and projected 2009 deficit (\$3.4 million) outlining the elimination starting with the FY2010 budget and ending in FY2014. In August 2009 the State of Michigan evaluated and certified the City of Flint's deficit elimination plan.

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 \$89.9 million, an increase of \$6.1 million. The increase is primarily a result of a net income from joint venture. The Hurley Medical Center did not issue any bonds in 2009.

City of Flint

Management's Discussion and Analysis (Continued)

Total net assets in the Water Fund are \$33.3 million, a decrease of \$5.3 million from the previous year attributable mostly to operating income but also to the increased PILOT and ROI. The Water Fund has a bond reserve account of \$2.8 million and an equipment reserve account of \$3.3 million. Water operating revenues increased by \$0.1 million while cost of water purchased increased by \$0.9 million. Water operating revenues, plus interest income, exceeded total operating costs, less depreciation, less OPEB, by \$3.1 million. The combined interest and principal payments were \$2.4 million, providing a legal debt margin above the required 125%.

Net assets of the Sewer Fund decreased by \$8.9 million to \$95.9 million. Sewer operating revenues increased slightly by 0.7 million, while sewer operating costs decreased by \$1.9 million.

Net assets of the Golf Fund increased by \$1.7 million to \$3.6 million. Golf operating revenue increased by \$0.2 million and operating expenses decreased by \$0.4 million. The General Fund transferred \$1.6 to the Golf Fund to cover the 2008 fund balance deficit.

Budgetary Highlights

Original to Amended - The General Fund amended expenditures budget of \$68.1 million was \$3.2 million greater than the original budget. Early during the 2009 budget the administration filed a lawsuit against the City Council over the 2009 budget, claiming that certain departments were not substantially funded. After three to four months of deliberations, the budget was amended per Court order. A major amendment to the revenue came late in the year to charges for services, which was increased by PILOT and ROI.

Amended to Actual - General Fund expenditures totaled \$66.7 million, \$1.3 million less than the final amended budget. General Fund revenues of \$64.0 million were \$4.5 million below the amended budget. The largest difference between budget and actual expenditures is the result of massive layoffs and the reorganization of Public Safety. The biggest losses in revenue came from income taxes (\$1.8 million), state revenue (\$1.0 million), property taxes (\$0.6 million), federal revenue (\$0.4 million) and fines & forfeitures (\$0.5 million).

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, 2009 amounts to \$388.4 million (net of accumulated depreciation), a net decrease of \$8.5 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.

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	13.4	13.4	5.6	6.2	19.0	19.6
Construction in progress	0.0	0.0	8.3	4.3	8.3	4.3
Building and System	5.6	5.2	74.2	72.1	79.8	77.3
Improvements other than buildings	5.6	5.0	6.2	5.8	11.8	10.8
Machinery and Equipment	11.4	9.4	109.0	111.2	120.4	120.6
Infrastructure	157.6	155.6	0.0	0.0	157.6	155.6
Total	<u>193.6</u>	<u>188.6</u>	<u>203.3</u>	<u>199.6</u>	<u>396.9</u>	<u>388.4</u>

The City governmental activities made major capital improvements during 2009:

- Curb and Gutter \$ 0.6 million
- Streets and Enhancement 7.6 million
- Sidewalks 0.6 million
- Signs and Signals 1.9 million
- Land and Building Improvements 0.1 million
- Vehicles and Equipment 1.3 million
- Trails 0.3 million

Total capital improvements, as a result of governmental activities, were \$12.7 million. Depreciation was \$17.3 million.

The City business-type activities also made capital improvements during 2009:

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

Total capital improvements as a result of business-type activities were \$27.3 million, with most of the improvements being made at Hurley Medical Center. Depreciation was \$20.3 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 Rutherford Parking Structure. The City has pledged a portion of State Shared Revenue as security for the Bond. The DDA has pledged net revenue from the parking operations for the repayment of the Bond. This project is complete and is featured inside the front cover of this report. The City did not issue any additional bonds in 2009.

City of Flint

Management's Discussion and Analysis (Continued)

Long-term Debt - At year-end the City had \$28.0 million in bonds and notes outstanding for governmental activities and \$92.7 million in bonds and notes outstanding for business-type activities. Total long-term debt increased by \$6.1 million to \$130.0 million at year-end. Additional information on the City of Flint's long-term debt can be found in Note 3 G.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
General Obligation Bonds	14.2	12.8	0.3	0.1	14.5	12.9
Revenue Bonds and Notes	0.0	0.0	97.1	92.5	97.1	92.5
Other Notes	13.6	15.2	0.2	0.1	13.8	15.3
Capital Leases	0.9	0.9	0.1	0.0	1.0	0.9
Accrue Annual & Sick Pay	9.7	8.4	0.0	0.0	9.7	8.4
Total	38.4	37.3	97.7	92.7	136.1	130.0

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 \$115.4 million. The amount of debt available to the City (unused portion of the debt limitation) is \$102.6 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state shared revenue program. The program pledges the City's future state shared revenues.

Bond Ratings - Moody's Investors' Service last rated the City of Flint's general obligation unlimited bonds at Ba1, with a stable outlook, in February 2006.

Economic Factors and Next Year's Budget and Rates

Economic Factors - The year 2009 marked another challenging chapter for the continued revitalization of the City of Flint. While many factors may have given it the appearance of the "worst of times," there are many other factors that suggest that the "best of times" are on the horizon.

The revitalization of Downtown Flint is the best picture of this new horizon. Downtown has had a complete makeover and is flooded with people due to new businesses, jobs, restaurants, dormitories, apartment lofts and structures. Many of the long-talked-about projects in the downtown are near completion, or completed, and have resulted in several residents saying, "Look at Flint!" Money that was once being spent on industry, entertainment, food and shelter outside of the City, and even the County, is now being spent downtown.

The completed \$5 million plus Wade Trim Building is part of this new Downtown makeover. 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.

City of Flint

Management's Discussion and Analysis (Continued)

The new Rowe Engineering Building was recently completed, 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.

The long-abandoned Durant Hotel renovations are ongoing and it will soon reopen after 36 years. This \$23 million project will provide 93 loft-style apartments. Another downtown landmark, the Berridge Hotel, originally built in 1928, after a \$6 million renovation, has been transformed into 17 loft apartments. Riverfront Residence Hall (formerly Character Inn) will also soon open and house up to 550 students Downtown.

Recently, the Mott Foundation completed \$3 million in additions and renovations to their building, including their offices and two large loft-type apartments. The 501 Bar and Grill, Blackstones, WiseGuys Pizza, Raspberries Rhythm Café & Bar and Soyla's restaurants have all created jobs and provided fine, new eating options in the heart of Downtown. 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 of 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. In the Fall of 2008, 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 programs, with technical aspects second-to-none, especially in medical-related fields of study. A tour through the medical classes and laboratory demonstrates 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.

City of Flint

Management's Discussion and Analysis (Continued)

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.

A City of Flint native-born citizen, Ambassador to Sweden Mr. Michael Wood, recommended that the City of Flint and Kettering University work with the City and University of Linkoping, Sweden, to develop the Center of Energy Excellence. His recommendation was accepted and the waste-to-energy project is in the design stage. "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 an agreement 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. A pilot scale sludge digester has already been created and is just the start of several additional green projects that should follow.

Approximately 23 miles of resurfaced roads, 850 squares of newly repaired sidewalks, and demolition of 296 houses are just a few examples of the City's efforts 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 Cruise and Car Show, which attracted over 250,000 people to Downtown Flint. 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 Chevrolet Cruze and Volt Engine Plant. This \$230 million engine plant will play a vital role in retaining 500 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.

Bishop Airport's \$30 million intermodal facility is nearing completion and will prepare the City of Flint for the new intermodal focus.

In summary, 2009 was a year of ongoing economic challenges; however, there was substantial growth and development, particularly in the City's downtown area and within its institutions of higher learning. Flint's citizens have always been known for their hard work, dedication and innovation, and they are rising to meet the challenges of this new era.

Budgets - The legal battle over the budget for fiscal year 2009 was finally settled in late December 2008 and the budget modified to reveal the real financial issues the City faced. The 2009 amended General Fund budget, which projected a \$3.4 million deficit along with the \$10.5 million deficit from 2008, presented the facts. The shrinking revenues as a result of the GM bankruptcy, property taxes decreasing, and the State of Michigan revenue cuts, as well as the current spending trends, were clear explanations of the pending deficit.

The change in administration in February 2009 sparked the beginning of the turnaround. Under Acting Mayor Michael Brown and his revised administration, with the help of special consultants Prima Civitas, the budget was dissected. Additional revenues (\$4.4 million) were identified and all expenses were examined. Reorganization of Public Safety and layoffs throughout the General Fund trimmed the projected deficit to a positive fund balance of \$.3 million at June 30, 2009.

The City still faces a number of issues that will impact the 2010 budget. The budget must adhere to the Deficit Elimination Plan on file with the State of Michigan, which sets aside \$2.4 million toward the deficit. State-wide reductions in State Shared Revenue, and the combined effects 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 Revenues, resulting from high unemployment, and the decline of its property tax base, along with increases in pension expenditures.

Water 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. In June of 2009 the annual water and sewer rates were increased for the first time in several years. The City of Detroit again raised water rates charged to Flint by 12% for 2009. The Flint City Water Department has successfully processed water from the Flint River system. The City, in conjunction with the Michigan Department of Natural Resources, tests the new water plant at a minimum of four times annually. 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's water demands at a cost that is substantially lower than 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

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Government-wide Financial Statements

City of Flint, Michigan

Statement of Net Assets June 30, 2009

	Primary Government	
	Governmental Activities	Business-Type Activities
Assets		
Pooled cash and investments	\$ 12,623,061	\$ 12,065,420
Cash and equivalents	5,157,891	44,283,193
Cash with agent	-	-
Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$33,553,227)		
Taxes	1,289,220	-
Accounts	1,691,735	53,852,932
Notes and leases receivable	7,292,949	-
Due from component units	10,395,962	-
Due from other governments	10,570,824	-
Internal balances	(11,655,505)	11,655,505
Inventories	254,855	5,528,327
Real estate held for resale - seized property	-	-
Prepaid items	433,184	3,459,811
Restricted assets:		
Pooled cash and investments	-	6,077,211
Cash and equivalents	6,978,782	32,379,826
Investments	-	35,636,310
Accrued interest receivable	-	143,827
Capital assets (not depreciated)	13,448,725	10,501,351
Capital assets (net of accumulated depreciation)	175,461,405	189,029,033
Other assets	-	2,612,847
Investment in joint ventures	-	7,913,833
Total assets	233,943,088	415,139,426

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

Total	Component Units
\$ 24,688,481	\$ -
49,441,084	1,623,971
-	28,016
1,289,220	-
55,544,667	602,369
7,292,949	2,017,807
10,395,962	-
10,570,824	-
-	-
5,783,182	-
-	77,000
3,892,995	22,293
6,077,211	-
39,358,608	1,393,992
35,636,310	-
143,827	-
23,950,076	14,842,115
364,490,438	537,576
2,612,847	-
7,913,833	-
649,082,514	21,145,139

City of Flint, Michigan

Statement of Net Assets (Continued) June 30, 2009

	Primary Government	
	Governmental Activities	Business-Type Activities
Liabilities		
Accounts payable	3,865,498	19,623,770
Accrued liabilities	2,392,491	29,215,749
Deposits and advances	431,486	660,248
Due to other governments	330,880	-
Due to primary government	-	-
Unearned revenue	1,592,801	-
Noncurrent liabilities:		
Due within one year:		
Debt payable	6,902,068	5,304,274
Claims payable	10,940,000	3,362,530
Due in more than one year:		
Net pension obligation	-	7,694,335
Other post employment benefit obligation	63,072,206	13,573,421
Debt payable	30,469,659	87,477,314
Claims payable	4,266,532	25,478,396
Total liabilities	124,263,621	192,390,037
Net Assets		
Invested in capital assets, net of related debt	184,617,905	123,161,141
Restricted for:		
Streets	5,567,446	-
Public Improvement	4,087,030	-
Police	1,080,283	-
Parks and Recreation	106,882	-
Debt Service	-	2,809,861
Economic Development	1,046,814	-
Community Development	7,481,163	-
Capital Improvements	-	3,267,350
Other	331,247	5,029,548
Unrestricted (deficit)	(94,639,303)	88,481,489
Total net assets	\$ 109,679,467	\$ 222,749,389

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

Total	Component Units
23,489,268	714,456
31,608,240	28,655
1,091,734	28,809
330,880	-
-	10,395,962
1,592,801	117,736
12,206,342	27,254
14,302,530	-
7,694,335	-
76,645,627	-
117,946,973	-
29,744,928	-
316,653,658	11,312,872
307,779,046	6,434,000
5,567,446	-
4,087,030	-
1,080,283	-
106,882	-
2,809,861	-
1,046,814	-
7,481,163	204,137
3,267,350	44,486
5,360,795	2,664,514
(6,157,814)	485,130
\$ 332,428,856	\$ 9,832,267

City of Flint, Michigan

Statement of Activities Year Ended June 30, 2009

Functions\Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Legislative	\$ 1,677,917	\$ 64,850	\$ -
Judicial	6,681,529	2,339,395	230,098
General government	26,939,374	16,347,624	603,890
Police	37,126,618	2,405,033	921,476
Fire	20,152,055	224,943	-
Emergency dispatch	4,045,960	1,830,754	-
Building inspection	5,277,613	1,736,737	2,143,970
Transportation	25,241,926	1,446	10,910,756
Public works	6,665,459	7,678	69,664
Parks and recreation	6,147,632	44,512	667,699
Community enrichment and development	6,620,929	69,749	1,607,036
Interest on long-term debt	1,122,341	-	-
Total governmental activities	147,699,353	25,072,721	17,154,589
Business-type Activities:			
Hospital	351,483,641	354,150,104	447,055
Water	38,632,444	34,080,677	-
Sewer	26,105,770	17,836,304	-
Golf courses	1,750,932	1,098,854	-
Total business-type activities	417,972,787	407,165,939	447,055
Total primary government	\$ 565,672,140	\$ 432,238,660	\$ 17,601,644
Component Units			
Downtown Development Authority	\$ 1,328,457	\$ 1,065,089	\$ 268,919
Atwood Stadium Building Authority	-	-	-
Flint Area Enterprise Community	407,982	-	317,688
Economic Development Authority	653,433	168,744	429,332
Total component units	\$ 2,389,872	\$ 1,233,833	\$ 1,015,939

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
\$ -	\$ (1,613,067)	\$ -	\$ (1,613,067)	\$ -
-	(4,112,036)	-	(4,112,036)	-
-	(9,987,860)	-	(9,987,860)	-
75,325	(33,724,784)	-	(33,724,784)	-
-	(19,927,112)	-	(19,927,112)	-
-	(2,215,206)	-	(2,215,206)	-
-	(1,396,906)	-	(1,396,906)	-
5,803,746	(8,525,978)	-	(8,525,978)	-
-	(6,588,117)	-	(6,588,117)	-
630,141	(4,805,280)	-	(4,805,280)	-
3,653,624	(1,290,520)	-	(1,290,520)	-
-	(1,122,341)	-	(1,122,341)	-
10,162,836	(95,309,207)	-	(95,309,207)	-
-	-	3,113,518	3,113,518	-
78,175	-	(4,473,592)	(4,473,592)	-
61,352	-	(8,208,114)	(8,208,114)	-
60,069	-	(592,009)	(592,009)	-
199,596	-	(10,160,197)	(10,160,197)	-
\$ 10,362,432	(95,309,207)	(10,160,197)	(105,469,404)	-
\$ -	-	-	-	5,551
-	-	-	-	-
-	-	-	-	(90,294)
338,000	-	-	-	282,643
\$ 338,000	-	-	-	197,900

(Continued)

City of Flint, Michigan

Statement of Activities (continued) Year Ended June 30, 2009

	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			
Miscellaneous revenue			
Total general revenues			
Excess (deficiency) of revenue over expenses			
Transfers			
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
	14,277,939	-	14,277,939	-
	24,343,118	-	24,343,118	72,570
	18,466,481	-	18,466,481	-
	1,112,359	-	1,112,359	-
	1,109,633	4,488,845	5,598,478	82,528
	-	-	-	71,854
	69,084	-	69,084	10,368
	59,378,614	4,488,845	63,867,459	237,320
	(35,930,593)	(5,671,352)	(41,601,945)	237,320
	669,623	(669,623)	-	-
	(35,260,970)	(6,340,975)	(41,601,945)	435,220
	144,940,437	229,090,364	374,030,801	9,397,047
	\$ 109,679,467	\$ 222,749,389	\$ 332,428,856	\$ 9,832,267

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Fund Financial Statements

City of Flint, Michigan

Balance Sheet Governmental Funds June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investments	\$ -	\$ 6,077,722	\$ 6,077,722
Cash and cash equivalents	372,915	4,652,154	5,025,069
Receivable (net of allowance for estimated uncollectible accounts of \$7,503,264)			
Property taxes receivable	361,325	927,895	1,289,220
Notes and leases receivable	-	6,114,853	6,114,853
Other receivables	1,443,835	228,107	1,671,942
Due from other governments	6,671,888	3,898,936	10,570,824
Due from component units	-	1,116,158	1,116,158
Inventories	-	63,145	63,145
Restricted cash and cash equivalents	-	6,978,782	6,978,782
Total assets	\$ 8,849,963	\$ 30,057,752	\$ 38,907,715

City of Flint, Michigan

Balance Sheet Governmental Funds (continued) June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,060,813	\$ 1,331,542	\$ 2,392,355
Due to other funds	17,169,931	2,470,945	19,640,876
Due to other governments	330,880	-	330,880
Deposits payable	-	431,486	431,486
Deferred revenue	402,083	7,979,349	8,381,432
Total liabilities	<u>18,963,707</u>	<u>12,213,322</u>	<u>31,177,029</u>
Fund Balances			
Reserved for encumbrances	-	622,546	622,546
Reserved for long-term lease receivable	-	1,336,000	1,336,000
Reserved for inventory	-	63,145	63,145
Unreserved, designated for:			
Subsequent years' expenditures:			
Special revenue funds	-	5,187,782	5,187,782
Capital project funds	-	2,002,468	2,002,468
Unreserved and undesignated, reported in:			
General fund (deficit)	(10,113,744)	-	(10,113,744)
Special revenue funds	-	8,321,188	8,321,188
Debt service funds	-	7,163	7,163
Capital project funds	-	304,138	304,138
Total fund balances	<u>(10,113,744)</u>	<u>17,844,430</u>	<u>7,730,686</u>
Total liabilities and fund balances	<u>\$ 8,849,963</u>	<u>\$ 30,057,752</u>	<u>\$ 38,907,715</u>

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

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City of Flint, Michigan

Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2009

Fund balances reported in the governmental funds \$ 7,730,686

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 182,898,110

Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds 16,726,531

Internal service funds are included as part of governmental activities 2,264,308

Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds (28,460,537)

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 (8,407,425)

Net post employment benefit obligation are not due and payable in the current period and are not reported in the funds (63,072,206)

Net assets of governmental activities \$ 109,679,467

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

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City of Flint, Michigan

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 12,406,401	\$ 12,484,196	\$ 24,890,597
Income taxes	14,277,939	-	14,277,939
Special assessments	211,682	-	211,682
Federal revenue	843,152	6,695,434	7,538,586
State revenue	18,872,455	10,967,260	29,839,715
Licenses and permits	1,224,496	1,123,669	2,348,165
Fines and forfeits	2,748,252	680,780	3,429,032
Charges for services	11,423,750	284,484	11,708,234
Local grants	1,261,524	1,248,774	2,510,298
Interest	113,968	794,708	908,676
Other	553,683	1,270,213	1,823,896
Total revenue	63,937,302	35,549,518	99,486,820
Expenditures			
Current:			
Legislative	1,196,266	-	1,196,266
Judicial	5,113,532	-	5,113,532
General government	11,242,894	619,523	11,862,417
Public safety:			
Police	24,956,342	4,070,675	29,027,017
Emergency dispatch	2,749,327	-	2,749,327
Fire	15,486,292	-	15,486,292
Building inspection	113,988	4,153,006	4,266,994
Public works:			
Transportation	2,688,842	12,960,822	15,649,664
Public works	-	4,922,235	4,922,235
Parks and recreation	2,684,689	1,853,659	4,538,348
Community development	470,977	5,927,492	6,398,469
Debt Service:			
Principal retirement	-	2,035,905	2,035,905
Interest and fiscal charges	-	881,328	881,328
Total expenditures	66,703,149	37,424,645	104,127,794
Excess (deficiency) of revenue under expenditures	(2,765,847)	(1,875,127)	(4,640,974)
Other financing sources (uses):			
Debt issuance	-	1,875,000	1,875,000
Proceeds from sale of capital assets	7,782	-	7,782
Transfers in	2,990,000	2,371,005	5,361,005
Transfers out	(3,476,309)	(2,484,269)	(5,960,578)
Total other financing sources (uses)	(478,527)	1,761,736	1,283,209
Net Change in Fund Balances	(3,244,374)	(113,391)	(3,357,765)
Fund Balances - Beginning of year	(6,869,370)	17,957,821	11,088,451
Fund Balances (deficit) - End of year	\$ (10,113,744)	\$ 17,844,430	\$ 7,730,686

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

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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, 2009

Net change in fund balances - total governmental funds \$ (3,357,765)

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	11,771,485
Depreciation expense	(15,164,215)
Net book value of assets disposed of	(127,836)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 2,035,905

Debt proceeds provide financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets (1,875,000)

Decreases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment 1,288,487

Increase in net post employment benefit obligation (28,573,866)

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 (784,411)

Internal service funds are also included as governmental activities (473,754)

Changes in net assets of governmental activities \$ (35,260,970)

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

City of Flint, Michigan

Statement of Net Assets Proprietary Funds June 30, 2009

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Assets		
Current assets:		
Pooled cash and investments	\$ -	\$ -
Cash and cash equivalents	41,263,235	3,017,433
Receivables:		
Customer receivables (net of uncollectible allowance of \$25,921,405)	38,578,035	9,800,180
Due from other funds	-	-
Inventories	4,297,327	395,798
Prepaid items	3,336,686	-
Advances to other funds - current portion	-	-
Note receivable - current portion	-	-
Total current assets	<u>87,475,283</u>	<u>13,213,411</u>
Noncurrent assets:		
Restricted assets:		
Pooled cash and investments	-	6,077,211
Cash and equivalents	32,379,826	-
Investments	35,636,310	-
Accrued interest receivable	143,827	-
Advances to other funds - long term portion	-	-
Note receivable - long term portion	-	-
Capital assets - not depreciated	8,868,752	724,317
Capital assets - net of accumulated depreciation	55,854,624	55,977,802
Investment in joint ventures	7,913,833	-
Other	2,424,497	-
Total noncurrent assets	<u>143,221,669</u>	<u>62,779,330</u>
Total assets	<u>230,696,952</u>	<u>75,992,741</u>

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
\$ 11,875,814	\$ 189,606	\$ 12,065,420	\$ 6,545,339
-	2,525	44,283,193	132,822
5,471,716	3,001	53,852,932	19,793
20,076,951	-	20,076,951	11,533,250
820,878	14,324	5,528,327	191,710
-	123,125	3,459,811	433,184
1,054,595	-	1,054,595	-
-	-	-	130,000
39,299,954	332,581	140,321,229	18,986,098
-	-	6,077,211	-
-	-	32,379,826	-
-	-	35,636,310	-
-	-	143,827	-
2,426,749	-	2,426,749	-
-	-	-	390,000
38,077	870,205	10,501,351	-
74,719,675	2,476,932	189,029,033	6,012,020
-	-	7,913,833	-
188,350	-	2,612,847	-
77,372,851	3,347,137	286,720,987	6,402,020
116,672,805	3,679,718	427,042,216	25,388,118

(continued)

City of Flint, Michigan

Statement of Net Assets (Continued) Proprietary Funds June 30, 2009

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Liabilities and Net Assets		
Liabilities		
Current liabilities (payable from current assets):		
Accounts payable	15,421,407	3,224,363
Accrued liabilities	4,093,811	408,739
Deposits and advances	-	660,248
Retainage payable	-	133,309
Due to other funds	-	369,540
Advances from other funds - current portion	-	-
Capital lease obligation - current portion	-	-
Note payable - current portion	-	4,979
General obligation bonds - current portion	-	-
Revenue bonds - current portion	3,105,000	1,995,000
Total current liabilities	<u>22,620,218</u>	<u>6,796,178</u>
Noncurrent liabilities:		
Accrued expenses - long term	27,678,396	-
Claims payable	25,478,396	-
Net pension obligation	7,694,335	-
Other post employment benefit liability	-	5,723,156
Advances from other funds - long term portion	-	-
Capital lease obligation - long term portion	-	-
Note payable - long term portion	-	2,591
Revenue bonds - long term portion	57,280,000	30,156,259
Total noncurrent liabilities	<u>118,131,127</u>	<u>35,882,006</u>
Total liabilities	<u>140,751,345</u>	<u>42,678,184</u>
Net Assets		
Invested in capital assets, net of related debt	20,750,721	24,543,290
Restricted for debt service	-	2,809,861
Restricted for capital replacement	-	3,267,350
Restricted for donor restrictions and other	5,029,548	-
Unrestricted (deficit)	64,165,338	2,694,056
Total net assets	<u>\$ 89,945,607</u>	<u>\$ 33,314,557</u>

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
589,369	39,497	19,274,636	1,473,143
397,333	-	4,899,883	13,332,491
-	-	660,248	-
215,825	-	349,134	-
11,533,250	-	11,902,790	66,535
-	-	-	1,054,595
-	-	-	109,883
67,541	6,384	78,904	-
125,370	-	125,370	-
-	-	5,100,000	-
12,928,688	45,881	42,390,965	16,036,647
-	-	27,678,396	-
-	-	25,478,396	4,266,532
-	-	7,694,335	-
7,850,265	-	13,573,421	-
-	-	-	2,426,749
-	-	-	393,882
35,142	3,322	41,055	-
-	-	87,436,259	-
7,885,407	3,322	161,901,862	7,087,163
20,814,095	49,203	204,292,827	23,123,810
74,529,699	3,337,431	123,161,141	5,508,984
-	-	2,809,861	-
-	-	3,267,350	-
-	-	5,029,548	-
21,329,011	293,084	88,481,489	(3,244,676)
\$ 95,858,710	\$ 3,630,515	\$ 222,749,389	\$ 2,264,308

City of Flint, Michigan

Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Funds Year Ended June 30, 2009

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Operating Revenue		
Charges for services	\$ 351,792,875	\$ 34,070,249
Other miscellaneous revenue	-	10,428
Total operating revenue	351,792,875	34,080,677
Costs of Materials or Services Rendered	-	17,421,663
Operating Expenses		
Salaries, wages, and fringe benefits	243,592,232	11,963,596
Utilities	6,199,427	681,750
Equipment operation	-	272,751
Repairs and maintenance	3,466,651	283,270
Supplies	45,560,050	847,578
Insurance	1,959,728	-
Depreciation and amortization	12,022,917	3,394,978
Professional services	20,211,889	918,950
Claims and settlements	-	-
Administrative costs	-	1,076,070
Miscellaneous	14,364,695	922,410
Total operating expenses	347,377,589	20,361,353
Total materials, services, and operating expenses	347,377,589	37,783,016
Operating Income (Loss)	4,415,286	(3,702,339)
Non-operating Revenue (Expenses)		
Interest and dividend income	3,056,890	304,426
Interest expense	(3,792,325)	(849,428)
Net income from joint ventures	2,327,524	-
Restricted contributions net of expenses	447,055	-
Loss on sale of capital assets	(313,727)	-
Miscellaneous revenue	29,705	-
Income (Loss) - Before contributions	6,170,408	(4,247,341)
Capital Contributions		
Grants for capital improvements	-	78,175
Transfers to other funds	-	(1,130,000)
Transfers from other funds	-	-
Change in Net Assets	6,170,408	(5,299,166)
Net Assets - Beginning of year	83,775,199	38,613,723
Net Assets - End of year	\$ 89,945,607	\$ 33,314,557

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
\$ 17,836,304	\$ 784,366	\$ 404,483,794	\$ 39,817,140
-	314,488	324,916	-
17,836,304	1,098,854	404,808,710	39,817,140
-	8,262	17,429,925	28,297,280
15,627,610	699,152	271,882,590	4,497,201
2,734,259	49,510	9,664,946	17,166
345,037	12,581	630,369	2,861
447,618	42,646	4,240,185	606,760
1,477,798	68,938	47,954,364	2,007,535
-	-	1,959,728	439,868
4,969,044	490,213	20,877,152	2,150,547
922,724	34,936	22,088,499	2,807,159
(2,729,250)	-	(2,729,250)	822,527
751,341	286,566	2,113,977	-
1,540,986	1,000	16,829,091	44,617
26,087,167	1,685,542	395,511,651	13,396,241
26,087,167	1,693,804	412,941,576	41,693,521
(8,250,863)	(594,950)	(8,132,866)	(1,876,381)
1,127,529	-	4,488,845	97,694
(18,603)	(57,128)	(4,717,484)	(241,272)
-	-	2,327,524	-
-	-	447,055	-
-	-	(313,727)	-
-	-	29,705	-
(7,141,937)	(652,078)	(5,870,948)	(2,019,959)
61,352	60,069	199,596	277,009
(1,860,000)	-	(2,990,000)	-
-	2,320,377	2,320,377	1,269,196
(8,940,585)	1,728,368	(6,340,975)	(473,754)
104,799,295	1,902,147	229,090,364	2,738,062
\$ 95,858,710	\$ 3,630,515	\$ 222,749,389	\$ 2,264,308

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2009

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 328,868,628	\$ 31,198,648
Payments to vendors	(150,601,973)	(22,017,672)
Payments for interfund services	-	(910,000)
Payments to employees	(160,373,038)	(8,950,099)
Claims paid	-	-
Other receipts	-	-
Net cash provided by (used in) operating activities	17,893,617	(679,123)
Cash Flows from Investing Activities		
Distributions from joint ventures	3,650,000	-
Sale of investments	7,906,494	-
Interest on investments	1,738,991	304,426
Net cash provided by investing activities	13,295,485	304,426
Cash Flows from Non-capital Financing Activities		
Contributions for restricted purposes	447,055	-
Pooled cash advances made to other funds	-	-
Pooled cash advances from other funds	-	369,540
Transfer from (to) other funds	-	(1,130,000)
Payments received on long term note receivable	-	-
Repayment on advances from other funds	-	-
Interest paid	-	-
Net cash provided by (used in) non-capital financing activities	447,055	(760,460)
Cash Flows from Capital and Related Financing Activities		
Capital contributions	-	78,175
Principal payments on long term debt	(3,025,385)	(1,612,894)
Repayment on long term advances	-	-
Purchase of capital assets	(13,228,624)	(1,663,719)
Proceeds from sale of assets	54,746	-
Interest payments	(3,870,543)	(849,428)
Net cash used in capital and related financing activities	(20,069,806)	(4,047,866)
Net Increase (Decrease) in Cash and Cash Equivalents	11,566,351	(5,183,023)
Cash and Cash Equivalents - Beginning of year	62,076,710	14,277,667
Cash and Cash Equivalents - End of year	\$ 73,643,061	\$ 9,094,644

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
\$ 16,571,336	\$ 703,865	\$ 377,342,477	\$ 39,863,865
(9,061,053)	(398,568)	(182,079,266)	(33,397,307)
(1,500,000)	-	(2,410,000)	-
(11,370,155)	(1,059,267)	(181,752,559)	(4,497,201)
-	-	-	(822,527)
-	314,488	314,488	-
(5,359,872)	(439,482)	11,415,140	1,146,830
-	-	3,650,000	-
-	-	7,906,494	-
1,127,529	-	3,170,946	97,694
1,127,529	-	14,727,440	97,694
-	-	447,055	-
(178,483)	-	(178,483)	-
1,722,912	(1,251,435)	841,017	-
(1,860,000)	2,320,377	(669,623)	1,269,196
-	-	-	130,000
-	-	-	(149,755)
-	(36,704)	(36,704)	(6,005)
(315,571)	1,032,238	403,262	1,243,436
61,352	60,069	199,596	277,009
(189,413)	(6,052)	(4,833,744)	(68,554)
-	(427,174)	(427,174)	(1,032,235)
(2,567,217)	(10,068)	(17,469,628)	(372,839)
-	-	54,746	-
(18,603)	(20,424)	(4,758,998)	(235,267)
(2,713,881)	(403,649)	(27,235,202)	(1,431,886)
(7,261,795)	189,107	(689,360)	1,056,074
19,137,609	3,024	95,495,010	5,622,087
\$ 11,875,814	\$ 192,131	\$ 94,805,650	\$ 6,678,161

City of Flint, Michigan

Statement of Cash Flows (Continued) Proprietary Funds Year Ended June 30, 2009

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 4,415,286	\$ (3,702,339)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:		
Depreciation and amortization	12,022,917	3,394,978
Provision for bad debt	35,585,679	203,182
Amortization of deferred defeasance and bond issuance costs	348,641	-
Changes in operating assets and liabilities:		
Accounts receivable	(22,722,131)	(3,085,211)
Due from other funds	-	-
Inventories	(324,332)	119,238
Prepaid items and other assets	(192,537)	-
Accounts payable	(674,969)	(585,025)
Due to other funds	-	-
Customer deposits	-	(37,443)
Estimated claims liability	-	-
Net post employment benefit obligation	-	3,043,664
Accrued liabilities	(10,564,937)	(30,167)
Net cash provided by (used in) operating activities	\$ 17,893,617	\$ (679,123)

Noncash Transactions

Capital asset financed through capital lease in internal service funds \$572,321

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Internal Service Funds
\$ (8,250,863)	\$ (594,950)	\$ (8,132,866)	\$ (1,876,381)
4,969,044	490,213	20,877,152	2,150,547
157,460	-	35,946,321	-
-	-	348,641	-
(1,422,428)	(3,001)	(27,232,771)	46,725
-	-	-	4,972,136
13,880	4,824	(186,390)	20,550
-	(123,125)	(315,662)	73,670
(112,284)	23,547	(1,348,731)	938,554
(4,972,136)	-	(4,972,136)	-
-	-	(37,443)	-
-	-	-	(4,972,136)
4,248,813	-	7,292,477	-
8,642	(236,990)	(10,823,452)	(206,835)
\$ (5,359,872)	\$ (439,482)	\$ 11,415,140	\$ 1,146,830

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City of Flint, Michigan

Statement of Net Assets Fiduciary Funds June 30, 2009

	Pension and Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents:		
Pooled cash and investments	\$ 1,903,309	\$ 1,710,972
Cash and cash equivalents	33,966,043	1,823,224
Investments:		
Certificate of deposit	72,236	-
U.S. government obligations	43,099,986	-
Corporate stocks	232,705,337	-
Corporate bonds	108,113,693	-
Partnerships	30,104,571	-
Foreign stocks	27,712,959	-
Asset backed securities	3,801,658	-
Cash and securities held as collateral for securities lending	54,643,175	-
Taxes receivable (net of uncollectible allowance of \$39,003)	-	4,019,213
Accounts receivable (net of uncollectible allowance of \$2,466)	23,231	-
Accrued interest and dividends	696,972	-
Prepaid items	257,268	-
Restricted cash	-	-
Loans receivables	-	40,820
	<u>537,100,438</u>	<u>\$ 7,594,229</u>
Total assets		
	<u>537,100,438</u>	<u>\$ 7,594,229</u>
Liabilities		
Accounts payable	608,881	592,893
Accrues salaries and wages	5,440,814	-
Deposits and advances	-	778,183
Due to other governments	-	6,195,136
Due to component unit	-	28,017
Obligations under securities lending agreements	56,236,690	-
	<u>62,286,385</u>	<u>\$ 7,594,229</u>
Total liabilities		
	<u>62,286,385</u>	<u>\$ 7,594,229</u>
Net Assets		
Held in trust for pension benefits and other employee benefits	<u>\$ 474,814,053</u>	

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

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City of Flint, Michigan

Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2009

	Pension and Benefit Trust Funds
Additions	
Investment income:	
Interest	\$ 4,996,058
Dividends	4,425,980
Other investment income	664,995
Less investment expense	(3,291,919)
Net decrease in fair value of investments	(163,586,877)
Net investment loss	(156,791,763)
Contributions:	
Employer	50,986,330
Employee	5,896,259
Total contributions	56,882,589
Securities lending income:	
Interest and fees	1,298,901
Loss	(1,593,515)
Less borrower rebates and bank fees	(883,738)
Net securities lending income	(1,178,352)
Total additions	(101,087,526)
Deductions	
Benefits payments	89,719,111
Hurley transfer to MERS	90,518,169
Refunds of contributions	973,963
Administrative expenses	229,464
Total deductions	181,440,707
Net Decrease in Net Assets Held in Trust	(282,528,233)
Net Assets	
Beginning of year	757,342,286
End of year	\$ 474,814,053

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, 2009

	Downtown Development Authority	Atwood Stadium Building Authority
Assets		
Cash and cash equivalents	\$ 554,956	\$ 9,342
Cash held with agent	-	-
Receivables:		
Accounts (net of allowance \$128,558)	15,114	-
Notes and leases receivable	767,837	-
Assets held for resale - seized property	-	-
Prepaid and other current assets	10,120	-
Restricted assets	1,345,792	-
Capital assets (not depreciated)	14,410,255	-
Capital assets (net of accumulated depreciation)	218,078	-
	<hr/>	<hr/>
Total assets	17,322,152	9,342

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



Economic Development Corporation	Flint Area Enterprise Community	Totals
\$ 173,132	\$ 886,541	\$ 1,623,971
28,016	-	28,016
564,012	23,243	602,369
-	1,249,970	2,017,807
-	77,000	77,000
12,173	-	22,293
48,200	-	1,393,992
431,860	-	14,842,115
283,959	35,539	537,576
<u>1,541,352</u>	<u>2,272,293</u>	<u>21,145,139</u>

City of Flint, Michigan

Component Units Statement of Net Assets (Continued) June 30, 2009

	Downtown Development Authority	Atwood Stadium Building Authority
Liabilities		
Accounts payable	671,163	-
Due to primary government	10,395,904	-
Refundable bonds and deposits	22,580	-
Accrued liabilities	17,450	-
Unearned revenue	26,003	-
Restricted liabilities-deposits payable	-	-
Noncurrent liabilities:		
Due within one year	27,254	-
Total liabilities	11,160,354	-
Net Assets		
Invested in capital assets- Net of related debt	5,682,642	-
Restricted for:		
Community development	-	-
Capital improvements	44,486	-
Revolving loan program	-	-
Unrestricted (deficit)	434,670	9,342
Total net assets	\$ 6,161,798	\$ 9,342

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

Economic Development Corporation	Flint Area Enterprise Community	Totals
30,334	12,959	714,456
58	-	10,395,962
-	-	22,580
-	11,205	28,655
95	91,638	117,736
6,229	-	6,229
-	-	27,254
36,716	115,802	11,312,872
715,819	35,539	6,434,000
-	204,137	204,137
-	-	44,486
788,875	1,875,639	2,664,514
(58)	41,176	485,130
\$ 1,504,636	\$ 2,156,491	\$ 9,832,267

City of Flint, Michigan

Component Units Statement of Activities Year Ended June 30, 2009

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Downtown Development Authority:			
Governmental activities:			
Development administration	\$ 540,423	\$ 173,018	\$ 268,919
Business-type activities:			
Parking	788,034	892,071	-
Total Downtown Development Authority	1,328,457	1,065,089	268,919
Flint Area Enterprise Community:			
Governmental activities:			
Community development	407,982	-	317,688
Economic Development Corporation:			
Governmental activities:			
Economic development	469,518	27,669	429,332
Business-type activities:			
Rental operations	183,915	141,075	-
Total Economic Development Corporation	653,433	168,744	429,332
Total component units	\$ 2,389,872	\$ 1,233,833	\$ 1,015,939
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					
Capital Grants and Contributions	Component Units				Total
	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	
\$ -	\$ (98,486)	\$ -	\$ -	\$ -	\$ (98,486)
-	104,037	-	-	-	104,037
-	5,551	-	-	-	5,551
-	-	-	-	(90,294)	(90,294)
338,000	-	-	325,483	-	325,483
-	-	-	(42,840)	-	(42,840)
338,000	-	-	282,643	-	282,643
\$ 338,000	5,551	-	282,643	(90,294)	197,900
	72,570	-	-	-	72,570
	12,483	-	15,911	54,134	82,528
	-	-	-	71,854	71,854
	7,647	-	2,721	-	10,368
	92,700	-	18,632	125,988	237,320
	98,251	-	301,275	35,694	435,220
	6,063,547	9,342	1,203,361	2,120,797	9,397,047
	\$ 6,161,798	\$ 9,342	\$ 1,504,636	\$ 2,156,491	\$ 9,832,267

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Notes to Basic Financial Statements

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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 is 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.

The City of Flint Hospital Building Authority (the "Authority") is a blended component unit of the Medical Center and the City of Flint. The Authority only serves the Medical Center by facilitating the issuance of debt for certain capital improvements and equipment via a lease contract. In accordance with generally accepted accounting principles, the lease transactions between the Medical Center and the Authority have been eliminated and all debt and related assets have been recorded in the Medical Center's financial statements.

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.

Note I - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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.

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. Due to the nature of the operations of the Atwood Stadium Authority, there is no difference in the assets and liabilities, and equity reported between the fund and government-wide statements. Therefore fund financial statements are not presented.

Flint Downtown Development Authority Suite 206 412 S. Saginaw Street Flint, Michigan 48502	Flint Economic Development Corporation 1101 S. Saginaw Street Flint, Michigan 48502	Flint Area Enterprise Community 805 Welch Boulevard Flint, Michigan 48504
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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.

Note I - Summary of Significant Accounting Policies (Continued)**A. Reporting Entity (Continued)****Hurley Medical Center Enterprise Fund (Continued)**

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.

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, 2009 was \$3,282,984. A total of \$900,000 was distributed to the Medical Center during the year ended June 30, 2009.

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 net investment by the Medical Center was zero at June 30, 2009. This joint venture ceased operations 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 arrangement provides that the Medical Center will be allocated 50 percent of income or losses of the joint venture. The joint venture ceased operations as of June 30, 2009. During 2009, the Medical Center received approximately \$211,000 for settlement of the joint venture. The Medical Center's net investment at June 30, 2009 was \$0.

Note I - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Hurley Medical Center Joint Ventures (Continued)

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, 2009 was \$4,623,349. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. A total of \$2,550,000 was distributed to the Medical Center during the year ended June 30, 2009.

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

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 statement of net assets and statement of activities. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note I - Summary of Significant Accounting Policies (Continued)

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

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 60 days for property taxes and 90 days of the end of the current fiscal period for all other revenues.

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

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

The government reports the following major governmental 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 Works. Separate funds are maintained for the operations of the water distribution system and sewage pumping and collection systems and the sewer treatment plant.

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

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

Pension Trust and 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.

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, 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. The City also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

When an expense is incurred for a 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

2. Pooled cash and investments (continued)

At June 30, 2009, 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.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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.

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. There were no construction projects in process during the current year.

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
Improvements other than buildings	5-50
Land improvements	5-50
Public domain infrastructure	10-50
Water and sewer infrastructure	10-75
Machinery and equipment	3-20

Note I - Summary of Significant Accounting Policies (Continued)

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

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.

9. Pension and Retiree Health Care Benefits

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

10. 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.

Note I - Summary of Significant Accounting Policies (Continued)

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

11. 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.

12. 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 percent 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, 2009, 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 \$11,653,577 for operating, \$3,901,678 for public improvement and \$4,680,998 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 \$752,824 for paramedic services, \$780,214 for parks and \$3,121,306 for neighborhood police.

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 60 days after year end.

13. Hurley Medical Center - cost based reimbursement

Patient accounts receivable at June 30, 2009 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 \$24,850,000 for 2009.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

14. 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 52 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 2009.

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.

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.

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

A. Budgetary Information (Continued)

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.

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 revenue and expenditures on a budgetary basis	\$ 7,903,771	\$ 8,264,019
Revenue and expenditures budgeted for in other funds	<u>(2,369,800)</u>	<u>(2,369,800)</u>
Actual balances as reported on the fund statements	<u>\$ 5,533,971</u>	<u>\$ 5,894,219</u>

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

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:			
Mayor's Office	\$ 431,575	471,743	40,168
Community Service	-	4,368	4,368
Office of the Ombudsman	244,849	277,419	32,570
City Administrator	376,143	477,123	100,980
Union Representatives	376,774	389,416	12,642
Law Office	936,190	1,055,861	119,671
Emergency Dispatch	2,744,245	2,749,327	5,082
Fire Department	15,195,427	15,486,292	290,865
Transportation	2,523,469	2,688,842	165,373
Federal Grants Special Revenue Fund:			
Debt service	110,929	163,376	52,447
Neighborhood Policing Special Revenue Fund:			
Police Department	2,752,272	3,413,952	661,680
State Act 251-Forfeitures Fund:			
Police Department	262,165	484,476	222,311
Parks and Recreation Fund	821,222	863,160	41,938

C. Fund Deficits

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

	<u>Fund Balance \Unrestricted Net Asset Deficit</u>
Primary Government	
General Fund	\$10,113,744
Data Processing Fund	72,773
Central Maintenance Garage Fund	3,183,144
Component Units	
Flint Economic Development Corporation	\$ 58

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

Either the original or amended budget adopted for the General Fund, Building Department Fund, EDA Revolving Loan Fund, and Senior Citizen Center Fund projected 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, 2009 is comprised of the following:

Cash deposits	\$ 7,358,663
Investments	<u>27,021,310</u>
	<u><u>\$34,379,973</u></u>

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, 2009, follows:

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
General Fund	\$ -	\$ (17,169,931)
Special Revenue Funds:		
Major Streets Fund	2,666,930	-
Local Streets Fund	1,939,008	-
Federal Grants Fund	-	(632,607)
Neighborhood Policing Fund	-	(84,062)
State Act 251 - Forfeitures Fund	1,275,244	-
EDA Revolving Loan Fund	20,137	-
Atwood Stadium Fund	6,626	-
Parks and Recreation	33,815	-
Senior Citizen Center	36,574	-
City Park Fund	8,198	-
Longway Fund	9,147	-
Building Department Fund	-	(357,583)
Garbage Fund	74,880	-
Debt Service Funds:		
Windmill Place Debt Service Fund	6,520	-
Buick City Debt Service Fund	643	-
Capital Projects Funds:		
Public Improvement Fund	-	(1,396,693)
Enterprise Funds:		
Water Supply Division Fund	6,077,211	(369,540)
Sewage Disposal Division Fund	31,952,765	-
Golf Course Fund	189,606	-

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
Internal Service Funds:		
Data Processing Fund	-	(66,535)
Fringe Benefits Fund	2,564,670	-
Self-Insurance Fund	3,775,833	-
Central Maintenance	204,836	-
Pension Trust Funds:		
Flint Employees' Retirement System Fund	2,166,812	-
Excess Pension Benefit Fund	-	(9,443)
Retiree Health Care Fund	-	(254,060)
Agency Funds:		
Miscellaneous Agency Fund	1,710,972	-
	<u>54,720,427</u>	<u>\$20,340,454</u>
Total pooled cash and investments	<u>\$34,379,973</u>	

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.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

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

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

The City's investment policy further requires that investments held in the pooled investment fund be limited by the investment type and financial institution. These investment limitations do not affect the investments of the Pension Benefit Trust of the City's component units. The City's pooled cash investments are limited as follows:

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

The City was in compliance with all aspects of its investment policy at June 30, 2009.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Custodial Credit Risk of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City’s bank deposits (certificates of deposit, checking, and savings) of \$2,078,108 were insured by FDIC. Deposits in the name of the City totaling \$25,429,124 were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits its funds, and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not 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 \$44,700,530.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City’s investment policy for investment of general City monies limits investments in securities with maturities greater than five years to 15 percent of the balance available to invest. Hurley Medical Center’s investment policy indicates that no investment shall have, at 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, 2009, 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	\$ 1,057	6.07
Certificates of Deposit	9,979	.12
Commercial Paper	1,999	.01
Corporate Bonds	15,108	5.52
Mexican Government Bonds	103	3.55
Municipal Bonds	503	.78
Non-Government Collateralized Mortgage Obligations	3,802	26.28
Bond Index Pool Fixed Income Securities	91,879	7.42
US Government Bonds	4,929	5.98
US Government Mortgaged Backed	<u>62,965</u>	7.15
Total	<u>\$192,324</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 fund is allowed to invest in longer maturity corporate bonds in accordance with state law.

As of June 30, 2009, the following are credit quality ratings of the City's debt securities:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Credit Rating</u>
Bond Index Pool Fixed Income Securities		
World Government Bond Index	\$ 39,881	Index average AAA/AA/A
Aggregate Bond Index	51,999	Index average AAA/AA/A/Baa
Mexican Government Bond	103	BBB
Municipal Bond	503	SP1 +
2a7 Money Market	23,377	A-1/A2
	27,127	AAA
Certificates of Deposit	40	AAA
Asset Backed Securities	83	A
	832	AAA
	142	Not Rated
Commercial Paper	1,000	A-2
	999	A-3
Corporate Bonds	6,936	A
	4,615	AA
	66	AA-
	1,039	AAA
	2,439	BBB
	13	Not rated – in default
Non-Government Backed CMO's	78	A
	61	A+
	3,360	AAA
	303	BB
Repurchase agreements	38,651	Not rated
US Government Bonds	4,929	AAA
US Government Mortgage Backed Securities	<u>71,304</u>	AAA
Total	<u>\$279,880</u>	

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Foreign Currency Risk

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

<u>Foreign Currency</u>	<u>Fair Value (in thousands)</u>
Canadian Dollar	\$ 2,384
Chinese	575
Mexican Peso	564
European Euro	21,759
Krona	147
Japanese Yen	1,012
Peru	293
British Pound	920
Swiss Franc	1,489
Australian Dollar	<u>26</u>
Total	<u>\$ 29,169</u>

Securities Lending Agreement

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

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. Due to a failure by Lehman Brothers to return the loaned securities or pay distributions thereon during the fiscal year, collateral deficiencies occurred during September 2008 in custodial bank's lending collateral pool. Moreover, losses of \$1,593,515 occurred resulting from default of Lehman Brothers.

The System and the borrower maintain the right to terminate all securities lending transactions on demand.

Cash collateral of \$56,236,689 was received for lent securities with a fair market value of \$54,643,174. Cash collateral was invested in a short-term investment pool, with an average duration of 15 days at June 30, 2009. The average term of the System's overall loans was approximately 95 days at June 30, 2009.

Note 3 - Detailed Notes on All Funds (Continued)

B. Deposits and Investments (Continued)

Securities Lending Agreement

The system's aggregate investments are as shown in the following table. These investments are reported at fair value. Investments are reported at fair value, held by the system's agent (which is not affiliated with or related to the investment brokers) in the system's name:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>
Equities	\$246,489
US government bonds	4,929
Government mortgage backed securities	37,333
Non-government mortgage back securities	3,802
Corporate bonds	15,108
Asset backed securities	1,057
Partnerships	30,105
Foreign Government Bonds	103
Certificate of Deposit	40
Bond Index Pool Fixed Income Securities	91,908
2a7 Money market funds	24,529
Liabilities (Securities Lending)	<u>(1,545)</u>
Total	<u>\$453,858</u>

The following represents the balances relating to the securities lending transactions as of June 30, 2009. 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 in Cash</u>
US government bonds	\$ 4,995	\$ 8,636	\$ 8,636
US government mortgage backed	8,431	5,493	5,493
US corporate bonds	5,355	37,005	37,005
US equities	<u>35,862</u>	<u>5,103</u>	<u>5,103</u>
Total	<u>\$ 54,643</u>	<u>\$ 56,237</u>	<u>\$ 56,237</u>

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 no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution 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 no 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	\$1,902,718	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>	Nonmajor, Internal Service, and Other <u>Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,403,230	\$ 5,000,995	\$ 6,404,225
Accounts	4,049,860	531,286	4,581,146
Intergovernmental	6,671,888	3,898,936	10,570,824
Interest and dividends	-	696,972	696,972
Notes and leases	-	10,367,768	10,367,768
Gross receivables	12,124,978	20,495,957	32,620,935
Less: allowance for uncollectibles	(3,647,930)	(4,006,137)	(7,654,067)
Net receivables	<u>\$ 8,477,048</u>	<u>\$ 16,489,820</u>	<u>\$ 24,966,868</u>

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)	\$ 315,398	\$ -	\$ 315,398
Delinquent property taxes receivable	926,543	-	926,543
Long-term notes receivable	4,778,853	-	4,778,853
Long-term advance to component unit	767,837	-	767,837
Grant receipts prior to meeting all eligibility requirements	-	1,592,801	1,592,801
Total deferred/unearned revenue for governmental funds	<u>\$ 6,788,631</u>	<u>\$ 1,592,801</u>	<u>\$ 8,381,432</u>

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	\$ 143,827	\$ -	\$ -	\$ -	\$ 143,827
Accounts	63,428,035	10,386,548	5,847,419	3,001	79,665,003
Gross receivables	63,571,862	10,386,548	5,847,419	3,001	79,808,830
Less: allowance for uncollectibles	(24,850,000)	(586,368)	(375,703)	-	(25,812,071)
Net total receivables	<u>\$38,721,862</u>	<u>\$9,800,180</u>	<u>\$5,471,716</u>	<u>\$ 3,001</u>	<u>\$ 53,996,759</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,448,725	\$ -	\$ -	\$ 13,448,725
Capital assets, being depreciated:				
Buildings	19,943,814	128,235	217,844	19,854,205
Improvements other than buildings	10,888,465	-	40,145	10,848,320
Machinery and equipment	34,811,597	1,316,667	3,290,779	32,837,485
Infrastructure	340,936,454	11,278,356	1,169,696	351,045,114
Total capital assets being depreciated	406,580,330	12,723,258	4,718,464	414,585,124
Less accumulated depreciation for:				
Buildings	14,294,549	456,808	107,364	14,643,993
Improvements other than buildings	5,354,166	520,028	38,862	5,835,332
Machinery and equipment	23,385,483	3,280,349	3,268,092	23,397,740
Infrastructure	183,358,772	13,057,578	1,169,696	195,246,654
Total accumulated depreciation	226,392,970	17,314,763	4,584,014	239,123,719
Total capital assets, being depreciated, net	180,187,360	(4,591,505)	134,450	175,461,405
Governmental activities capital assets, net	<u>\$193,636,085</u>	<u>\$ (4,591,505)</u>	<u>\$ 134,450</u>	<u>\$ 188,910,130</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	\$ 5,591,012	\$ 590,678	\$ -	\$ 6,181,690
Construction in progress	8,299,584	13,626,074	17,605,997	4,319,661
Total capital assets, not being depreciated	<u>13,890,596</u>	<u>14,216,752</u>	<u>17,605,997</u>	<u>10,501,351</u>
Capital assets, being depreciated:				
Buildings and system	200,805,883	4,902,819	1,690,475	204,018,227
Improvements other than buildings	12,828,338	320,288	537,320	12,611,306
Machinery and equipment	321,082,039	16,180,904	11,696,082	325,566,861
Total capital assets, being depreciated	<u>534,716,260</u>	<u>21,404,011</u>	<u>13,923,877</u>	<u>542,196,394</u>
Less accumulated depreciation for:				
Buildings and system	126,639,973	6,222,515	965,278	131,897,210
Improvements other than buildings	6,602,292	419,167	157,336	6,864,123
Machinery and equipment	212,087,048	13,625,123	11,306,143	214,406,028
Total accumulated depreciation	<u>345,329,313</u>	<u>20,266,805</u>	<u>12,478,731</u>	<u>353,167,361</u>
Total capital assets, being depreciated, net	<u>189,386,946</u>	<u>1,137,206</u>	<u>1,495,120</u>	<u>189,029,033</u>
Business-type activities capital assets, net	<u>\$203,277,542</u>	<u>\$15,353,958</u>	<u>\$19,101,117</u>	<u>\$199,530,384</u>

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

Governmental activities:

Current:

Legislative	\$ 770
Judicial	46,110
General government	2,286,062
Police	335,958
Fire	486,837
Transportation	13,095,157
Emergency dispatch	169,640
Parks and recreation	821,238
Public works	5,914
Community enrichment and development	<u>67,076</u>

Total depreciation expense - governmental activities

\$17,314,762

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Primary Government (Continued)

Business-type activities:

Hospital	\$12,022,917
Water	3,394,978
Sewer	4,860,465
Golf	<u>490,213</u>
Total depreciation expense – Business-type activities	20,768,573
Amortization of intangible assets – Sewage Disposal Fund	<u>108,579</u>
Total depreciation and amortization expense – Business-type activities	<u><u>\$20,877,152</u></u>

Discretely presented component units capital asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2009, 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	\$ 49,719	\$ 4,642	\$ 14,760	\$ 39,601
Less accumulated depreciation for:				
Office furniture and equipment	<u>47,884</u>	<u>1,286</u>	<u>14,760</u>	<u>34,409</u>
Governmental activities capital total capital assets, net of depreciation	<u>\$ 1,835</u>	<u>\$ 3,356</u>	<u>\$ -</u>	<u>\$ 5,191</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, 2009:

	<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	8,570,375	-	8,911,743
Subtotal	<u>5,839,880</u>	<u>8,570,375</u>	<u>-</u>	<u>14,410,255</u>
Capital assets, being depreciated:				
Buildings	516,124	19,586	30,937	504,773
Land improvements	1,457,327	-	-	1,457,327
Leasehold improvements	5,523,673	-	3,264	5,520,409
Totals, capital assets being depreciated	<u>7,497,124</u>	<u>19,586</u>	<u>34,201</u>	<u>7,482,509</u>
Less accumulated depreciation for:				
Buildings	309,622	53,753	30,937	332,438
Land improvements	1,457,326	-	-	1,457,326
Leasehold improvements	5,393,466	86,747	355	5,479,858
Total accumulated depreciation	<u>7,160,414</u>	<u>140,500</u>	<u>31,292</u>	<u>7,269,622</u>
Total business-type activities, total capital assets, net of depreciation	<u>336,710</u>	<u>(120,914)</u>	<u>2,909</u>	<u>212,887</u>
Business-type activities total capital assets – net	<u>\$6,176,590</u>	<u>\$8,449,461</u>	<u>\$ 2,909</u>	<u>\$14,623,142</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 Economic Development Corporation for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$338,000	\$ -	\$ 338,000
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	496,122	18,660	-	496,122
Building improvements	374,201	36,017	-	374,201
Machinery and equipment	17,046	-	-	17,046
Total accumulated depreciation	887,369	54,677	-	942,046
Total capital assets, being depreciated, net	338,636	(54,677)	-	283,959
Capital assets, net	\$ 432,496	\$ (54,677)	\$ -	\$ 377,819

Activity for the Flint Area Enterprise Community for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Construction in Progress	\$ -	\$ 8,500	\$ -	\$ 8,500
Leasehold improvements	189,254	14,495	-	203,749
Equipment	54,050	3,609	-	57,659
Totals, capital assets being depreciated	243,304	26,604	-	269,908
Less accumulated depreciation for:				
Leasehold improvements	184,841	4,413	-	189,254
Equipment	40,004	5,111	-	45,115
Total accumulated depreciation	224,845	9,524	-	234,369
Total capital assets, being depreciated, net	\$ 18,459	\$ 17,080	\$ -	\$ 35,539

Note 3 - Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009 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	\$17,169,931
	Special Revenue Funds:	
	Public Improvement	1,396,693
	Neighborhood Policing Fund	84,062
	Building Department Fund	357,583
	Federal Grants Fund	632,607
	Internal Service Funds:	
	Data Processing Fund	66,535
	Water Supply Division	369,540
Flint Employees Retirement System	Pension Trust Funds:	
	Excess Pension Benefit Fund	9,443
	Retiree Health Care Fund	254,060
Self Insurance Fund	Sewer Disposal Division Fund	<u>11,533,250</u>
		<u>\$31,873,704</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>348,321</u>
		<u>1,116,158</u>
Long term receivable not recognized at fund level		
	Component Unit – EDC	58
	Component Unit – DDA	<u>9,279,746</u>
	Total	<u>\$10,395,962</u>
Component Unit:		
EDC	Miscellaneous Agency Fund	<u>\$ 28,061</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	\$3,481,344

The advance from the sewer fund to the central maintenance fund was utilized to purchase equipment. The advance is to be repaid over five years with all amounts being repaid in May 2011. An interest rate of 5.25 percent is being charged to the borrowing fund.

	<u>Transfer In</u>
Transfer out:	
General fund to nonmajor governmental funds	\$ 1,866,932
General fund to nonmajor proprietary fund	1,609,377
Nonmajor governmental funds to nonmajor governmental funds	504,073
Nonmajor governmental funds to central garage internal service fund	1,269,196
Nonmajor governmental funds to nonmajor proprietary fund	711,000
Sewer fund to general fund	1,860,000
Water fund to general fund	<u>1,130,000</u>
Total transfers out	<u>\$8,950,578</u>

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

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, \$1,823,613 has been capitalized as equipment and related accumulated depreciation was \$239,593.

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, 2009:

2010	\$ 591,144
2011	132,176
2012	132,176
2013	132,176
2014	<u>42,177</u>
Total future minimum payments	1,029,849
Less amount representing interest	<u>(88,722)</u>
Long-term obligation under capital leases	<u>\$ 941,127</u>

The City also leases golf course equipment under a non-cancelable operating lease. Total costs for this lease were \$4,375 for the current year. The future minimum lease payments for this lease are as follows:

2010	\$ 52,500
2011	52,500
2012	52,500
2013	<u>48,125</u>
Total future minimum payments	<u>\$ 205,625</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:

2010	\$2,044,395
2011	1,604,443
2012	1,174,773
2013	931,856
2014	635,115
Thereafter	<u>2,817,952</u>
Total minimum payments required	<u>\$9,208,534</u>

Rental expense for all operating leases for the year ended June 30, 2009, was \$2,397,603.

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, 2009 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, 2008	\$ 14,180,000	\$ -	\$ 13,587,306	\$ 854,136	\$ 9,695,912
New Debt:					
Annual and sick pay	-	-	-	-	3,227,403
New issuances	-	-	1,875,000	572,321	-
Principal payments made	(1,350,000)	-	(269,131)	(485,330)	(4,515,890)
Total governmental activities long-term debt	<u>12,830,000</u>	<u>-</u>	<u>15,193,175</u>	<u>941,127</u>	<u>8,407,425</u>

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2009:

	<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, 2008	250,740	97,094,432	194,776	75,384	-
New Debt:					
New issuances	-	336,827	-	-	-
Principal payments made	(125,370)	(4,895,000)	(74,817)	(75,384)	-
Total business type activities long-term debt at June 30, 2009	<u>125,370</u>	<u>92,536,259</u>	<u>119,959</u>	<u>-</u>	<u>-</u>
Total long-term debt - all activities June 30, 2009	<u>\$12,955,370</u>	<u>\$92,536,259</u>	<u>\$15,313,134</u>	<u>\$941,127</u>	<u>\$ 8,407,425</u>

City of Flint, Michigan

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, 2009 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>2008</u>	Issuances (Retirements) <u>During Year</u>
Governmental Activities:					
MEDC Economic Development loan 2004 Financial Recovery General Obligation United	1/18	6%	\$ 767,837	\$ 767,837	\$ -
Tax Bonds	5/10	3-3.25	8,000,000	4,180,000	(1,350,000)
Section 108 loan	8/16	Variable	2,624,000	1,544,000	(171,000)
Section 108 loan – 500 Block	8/25	Variable	3,840,000	3,840,000	-
Section 108 loan – Guaranteed Funds	8/27	Variable	5,180,000	5,180,000	-
Section 108 loan – W Carpenter Rd	8/25	Variable	1,875,000	-	1,875,000
Purchase contract	9/10	5.39	826,553	255,469	(98,131)
Capital lease – 911 Center General Obligation Capital	1/10	4.94	1,251,292	854,136	(416,774)
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	-
Capital lease – Telephone Equipment	10/13	3.37	473,746	-	473,746 (55,424)
Capital lease – Equipment	09/13	N/A	98,575	-	98,575 (13,132)
Accrued annual and sick pay				9,695,912	3,227,403 (4,515,890)
Total governmental activities				<u>\$38,317,354</u>	<u>\$(945,627)</u>

Notes to Financial Statements
June 30, 2009

Balance at June 30, <u>2009</u>	Due Within One <u>Year</u>
\$ 767,837	\$ -
2,830,000	1,395,000
1,373,000	171,000
3,840,000	-
5,180,000	-
1,875,000	-
157,338	103,491
437,362	437,362
10,000,000	90,000
2,000,000	95,332
-	-
418,322	87,313
-	-
85,443	22,570
-	-
8,407,425	4,500,000
<u>\$37,371,727</u>	<u>\$6,902,068</u>

City of Flint, Michigan

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>2008</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	\$ 4,713,994	\$ (340,000)
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	8,035,000	5,665,000	(375,000)
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	8,974,581	6,604,581	336,827 (420,000)
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	18,335,857	16,775,857	(810,000)
McCollum Avenue Drain Contract	5/10	5.10	1,343,250	250,740	(125,370)
1998a Medical Center Revenue Refunding Bonds	7/21	4.0-5.375	18,560,000	12,770,000	(710,000)
1998B Medical Center Revenue Refunding Bonds	7/29	4.0-5.375	20,570,000	17,245,000	(465,000)
2003 Medical Center Revenue Refunding Bonds	7/21	6.0-6.5	35,000,000	33,320,000	(1,775,000)
Purchase contract	9/10	5.39	645,309	194,776	(74,817)
Capital lease	2009	4.7	8,000,000	75,384	(75,384)
Total Business - Type Activities				<u>\$97,615,332</u>	<u>\$(4,833,744)</u>

Notes to Financial Statements
June 30, 2009

Balance at June 30, <u>2009</u>	Due Within One <u>Year</u>
\$ 4,373,994	\$ 350,000
5,290,000	385,000
6,521,408	430,000
15,965,857	830,000
125,370	125,370
12,060,000	745,000
16,780,000	490,000
31,545,000	1,870,000
119,959	78,904
-	-
<u>\$92,781,588</u>	<u>\$5,304,274</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
2010	\$ 2,402,068	\$1,200,413	\$ 5,304,274	\$ 4,068,928
2011	2,199,423	923,643	5,366,054	3,823,238
2012	1,091,944	666,131	5,555,000	3,572,793
2013	1,414,509	578,886	5,815,000	3,310,431
2014	1,346,923	559,204	6,075,000	3,034,919
2015-2019	6,456,544	2,453,486	34,840,000	10,513,911
2020-2024	6,253,036	1,647,961	22,770,402	3,098,996
2025-2029	5,164,855	1,008,309	7,055,858	700,865
2030-2033	2,635,000	271,875	-	-
Total	\$28,964,302	\$9,309,908	\$92,781,588	\$32,124,081

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

Assessed valuation at May 27, 2008	<u>\$1,648,408,800</u>
Legal debt limit - (7 percent of assessed valuation)	\$ 115,388,616
Total Bonded Debt at June 30, 2009	\$120,509,125
Less debt not subject to limitation under City charter and state statute:	
Revenue bonds and notes	<u>107,670,125</u>
Debt subject to limitation	<u>12,839,000</u>
Unused debt limitation	<u>\$ 102,549,616</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 (DWRF). Financial Recovery Bonds issued by the State of Michigan and the DWRF Revenue Bonds have been secured with future State Revenue Sharing payments to be received by the City's General Fund. The remaining principal and interest to be paid on the bonds is \$34,981,259 and \$5,481,232, respectively. During the current year, net revenues of the system were \$1,904,188, and State Revenue Sharing revenues were \$18,466,481, as compared to the respective annual debt requirements of \$3,295,000 principal and \$952,725 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 \$5,393,703 as compared to the annual debt requirements of \$4,106,333.

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 City on behalf of the Flint Downtown Development Authority, a portion of the City's State Shared Revenues. The bonds issued during 2008 in the amount of \$10,000,000, were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2009 principal and interest to be paid on the bonds is \$17,140,436. During the current year, the net revenue from the parking operations was \$113 thousand. Cash flow projections indicate that DDA's annual debt service to the City for repayment of the bonds will not coincide with the City's annual debt service obligation. The City and DDA are working together to determine the payment schedule.

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:	
Section 108 Business Loan Proceeds	<u>\$ 6,978,782</u>

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

Hurley Medical Center:	
Equipment replacement and improvement	\$36,453,031
Self insurance	18,562,754
Revenue Bond Indenture – held by trustee	12,310,362
Children’s Miracle Network	833,816
Water Supply Fund:	
Revenue bond equipment replacement account	3,267,350
Debt service reserve	<u>2,809,861</u>
Total restricted assets in enterprise funds	<u>\$74,237,174</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:

	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	\$ 1,903,309	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	28,534,889	-	48,859	-	414,860	4,967,435
Investments:						
Certificate of deposit	-	-	72,236	-	-	-
U.S. government obligations	42,365,239	-	-	-	734,747	-
Corporate bonds	108,113,693	-	-	-	-	-
Partnerships	30,104,571	-	-	-	-	-
Corporate stocks	218,775,778	-	406,087	-	1,344,365	12,179,107
Foreign stocks	27,712,959	-	-	-	-	-
Asset backed securities	3,801,658	-	-	-	-	-
Receivables:						
Accrued interest	696,798	-	-	-	-	174
Due from other funds	263,503	-	-	-	-	-
Other	-	9,443	873	-	12,915	-
Prepaid costs	-	-	-	257,268	-	-
Cash held as collateral for securities lending	54,643,175	-	-	-	-	-
Total assets	516,915,572	9,443	528,055	257,268	2,506,887	17,146,716
Liabilities						
Accounts payable	590,912	-	15,000	2,969	-	-
Accrued benefits	5,437,701	-	-	-	-	3,113
Due to other funds	-	9,443	-	254,060	-	-
Obligations under securities lending agreement	56,236,690	-	-	-	-	-
Total liabilities	62,265,303	9,443	15,000	257,029	-	3,113
Net Assets						
Held in trust for pension benefits and other employee benefits	\$ 454,650,269	\$ -	\$ 513,055	\$ 239	\$ 2,506,887	\$ 17,143,603

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 earnings:						
Interest	\$ 4,994,437	\$ -	\$ 21	\$ -	\$ -	\$ 1,600
Dividends	4,004,276	-	49,513	-	37,548	334,643
Other income	664,995	-	-	-	-	-
Less investment expense	(3,259,660)	-	-	-	-	(32,259)
Net decrease in fair value of investments	(158,120,414)	-	(324,777)	-	(397,650)	(4,744,036)
Net investment loss	(151,716,366)	-	(275,243)	-	(360,102)	(4,440,052)
Contributions:						
Employer	25,548,386	193,426	-	17,545,262	-	7,699,256
Employee	3,563,787	-	21,627	1,987,874	322,971	-
Total additions	29,112,173	193,426	21,627	19,533,136	322,971	7,699,256
Securities lending income:						
Interest and fees	1,298,901	-	-	-	-	-
Loss	(1,593,515)	-	-	-	-	-
Less borrower rebates and bank fees	(883,738)	-	-	-	-	-
Net securities lending income	(1,178,352)	-	-	-	-	-
Total additions	(123,782,545)	193,426	(253,616)	19,533,136	(37,131)	3,259,204
Deductions						
Benefit payments	66,952,386	193,426	58,507	19,315,536	-	3,199,256
Hurley transfer to MERS	90,518,169	-	-	-	-	-
Refunds of contributions	973,963	-	-	-	-	-
Administrative expenses	11,695	-	300	217,361	108	-
Total deductions	158,456,213	193,426	58,807	19,532,897	108	3,199,256
Net Increase (Decrease) in Net Assets Held	(282,238,758)	-	(312,423)	239	(37,239)	59,948
Net Assets Held in Trust for Pension Benefits and Other Employee Benefits						
Beginning of year	736,889,027	-	825,478	-	2,544,126	17,083,655
End of year	\$ 454,650,269	\$ -	\$ 513,055	\$ 239	\$ 2,506,887	\$ 17,143,603

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

Member 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 percent). The remaining assets are valued through a variety of external sources. Gains and losses on the exchanges, or "swaps" of securities, are accounted for under the completed transactions method.

Membership in the plan at June 30, 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 percent to 9 percent. Deposits are accumulated in individual accounts for each member remaining in service. Upon termination, a member may withdraw the accumulated employee contributions plus any interest credited to his or her account.

Administrative costs of the plan are financed through investment earnings.

Note 4 - Other Information (Continued)

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

I. Flint Employees' Retirement System (continued):

The City forwarded \$3,563,787 of pension contributions withheld from employees during the year ended June 30, 2009. During 2009, employer contributions rates ranged from 10.07 percent to 34.52 percent 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, open basis
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 (ARC), percentage of ARC contributed, and net pension obligation (NPO) are summarized as follows:

Fiscal Year End	Actuarial Valuation Date	Annual Required Contribution (ARC)	% of ARC Contributed	Net Pension Obligation (Asset) at June 30
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	9,916,682	68	3,143,529
6/30/07	6/30/05	11,956,575	69	6,840,171
6/30/08	6/30/06	14,376,558	72	10,805,978
6/30/09	6/30/07	14,497,568	175	-

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:

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Liability Individual Entry Age (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
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 percent per year compounded annually, (2) projected salary increases of 3.75 percent to 7.55 percent per year compounded annually, and 3.75 percent inflation.

Annual required contribution	\$ 14,497,568
Interest on the prior year's net pension obligation	864,478
Less adjustments to the annual required contribution	<u>(619,638)</u>
Annual pension cost	14,742,408
Amounts contributed	<u>(25,548,386)</u>
Decrease in net pension obligation	(10,805,978)
Net pension obligation – beginning of year	<u>10,805,978</u>
Net pension obligation – end of year	<u>\$ -</u>

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

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)

I. Flint Employees' Retirement System (continued):

During the fiscal year ended June 30, 2004, seven of nine employee unions plus the exempt employees of Hurley Medical Center voted to change participation from the City of Flint FERS to the Michigan Municipal Public Employees Retirement System (MERS). Benefits under both plans are comparable and approximately half of the employees at the Medical Center are represented in each system. During the year ended June 30, 2009, approximately \$90,500,000 of pension funds were transferred from the City of Flint FERS to MERS. Contributions of \$6,054,272 were made to the MERS plan by the Medical Center during 2009. The annual contribution rate for MERS payroll used by the Medical Center in 2009 was 10.81 percent, which is based on the same rate it contributes to FERS.

As of June 30, 2009, \$7,694,335 of the net pension obligation represents pension cost from the years 2008 and 2009 that has not yet been remitted to MERS.

The net pension obligation at June 30, 2009 consists solely of amounts owed by Hurley Medical Center.

Annual pension cost	\$ 8,037,604
Amounts contributed	<u>(6,054,272)</u>
Increase in net pension obligation	1,983,332
Pension obligation – beginning of year	<u>5,711,003</u>
Pension obligation – end of year	<u><u>\$ 7,694,335</u></u>

There is no actuarial valuation for the MERS liability for benefits available as of June 30, 2009. Hurley assumed the future contribution rate for MERS based upon the present contribution required by FERS.

Annual pension cost:

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

Fiscal Year End	Actuarial Valuation Date	Annual Required Contribution (ARC)	% of ARC Contributed	Net Pension Obligation (Asset) at June 30
6/30/06	12/31/03	\$4,647,023	-%	\$4,647,023
6/30/07	6/30/05	6,060,658	145	1,889,624
6/30/08	6/30/06	6,690,590	45	5,711,003
6/30/09	6/30/07	8,037,604	75	7,694,335

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, 2009, is 7 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, 2009, was \$116,799 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, 2009 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 percent of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100 percent immediately. Total contributions required and made by the City during the year ended June 30, 2009, were \$234,584, which represented 25 percent of current year covered payroll. The plan trustee is the International City Management Association. Investments are stated at market which approximates cost. Total payroll and covered payroll for the year ended June 30, 2009, were \$49,441,666 and \$465,900 respectively.

On January 1, 2002, a new plan was adopted for appointed and elected officials. The City contributes 11 percent of employees' gross earnings and employees have a mandatory 4 percent contribution. Employee accounts are fully vested after 5 years of service. The current year contribution was calculated based on covered payroll of \$773,266 resulting in an employer contribution of \$85,085 and employee contribution of \$36,838.

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 percent of employees' gross earnings and employees have a mandatory 5 percent contribution. Employee accounts are fully vested after 5 years of service. The City's total payroll during the current year was \$49,441,666. The current year contribution was calculated based on covered payroll of \$4,326,247 resulting in an employer contribution of \$431,137 and employee contribution of \$239,930.

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 percent to 14.5 percent of employees' gross earnings and employee mandatory contributions of 4 percent to 5.5 percent for each employee plus interest allocated to the employee's account are fully vested after 5 years of service.

The City's total payroll during the current year was \$49,441,666. The current year contribution was calculated based on covered payroll of \$640,413, resulting in an employer contribution of \$70,450 and employee contributions of \$27,882.

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5 percent of the employee's annual compensation. Each employee's interest is vested as specified in the plan. Pension expense included in the statements was \$1,060,418.

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 \$36,305. 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 \$266,508.

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, 2009, employer contributions of \$193,426 were made to the plan and benefits of \$193,426 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, 2009 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 818 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2009, were both \$21,627. Net assets available for benefits, reported at fair value were \$513,055 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2009, death benefits of \$58,507 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 percent of pre-tax compensation from employees belonging to AFSCME Local 1600 and Local 1799. The Plan does not currently require an employer contribution. The employee contributions and accumulated investment earnings are to be used to provide health care benefits above the capped level provided by the City's defined benefit retiree health care benefit plan.

During the year ended June 30, 2009, plan members contributed \$322,971. Net assets available for benefits were \$2,506,887 at June 30, 2009. No benefit payments were made during 2009.

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 2,413 members including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

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

Funding policy: The collective bargaining agreements require a contribution of \$50, \$75 or \$100 monthly depending on their Union contracts 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.

Note 4 - Other Information (Continued)

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

10. Other Postemployment benefits (continued):

Funding progress: For the year ended June 30, 2009 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of July 1, 2008. 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)	\$	55,952,353
Interest on the prior year's net OPEB obligation		1,739,352
Less adjustment to the Annual required contribution		(2,439,113)
Annual OPEB cost		55,252,592
Amounts contributed:		
Payments of current premiums		<u>(19,532,897)</u>
Increase in net OPEB obligation		35,719,695
OPEB obligation - Beginning of year		<u>40,925,932</u>
OPEB obligation - End of year	\$	<u><u>76,645,627</u></u>

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>	<u>2009</u>
Annual OPEB Costs	\$ 60,188,371	\$ 55,252,592
Percentage contributed	32%	35%
Net OPEB obligation	\$ 40,925,931	\$ 76,645,627

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

Unfunded AAL	\$	774,606,738
Funded ratio		0%
Annual covered payroll	\$	41,166,662
Ratio of UAAL to covered payroll		1882%

Note 4 - Other Information (Continued)

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

10. Other Postemployment benefits (continued):

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

In the July 1, 2008, 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 eleven years. Both rates included a 9.5 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, 2008, was 29 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. 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 536.

Note 4 - Other Information (Continued)

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

11. Hurley Medical Center other postemployment benefits (continued):

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, 2009, 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, 2009:

Annual required contribution	\$7,737,798
Amount contributed	\$7,737,798
Percentage contributed	100%
Net OPEB obligation	\$ -

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.

Note 4 - Other Information (Continued)

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

11. Hurley Medical Center other postemployment benefits (continued):

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%

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 activity related to construction code activity for the year ended June 30, 2009 is as follows:

Shortfall at July 1, 2008	\$(4,504,068)
Revenue:	
Building permits	1,120,349
Federal revenue	1,062,560
Charges for services	280,450
State revenue	1,081,410
Other revenue	350,731
Expenditures	<u>(4,153,006)</u>
Cumulative shortfall at June 30, 2009	<u><u>\$(4,761,574)</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.

Note 4 - Other Information (Continued)

D. Summary Disclosures of Significant Contingent Liabilities (Continued)

Federal, state, and local grants (continued):

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.

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 workmen's compensation benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2009 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, 2009 was not material.

The City pays unemployment claims on a reimbursement basis. The amount of estimated claims payable at June 30, 2009 was not material.

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Risk Management - primary government (continued):

The City is self insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay as you go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross 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, 2009, the City paid out \$5,616,199 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 \$24,181,965 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, 2009 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, 2009, there were 1,571 retirees that were receiving medical benefits.

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

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

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Risk Management - primary government (continued):

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

	<u>Fiscal Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Estimated liability, beginning of year	\$20,178,667	\$ 18,700,000
Estimated claims incurred, including changes in estimates	(4,149,608)	2,338,501
Claims payments	(822,527)	(859,834)
Estimated liability, end of year	<u>\$15,206,532</u>	<u>\$20,178,667</u>
Current portion	\$ 12,333,250	\$ 2,220,520
Long-term portion	<u>2,873,282</u>	<u>17,958,147</u>
	<u>\$15,206,532</u>	<u>\$20,178,667</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.

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

	<u>2009</u>	<u>2008</u>
Estimated liability - Beginning of year	\$32,645,007	\$35,022,210
Increase in claims liability	1,295,184	2,268,354
Defense costs and other fund expenses	(1,685,190)	(1,341,602)
Excess insurance premium payments	(1,740,275)	(1,756,455)
Claims paid	(1,673,800)	(1,547,500)
Estimated liability - End of year	<u>\$28,840,926</u>	<u>\$32,645,007</u>

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Hurley Medical Center Enterprise Fund (continued):

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 \$18,029,526 at June 30, 2009.

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

Conditional Asset Retirement Obligation

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

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, 2009.

Note 4 - Other Information (Continued)

E. Risk Management (Continued)

Risk Management - Component units (continued):

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, 2009. 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, 2009 amounted to \$17,662,144, of which \$17,061,844 is staff and service contracts and \$600,300 is network management fees. Amounts paid by HHS to the Medical Center for rent and other miscellaneous expenses for the year ended June 30, 2009 amounted to \$549,296.

As of June 30, 2009, the Medical Center had accounts receivable from HHS of \$119,401 and accounts payable to HHS of \$620,907.

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, 2009 amounted to \$0. There were no accounts receivable from Hurley/Binson's Medical Equipment at June 30, 2009. HPMS and HHS purchase courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$296,338 annually.

Note 4 - Other Information (Continued)

H. Upcoming Accounting Changes

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ended 2011.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the City's 2010 fiscal year end. This Statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

Required Supplementary Information

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**Required Supplementary Information
Analysis of Funding Progress
June 30, 2009**

**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 Individual Entry 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 percent per year compounded annually, (2) projected salary increases of 3.75 percent to 7.55 percent per year compounded annually, and 3.75 percent 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, 2009**

**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>
6/30/03	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	9,916,682	68	3,143,529*
6/30/07	06/30/05	11,956,575	69	6,840,171*
6/30/08	06/30/06	14,376,558	72	10,805,978*
6/30/09	06/30/07	14,497,568	175	-

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

**MERS Pension Plan - Hurley
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>
6/30/06	12/31/03	\$4,647,023	0%	\$4,647,023
6/30/07	6/30/05	6,060,658	145	1,889,624
6/30/08	6/30/06	6,690,590	45	5,711,003
6/30/09	6/30/07	8,037,604	75	\$7,694,335

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes				
Property taxes	\$ 13,046,100	\$ 13,046,100	\$ 12,406,401	\$ (639,699)
Income taxes	16,049,000	16,049,000	14,277,939	(1,771,061)
Intergovernmental				
Federal revenue	1,270,163	1,246,311	843,152	(403,159)
State revenue	19,792,924	19,878,419	18,872,455	(1,005,964)
Special assessments	106,000	106,000	211,682	105,682
Licenses and permits	1,112,155	1,112,155	1,224,496	112,341
Fines and forfeits	2,690,373	3,302,373	2,748,252	(554,121)
Charges for services	9,403,668	11,740,002	11,423,750	(316,252)
Local grant revenue	400,490	850,511	1,261,524	411,013
Interest	335,000	335,000	113,968	(221,032)
Other	801,598	805,739	553,683	(252,056)
Total revenue	65,007,471	68,471,610	63,937,302	(4,534,308)
Expenditures				
Current:				
Legislative - city council	1,162,780	1,219,827	1,196,266	23,561
Judicial-68th district court	5,327,394	5,528,691	5,113,532	415,159
General government:				
Civil service	209,864	155,536	92,732	62,804
Human relations	151,941	232,671	225,091	7,580
Mayor's office	305,230	431,575	471,743	(40,168)
Finance	5,369,887	5,558,047	5,435,911	122,136
Community service	-	-	4,368	(4,368)
City clerk	1,242,758	1,287,687	1,259,448	28,239
Human resources	994,304	1,428,101	1,327,251	100,850
Office of the ombudsman	223,064	244,849	277,419	(32,570)
City administrator	248,713	376,143	477,123	(100,980)
Union representatives	356,280	376,774	389,416	(12,642)
Law office	689,199	936,190	1,055,861	(119,671)
Administration	279,000	279,000	226,531	52,469
Total general government	10,070,240	11,306,573	11,242,894	63,679

(continued)

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (continued) Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Public Safety:				
Police department	24,724,401	25,768,057	24,956,342	811,715
Emergency dispatch	2,513,957	2,744,245	2,749,327	(5,082)
Fire department	14,412,430	15,195,427	15,486,292	(290,865)
Building inspection	90,769	184,015	113,988	70,027
Total public safety	41,741,557	43,891,744	43,305,949	585,795
Transportation	2,100,000	2,523,469	2,688,842	(165,373)
Community development	1,419,128	620,793	470,977	149,816
Parks and recreation	3,059,687	2,962,325	2,684,689	277,636
Total expenditures	64,880,786	68,053,422	66,703,149	1,350,273
Excess of Revenue Over (Under) Expenditures	126,685	418,188	(2,765,847)	(3,184,035)
Other Financing Sources (Uses)				
Sale of capital assets	20,000	20,000	7,782	(12,218)
Transfers in	-	3,222,218	2,990,000	(232,218)
Transfers out	(25,000)	(3,914,309)	(3,476,309)	438,000
Total other financing sources (uses)	(5,000)	(672,091)	(478,527)	193,564
Net Change in Fund Balance	121,685	(253,903)	(3,244,374)	(2,990,471)
Fund Balance (Deficit) - Beginning of year	(6,869,370)	(6,869,370)	(6,869,370)	-
Fund Balance (Deficit) - End of year	\$ (6,747,685)	\$ (7,123,273)	\$ (10,113,744)	\$ (2,990,471)

Combining Fund Statements and Fund Descriptions

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Special Revenue Funds

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

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

The 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)

City of Flint, Michigan

Nonmajor Governmental Funds Summary Descriptions (Continued) June 30, 2009

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

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

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

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, 2009

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.

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 and unemployment claims. Monies are accumulated in this fund as a result of payroll allocations made on a departmental and/or bargaining unit basis.

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

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

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 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, 2009

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Assets			
Pooled cash and investments	\$ 2,666,930	\$ 1,939,008	\$ -
Cash and cash equivalents	60	-	1,222,315
Taxes receivable (net of allowance \$14,884)	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,355)	13,130	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,692,095)	-	-	3,840,000
Due from other governments	1,108,378	315,984	1,974,956
Due from component unit	-	-	-
Inventories	63,145	-	-
Restricted cash and cash equivalents	-	-	6,978,782
Total assets	\$ 3,851,643	\$ 2,254,992	\$ 14,016,053
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 345,639	\$ 74,555	\$ 698,359
Deposits payable	-	-	-
Due to other funds	-	-	632,607
Deferred revenue	118,995	-	5,203,924
Total liabilities	464,634	74,555	6,534,890
Fund balances			
Reserved for encumbrances	487,633	-	-
Reserved for long term receivable	-	-	-
Reserved for inventory	63,145	-	-
Unreserved:			
Designated for subsequent years' expenditures	1,562,755	1,096,310	2,299,137
Undesignated	1,273,476	1,084,127	5,182,026
Total fund balances	3,387,009	2,180,437	7,481,163
Total liabilities and fund balances	\$ 3,851,643	\$ 2,254,992	\$ 14,016,053

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	State Grants	EDA Revolving Loan	Atwood Stadium	Parks and Recreation
\$ -	\$ 1,275,244	\$ -	\$ 20,137	\$ 6,626	\$ 33,815
-	-	-	87,824	-	-
234,705	-	-	-	-	58,962
93,180	-	-	-	-	-
-	-	-	938,853	-	-
-	-	-	-	-	-
-	-	767,837	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 327,885	\$ 1,275,244	\$ 767,837	\$ 1,046,814	\$ 6,626	\$ 92,777
\$ 5,172	\$ 2,126	\$ -	\$ -	\$ -	\$ 9,866
-	431,486	-	-	-	-
84,062	-	-	-	-	-
234,367	-	767,837	938,853	-	58,877
323,601	433,612	767,837	938,853	-	68,743
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	129,580	-	100,000	-	-
4,284	712,052	-	7,961	6,626	24,034
4,284	841,632	-	107,961	6,626	24,034
\$ 327,885	\$ 1,275,244	\$ 767,837	\$ 1,046,814	\$ 6,626	\$ 92,777

(continued)

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2009

	Special Revenue		
	Senior Citizen Centers	City Park	Longway Park
Assets			
Pooled cash and investments	\$ 36,574	\$ 8,198	\$ 9,147
Cash and cash equivalents	-	-	-
Taxes receivable (net of allowance \$14,884)	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,355)	-	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,692,095)	-	-	-
Due from other governments	-	-	-
Due from component unit	-	-	-
Inventories	-	-	-
Restricted cash and cash equivalents	-	-	-
Total assets	\$ 36,574	\$ 8,198	\$ 9,147
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 6,052	\$ -	\$ -
Deposits payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	21,737	-	-
Total liabilities	27,789	-	-
Fund balances			
Reserved for encumbrances	-	-	-
Reserved for long term receivable	-	-	-
Reserved for inventory	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	-	-	-
Undesignated	8,785	8,198	9,147
Total fund balances	8,785	8,198	9,147
Total liabilities and fund balances	\$ 36,574	\$ 8,198	\$ 9,147

Special Revenue		Debt Service			
Building Department	Garbage Collection	Hyatt Debt Service	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service
\$ -	\$ 74,880	\$ -	\$ -	\$ 6,520	\$ 643
50	-	-	-	-	-
-	299,365	519	-	3,885	33,671
-	-	-	-	-	-
-	-	-	-	-	-
499,618	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 499,668	\$ 374,245	\$ 519	\$ -	\$ 10,405	\$ 34,314
\$ 108,709	\$ 74,914	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
357,583	-	-	-	-	-
1,460	298,859	519	-	3,885	33,671
467,752	373,773	519	-	3,885	33,671
31,916	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	472	-	-	6,520	643
31,916	472	-	-	6,520	643
\$ 499,668	\$ 374,245	\$ 519	\$ -	\$ 10,405	\$ 34,314

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City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2009

	Capital Projects Funds	
	Public Improvement	Total Nonmajor Governmental Funds
Assets		
Pooled cash and investments	\$ -	\$ 6,077,722
Cash and cash equivalents	3,341,905	4,652,154
Taxes receivable (net of allowance \$14,884)	296,788	927,895
Accounts receivable (net of allowance for estimated uncollectible accounts of \$148,355)	121,797	228,107
Notes receivable (net of allowance for uncollectible accounts of \$3,692,095)	1,336,000	6,114,853
Due from other governments	-	3,898,936
Due from component unit	348,321	1,116,158
Inventories	-	63,145
Restricted cash and cash equivalents	-	6,978,782
Total assets	\$ 5,444,811	\$ 30,057,752
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,150	\$ 1,331,542
Deposits payable	-	431,486
Due to other funds	1,396,693	2,470,945
Deferred revenue	296,365	7,979,349
Total liabilities	1,699,208	12,213,322
Fund balances		
Reserved for encumbrances	102,997	622,546
Reserved for long term receivable	1,336,000	1,336,000
Reserved for inventory	-	63,145
Unreserved:		
Designated for subsequent years' expenditures	2,002,468	7,190,250
Undesignated	304,138	8,632,489
Total fund balances	3,745,603	17,844,430
Total liabilities and fund balances	\$ 5,444,811	\$ 30,057,752

City of Flint

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2009

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	-	300,000	5,173,310
State revenue	7,360,951	2,382,965	141,934
Local revenue	615,015	-	-
Licenses and fees	-	-	-
Fines and forfeits	-	-	-
Charges for services	-	-	2,100
Interest	96,097	44,044	203,843
Other	280,823	170,056	12,784
Total revenue	<u>8,352,886</u>	<u>2,897,065</u>	<u>5,533,971</u>
Expenditures			
General government	-	-	-
Police	-	-	-
Building inspection	-	-	-
Transportation	9,509,224	3,421,598	-
Public works	-	-	-
Parks and recreation	297,104	-	-
Community development and enrichment	-	-	5,559,843
Debt Service:			
Principal retirement	-	-	171,000
Interest and fiscal charges	50,482	-	163,376
Total expenditures	<u>9,856,810</u>	<u>3,421,598</u>	<u>5,894,219</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,503,924)</u>	<u>(524,533)</u>	<u>(360,248)</u>
Other Financing Sources (Uses)			
Note proceeds	-	-	1,875,000
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,875,000</u>
Net Change in Fund Balances	<u>(1,503,924)</u>	<u>(524,533)</u>	<u>1,514,752</u>
Fund Balances - Beginning of year	<u>4,890,933</u>	<u>2,704,970</u>	<u>5,966,411</u>
Fund Balances - End of year	<u>\$ 3,387,009</u>	<u>\$ 2,180,437</u>	<u>\$ 7,481,163</u>

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
\$ 3,121,306	\$ -	\$ -	\$ -	\$ 780,214	\$ -
-	-	-	-	89,900	-
-	-	-	-	-	-
-	-	-	-	-	480,875
-	-	-	-	-	-
-	680,780	-	-	-	-
-	1,934	-	-	-	-
21,461	42,645	26,679	172	7,279	2,485
274,262	-	44,982	-	-	-
3,417,029	725,359	71,661	172	877,393	483,360
-	-	-	-	-	-
3,413,952	484,476	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	863,160	480,875
-	-	351,796	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,413,952	484,476	351,796	-	863,160	480,875
3,077	240,883	(280,135)	172	14,233	2,485
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,077	240,883	(280,135)	172	14,233	2,485
1,207	600,749	388,096	6,454	9,801	6,300
\$ 4,284	\$ 841,632	\$ 107,961	\$ 6,626	\$ 24,034	\$ 8,785

(continued)

City of Flint

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued) Nonmajor Governmental Funds Year Ended June 30, 2009

	Special Revenue		
	City Park	Longway Park	Building Department
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	1,062,560
State revenue	-	-	1,081,410
Local revenue	-	-	152,884
Licenses and fees	-	-	1,120,349
Fines and forfeits	-	-	-
Charges for services	-	-	280,450
Interest	213	237	39,753
Other	-	-	158,094
Total revenue	213	237	3,895,500
Expenditures			
General government	-	-	-
Police	-	-	-
Building inspection	-	-	4,153,006
Transportation	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	4,153,006
Excess of Revenue Over (Under) Expenditures	213	237	(257,506)
Other Financing Sources (Uses)			
Note proceeds	-	-	-
Transfers in	-	-	1,729,932
Transfers out	-	-	-
Total other financing sources (uses)	-	-	1,729,932
Net Change in Fund Balances	213	237	1,472,426
Fund Balances - Beginning of year	7,985	8,910	(1,440,510)
Fund Balances - End of year	\$ 8,198	\$ 9,147	\$ 31,916

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
\$ 4,680,998	\$ -	\$ -	\$ -	\$ 3,901,678	\$ 12,484,196
69,664	-	-	-	-	6,695,434
-	-	-	-	-	10,967,260
-	-	-	-	-	1,248,774
3,320	-	-	-	-	1,123,669
-	-	-	-	-	680,780
-	-	-	-	-	284,484
24,684	-	-	-	285,115	794,707
4,358	-	-	-	324,854	1,270,213
4,783,024	-	-	-	4,511,647	35,549,517
-	-	-	-	619,523	619,523
-	-	-	-	172,247	4,070,675
-	-	-	-	-	4,153,006
-	-	-	-	30,000	12,960,822
4,922,235	-	-	-	-	4,922,235
-	-	-	-	212,519	1,853,658
-	-	-	-	15,853	5,927,492
-	-	-	-	1,864,905	2,035,905
-	504,073	-	-	163,397	881,328
4,922,235	504,073	-	-	3,078,444	37,424,644
(139,211)	(504,073)	-	-	1,433,203	(1,875,127)
-	-	-	-	-	1,875,000
137,000	504,073	-	-	-	2,371,005
-	-	-	-	(2,484,269)	(2,484,269)
137,000	504,073	-	-	(2,484,269)	1,761,736
(2,211)	-	-	-	(1,051,066)	(113,391)
2,683	-	6,520	643	4,796,669	17,957,821
\$ 472	\$ -	\$ 6,520	\$ 643	\$ 3,745,603	\$ 17,844,430

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City of Flint, Michigan

Major Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
State revenue	\$ 8,009,824	\$ 8,009,824	\$ 7,360,951	\$ (648,873)
Local revenue	-	330,000	615,015	285,015
Interest	206,000	206,000	96,097	(109,903)
Other	192,468	192,468	280,823	88,355
Total revenue	8,408,292	8,738,292	8,352,886	(385,406)
Expenditures				
Transportation	9,930,037	10,911,376	9,509,224	1,402,152
Debt service	-	81,107	50,482	30,625
Parks and recreation	-	330,000	297,104	32,896
Total expenditures	9,930,037	11,322,483	9,856,810	1,465,673
Net Change in Fund Balances	(1,521,745)	(2,584,191)	(1,503,924)	1,080,267
Fund Balance - Beginning of year	4,890,933	4,890,933	4,890,933	-
Fund Balance - End of year	\$ 3,369,188	\$ 2,306,742	\$ 3,387,009	\$ 1,080,267

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City of Flint, Michigan

Local Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ -	\$ 300,000	\$ 300,000	\$ -
State revenue	2,433,750	2,433,750	2,382,965	(50,785)
Interest	116,736	116,736	44,044	(72,692)
Other	108,500	108,500	170,056	61,556
Total revenue	2,658,986	2,958,986	2,897,065	(61,921)
Expenditures				
Transportation	3,674,274	4,093,323	3,421,598	671,725
Net Change in Fund Balances	(1,015,288)	(1,134,337)	(524,533)	609,804
Fund Balance - Beginning of year	2,704,970	2,704,970	2,704,970	-
Fund Balance - End of year	\$ 1,689,682	\$ 1,570,633	\$ 2,180,437	\$ 609,804

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City of Flint, Michigan

Federal Grants Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ -	\$ 10,317,014	\$ 7,543,110	\$ (2,773,904)
State revenue	-	306,000	141,934	(164,066)
Local revenue	-	84,381	-	(84,381)
Charges for services	-	-	2,100	2,100
Interest	-	6,300	203,843	197,543
Other	-	15,000	12,784	(2,216)
Total revenue	-	10,728,695	7,903,771	(2,824,924)
Expenditures				
Community enrichment	800	11,439,654	7,929,643	3,510,011
Debt Service:				
Principal retirement	171,000	171,000	171,000	-
Interest and fiscal charges	89,081	110,929	163,376	(52,447)
Total expenditures	260,881	11,721,583	8,264,019	3,457,564
Excess of Revenue Over (Under) Expenditures	(260,881)	(992,888)	(360,248)	632,640
Other Financing Sources				
Note proceeds	-	1,875,000	1,875,000	-
Net Change in Fund Balances	(260,881)	882,112	1,514,752	632,640
Fund Balance - Beginning of year	5,966,411	5,966,411	5,966,411	-
Fund Balance - End of year	\$ 5,705,530	\$ 6,848,523	\$ 7,481,163	\$ 632,640

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City of Flint, Michigan

Neighborhood Policing Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 3,264,347	\$ 3,264,347	\$ 3,121,306	\$ (143,041)
Interest	-	-	21,461	21,461
Other	-	-	274,262	274,262
Total revenue	3,264,347	3,264,347	3,417,029	152,682
Expenditures				
Police department	3,196,474	2,752,272	3,413,952	(661,680)
Net Change in Fund Balances	67,873	512,075	3,077	(508,998)
Fund Balance - Beginning of year	1,207	1,207	1,207	-
Fund Balance - End of year	\$ 69,080	\$ 513,282	\$ 4,284	\$ (508,998)

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City of Flint, Michigan

State Act 25 I - Forfeitures Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Fines and forfeits	\$ 190,000	\$ 190,000	\$ 680,780	\$ 490,780
Charges for services	40,000	40,000	1,934	(38,066)
Interest	-	-	42,645	42,645
Other	30,000	30,000	-	(30,000)
Total revenue	260,000	260,000	725,359	465,359
Expenditures				
Police department	260,000	262,165	484,476	(222,311)
Net Change in Fund Balance	-	(2,165)	240,883	243,048
Fund Balance - Beginning of year	600,749	600,749	600,749	-
Fund Balance - End of year	\$ 600,749	\$ 598,584	\$ 841,632	\$ 243,048

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City of Flint, Michigan

EDA Revolving Loan Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Principal payments	\$ -	\$ 50,000	\$ 44,982	\$ (5,018)
Interest	-	27,435	26,679	(756)
Total revenues	-	77,435	71,661	(5,774)
Expenditures - Current				
Community development and enrichment	480,000	547,504	351,796	195,708
Net Change in Fund Balance	(480,000)	(470,069)	(280,135)	189,934
Fund Balance - Beginning of year	388,096	388,096	388,096	-
Fund Balance (Deficit) - End of year	\$ (91,904)	\$ (81,973)	\$ 107,961	\$ 189,934

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City of Flint, Michigan

Parks & Recreation Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 816,087	\$ 816,087	\$ 780,214	\$ (35,873)
Federal revenue	-	100,000	89,900	(10,100)
Interest	29,800	29,800	7,279	(22,521)
Other	39,000	39,000	-	(39,000)
Total revenue	884,887	984,887	877,393	(107,494)
Expenditures				
Parks and recreation	866,869	821,222	863,160	(41,938)
Net Change in Fund Balances	18,018	163,665	14,233	(149,432)
Fund Balance - Beginning of year	9,801	9,801	9,801	-
Fund Balance - End of year	\$ 27,819	\$ 173,466	\$ 24,034	\$ (149,432)

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City of Flint, Michigan

Senior Citizen Center Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Local revenue	\$ 400,000	\$ 502,611	\$ 480,875	\$ (21,736)
Interest	-	-	2,485	2,485
Total revenue	400,000	502,611	483,360	(19,251)
Expenditures				
Parks and recreation	400,000	509,664	480,875	28,789
Net Change in Fund Balances	-	(7,053)	2,485	9,538
Fund Balance - Beginning of year	6,300	6,300	6,300	-
Fund Balance (Deficit) - End of year	\$ 6,300	\$ (753)	\$ 8,785	\$ 9,538

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City of Flint, Michigan

Building Department Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ 655,293	\$ 1,660,263	\$ 1,062,560	\$ (597,703)
State revenue	-	1,018,609	1,081,410	62,801
Licenses and fees	1,363,963	1,363,963	1,120,349	(243,614)
Charges for Services	306,000	306,000	433,334	127,334
Other	-	-	158,094	158,094
Interest	-	-	39,753	39,753
Total revenue	2,325,256	4,348,835	3,895,500	(453,335)
Expenditures				
Building inspection	2,297,822	4,947,025	4,153,006	794,019
Total expenditures	2,297,822	4,947,025	4,153,006	794,019
Excess of Revenue Over (Under) Expenditures	27,434	(598,190)	(257,506)	340,684
Other Financing Sources				
Transfers in	25,000	2,204,932	1,729,932	(475,000)
Net Change in Fund Balances	52,434	1,606,742	1,472,426	(134,316)
Fund Balance (Deficit) - Beginning of year	(1,440,510)	(1,440,510)	(1,440,510)	-
Fund Balance (Deficit) - End of year	\$ (1,388,076)	\$ 166,232	\$ 31,916	\$ (134,316)

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City of Flint, Michigan

Garbage Collection Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2009

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 4,896,520	\$ 4,896,520	\$ 4,680,998	\$ (215,522)
Federal revenue	97,856	97,856	69,664	(28,192)
Licenses and fees	-	-	3,320	3,320
Other	-	-	4,358	4,358
Interest	50,000	50,000	24,684	(25,316)
Total revenue	<u>5,044,376</u>	<u>5,044,376</u>	<u>4,783,024</u>	<u>(261,352)</u>
Expenditures				
Public works	4,973,351	4,960,899	4,922,235	38,664
Excess of Revenue Over (Under) Expenditures	71,025	83,477	(139,211)	(222,688)
Other Financing Sources				
Transfers in	-	-	137,000	137,000
Net Change in Fund Balances	71,025	83,477	(2,211)	(85,688)
Fund Balance - Beginning of year	2,683	2,683	2,683	-
Fund Balance - End of year	<u>\$ 73,708</u>	<u>\$ 86,160</u>	<u>\$ 472</u>	<u>\$ (85,688)</u>

City of Flint, Michigan

Internal Service Funds Combining Statement of Net Assets June 30, 2009

	Data Processing	Fringe Benefits	Central Maintenance Garage
Assets			
Current assets:			
Pooled cash and investments	\$ -	\$ 2,564,670	\$ 204,836
Cash and cash equivalents	-	132,722	100
Receivables (net of allowance for estimated uncollectible amounts of \$109,334)	-	3,509	1,539
Note receivable - current portion	-	130,000	-
Due from other funds	-	-	-
Inventories	-	-	191,710
Prepaid costs	-	255,925	-
Total current assets	-	3,086,826	398,185
Noncurrent assets:			
Note receivable - long term	-	390,000	-
Capital assets	906,196	-	5,105,824
Total noncurrent assets	906,196	390,000	5,105,824
Total assets	906,196	3,476,826	5,504,009

Self- Insurance	Total
\$ 3,775,833	\$ 6,545,339
-	132,822
14,745	19,793
-	130,000
11,533,250	11,533,250
-	191,710
177,259	433,184
<u>15,501,087</u>	<u>18,986,098</u>
-	390,000
-	6,012,020
<u>-</u>	<u>6,402,020</u>
<u>15,501,087</u>	<u>25,388,118</u>

City of Flint, Michigan

Internal Service Funds Combining Statement of Net Assets (continued) June 30, 2009

	Data Processing	Fringe Benefits	Central Maintenance Garage
Liabilities			
Current liabilities:			
Accounts payable	\$ 6,238	\$ 1,100,251	\$ 99,256
Accrued salaries and wages	-	2,372,408	-
Other accrued liabilities	-	-	-
Claims payable - current	-	-	-
Capital lease payable	109,883	-	-
Due to other funds	66,535	-	-
Advances from other funds - current portion	-	-	1,054,595
Total current liabilities	182,656	3,472,659	1,153,851
Noncurrent liabilities:			
Capital lease payable	393,882	-	-
Advances from other funds	-	-	2,426,749
Claims payable	-	-	-
Total noncurrent liabilities	393,882	-	2,426,749
Total liabilities	576,538	3,472,659	3,580,600
Net Assets			
Invested in capital assets, net of related debt	402,431	-	5,106,553
Unrestricted (deficit)	(72,773)	4,167	(3,183,144)
Total net assets	\$ 329,658	\$ 4,167	\$ 1,923,409

Self- Insurance	Totals
\$ 267,398	\$ 1,473,143
-	2,372,408
20,083	20,083
10,940,000	10,940,000
-	109,883
-	66,535
-	1,054,595
11,227,481	16,036,647
-	393,882
-	2,426,749
4,266,532	4,266,532
4,266,532	7,087,163
15,494,013	23,123,810
-	5,508,984
7,074	(3,244,676)
\$ 7,074	\$ 2,264,308

City of Flint, Michigan

Internal Service Funds Combining Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2009

	Data Processing	Fringe Benefits
Operating Revenue		
Charges for services	\$ 2,855,571	\$ 29,878,203
Costs of Materials or Services Rendered	-	28,297,280
Operating Expenses		
Salaries, wages, and fringe benefits	1,683,759	869,567
Utilities	-	-
Equipment operation	-	-
Repair and maintenance	383,072	-
Supplies	24,439	14,632
Insurance	-	-
Depreciation	318,959	-
Professional services	449,165	690,892
Claims and settlements	-	-
Miscellaneous	2,295	1,887
Total operating expenses	2,861,689	1,576,978
Total materials, services, and operating expenses	2,861,689	29,874,258
Operating Income (Loss)	(6,118)	3,945
Nonoperating Revenue (Expenses)		
Investment income	-	222
Interest expense	(6,005)	-
Income (Loss) - Before contributions	(12,123)	4,167
Capital contributions	-	-
Transfers in	-	-
Change in Net Assets	(12,123)	4,167
Net Assets - Beginning of year	341,781	-
Net Assets - End of year	\$ 329,658	\$ 4,167

Central Maintenance Garage	Self- Insurance	Totals
\$ 4,000,612	\$ 3,082,754	\$ 39,817,140
-	-	28,297,280
1,481,252	462,623	4,497,201
17,166	-	17,166
-	2,861	2,861
167,637	56,051	606,760
1,930,206	38,258	2,007,535
-	439,868	439,868
1,831,588	-	2,150,547
356,169	1,310,933	2,807,159
-	822,527	822,527
404	40,031	44,617
5,784,422	3,173,152	13,396,241
5,784,422	3,173,152	41,693,521
(1,783,810)	(90,398)	(1,876,381)
-	97,472	97,694
(235,267)	-	(241,272)
(2,019,077)	7,074	(2,019,959)
277,009	-	277,009
1,269,196	-	1,269,196
(472,872)	7,074	(473,754)
2,396,281	-	2,738,062
\$ 1,923,409	\$ 7,074	\$ 2,264,308

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows Year Ended June 30, 2009

	Data Processing	Fringe Benefits	Central Maintenance Garage
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,855,571	\$ 29,874,858	\$ 4,001,982
Payments to suppliers	(881,931)	(28,001,939)	(2,520,895)
Payments to and on behalf of employees	(1,683,759)	(1,076,402)	(1,481,252)
Claims paid	-	-	-
Net cash provided by (used in) operating activities	289,881	796,517	(165)
Cash Flows from Noncapital Financing Activities			
Payments received on long term note receivable	-	130,000	-
Interest payments on pooled cash advances	(6,005)	-	-
Pooled cash repayments to other funds	(149,755)	-	-
Transfers from other funds	-	-	1,269,196
Net cash (used in) provided by noncapital financing activities:	(155,760)	130,000	1,269,196
Cash Flows from Capital and Related Financing Activities			
Capital contributions	-	-	277,009
Purchase of capital assets - net of sales	(65,567)	-	(307,272)
Repayment on long term advance	-	-	(1,032,235)
Payment on capital lease	(68,554)	-	-
Interest payments on long term advances	-	-	(235,267)
Net cash used in capital and related financing activities	(134,121)	-	(1,297,765)
Cash Flows from Investing Activities			
Interest received	-	222	-
Net Increase (decrease) in Cash and Cash Equivalents	-	926,739	(28,734)
Cash and Cash Equivalents - Beginning of year	-	1,770,653	233,670
Cash and Cash Equivalents - End of year	\$ -	\$ 2,697,392	\$ 204,936

Self- Insurance	Totals
\$ 3,131,454	\$ 39,863,865
(1,785,708)	(33,190,473)
(462,623)	(4,704,036)
(822,526)	(822,526)
60,597	1,146,830
-	130,000
-	(6,005)
-	(149,755)
-	1,269,196
-	1,243,436
-	277,009
-	(372,839)
-	(1,032,235)
-	(68,554)
-	(235,267)
-	(1,431,886)
97,472	97,694
158,069	1,056,074
3,617,764	5,622,087
\$ 3,775,833	\$ 6,678,161

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows (continued) Year Ended June 30, 2009

	Data Processing	Fringe Benefits	Central Maintenance Garage
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	(6,118)	3,945	(1,783,810)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	318,959	-	1,831,588
Change in assets and liabilities:			
Accounts receivable	-	(3,345)	1,370
Due from other funds	-	-	-
Inventory	-	-	20,550
Prepaid items	-	120,278	-
Accounts payable	(22,960)	882,474	(69,863)
Estimated claims liability	-	-	-
Accrued liabilities	-	(206,835)	-
Net cash provided by (used in) operating activities	\$ 289,881	\$ 796,517	\$ (165)

Non cash transactions:

During the year the Data processing fund financed equipment purchased through a capital lease \$572,321



<u>Self- Insurance</u>	<u>Totals</u>
(90,398)	(1,876,381)
-	2,150,547
48,700	46,725
4,972,136	4,972,136
-	20,550
(46,608)	73,670
148,903	938,554
(4,972,136)	(4,972,136)
-	(206,835)
\$ 60,597	\$ 1,146,830

City of Flint, Michigan

Combining Statement of Net Assets Pension and Benefit Trust Funds June 30, 2009

	Pension and Benefit Trust Funds		
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit
Assets			
Pooled cash and investments	\$ 1,903,309	\$ -	\$ -
Cash and cash equivalents	28,534,889	-	48,859
Investments:			
Certificate of deposit	-	-	72,236
U.S. government obligations	42,365,239	-	-
Corporate bonds	108,113,693	-	-
Partnerships	30,104,571	-	-
Corporate stocks	218,775,778	-	406,087
Foreign stocks	27,712,959	-	-
Asset backed securities	3,801,658	-	-
Receivables:			
Accrued interest	696,798	-	-
Due from other funds	263,503	-	-
Other	-	9,443	873
Prepaid costs	-	-	-
Cash held as collateral for securities lending	54,643,175	-	-
Total assets	516,915,572	9,443	528,055
Liabilities			
Accounts payable	590,912	-	15,000
Accrued benefits	5,437,701	-	-
Due to other funds	-	9,443	-
Obligations under securities lending agreement	56,236,690	-	-
Total liabilities	62,265,303	9,443	15,000
Net Assets			
Held in trust for pension benefits and other employee benefits	\$ 454,650,269	\$ -	\$ 513,055



Pension and Benefit Trust Funds

Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund	Totals
\$ -	\$ -	\$ -	\$ 1,903,309
-	414,860	4,967,435	33,966,043
-	-	-	72,236
-	734,747	-	43,099,986
-	-	-	108,113,693
-	-	-	30,104,571
-	1,344,365	12,179,107	232,705,337
-	-	-	27,712,959
-	-	-	3,801,658
-	-	174	696,972
-	-	-	263,503
-	12,915	-	23,231
257,268	-	-	257,268
-	-	-	54,643,175
257,268	2,506,887	17,146,716	537,363,941
2,969	-	-	608,881
-	-	3,113	5,440,814
254,060	-	-	263,503
-	-	-	56,236,690
257,029	-	3,113	62,549,888
\$ 239	\$ 2,506,887	\$ 17,143,603	\$ 474,814,053

City of Flint, Michigan

Combining Statement of Changes in Net Assets Pension and Benefit Trust Funds Year Ended June 30, 2009

	Pension and Benefit Trust Funds	
	Flint Employee's Retirement System	Excess Pension Benefit
Additions		
Investment earnings:		
Interest	\$ 4,994,437	\$ -
Dividends	4,004,276	-
Other income	664,995	-
Less investment expense	(3,259,660)	-
Net decrease in fair value of investments	(158,120,414)	-
Net investment loss	(151,716,366)	-
Contributions:		
Employer	25,548,386	193,426
Employee	3,563,787	-
Total additions	29,112,173	193,426
Securities lending income:		
Interest and fees	1,298,901	-
Loss	(1,593,515)	-
Less borrower rebates and bank fees	(883,738)	-
Net securities lending income	(1,178,352)	-
Total additions	(123,782,545)	193,426
Deductions		
Benefit payments	66,952,386	193,426
Hurley transfer to MERS	90,518,169	-
Refunds of contributions	973,963	-
Administrative expenses	11,695	-
Total deductions	158,456,213	193,426
Net Increase (Decrease) in Net Assets Held	(282,238,758)	-
Net Assets Held in Trust for Pension Benefits and Other Employee Benefits		
Beginning of year	736,889,027	-
End of year	\$ 454,650,269	\$ -

Pension and Benefit Trust Funds

Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Health Benefit Trust Fund	Totals
\$ 21	\$ -	\$ -	\$ 1,600	\$ 4,996,058
49,513	-	37,548	334,643	4,425,980
-	-	-	-	664,995
-	-	-	(32,259)	(3,291,919)
(324,777)	-	(397,650)	(4,744,036)	(163,586,877)
(275,243)	-	(360,102)	(4,440,052)	(156,791,763)
-	17,545,262	-	7,699,256	50,986,330
21,627	1,987,874	322,971	-	5,896,259
21,627	19,533,136	322,971	7,699,256	56,882,589
-	-	-	-	1,298,901
-	-	-	-	(1,593,515)
-	-	-	-	(883,738)
-	-	-	-	(1,178,352)
(253,616)	19,533,136	(37,131)	3,259,204	(101,087,526)
58,507	19,315,536	-	3,199,256	89,719,111
-	-	-	-	90,518,169
-	-	-	-	973,963
300	217,361	108	-	229,464
58,807	19,532,897	108	3,199,256	181,440,707
(312,423)	239	(37,239)	59,948	(282,528,233)
825,478	-	2,544,126	17,083,655	757,342,286
\$ 513,055	\$ 239	\$ 2,506,887	\$ 17,143,603	\$ 474,814,053

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City of Flint, Michigan

Statement of Assets and Liabilities

Agency Funds

June 30, 2009

	Miscellaneous Agency	County Revolving Loan	Totals
Assets			
Pooled cash and investments	\$ 1,710,972	\$ -	\$ 1,710,972
Cash and cash equivalents	1,309,970	513,254	1,823,224
Receivables:			
Property tax	4,019,213	-	4,019,213
Loans	-	40,820	40,820
Total assets	\$ 7,040,155	\$ 554,074	\$ 7,594,229
Liabilities			
Accounts payable	\$ 592,893	\$ -	\$ 592,893
Deposits and advances	778,183	-	778,183
Due to other governmental units	5,641,062	554,074	6,195,136
Due to component units	28,017	-	28,017
Total liabilities	\$ 7,040,155	\$ 554,074	\$ 7,594,229

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City of Flint, Michigan

Schedule of Changes in Assets and Liabilities - Agency Funds Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Miscellaneous Agency</u>				
Assets				
Pooled cash and investments	\$ 2,337,147	\$ 129,028,677	\$ 129,654,852	\$ 1,710,972
Cash and cash equivalents	9,742,015	231,991	8,664,036	1,309,970
Property tax receivable	5,244,628	112,655,617	113,881,032	4,019,213
Total assets	\$ 17,323,790	\$ 241,916,285	\$ 252,199,920	\$ 7,040,155
Liabilities				
Accounts payable	\$ 679,310	\$ 50,956,593	\$ 51,043,010	\$ 592,893
Deposits and advances	938,825	436,175	596,817	778,183
Due to other governments	15,694,904	104,419,212	114,473,054	5,641,062
Due to component unit	10,751	17,266	-	28,017
Total liabilities	\$ 17,323,790	\$ 155,829,246	\$ 166,112,881	\$ 7,040,155
<u>County Revolving Loan Fund</u>				
Assets				
Pooled cash and investments	\$ -	\$ 23,567	\$ 23,567	\$ -
Cash and cash equivalents	860,712	23,207	370,665	513,254
Loan receivable	52,010	7,256	18,446	40,820
Total assets	\$ 912,722	\$ 54,030	\$ 412,678	\$ 554,074
Liabilities				
Accounts payable	\$ -	\$ 12,864	\$ 12,864	\$ -
Due to other governments	555,667	24,393	25,986	554,074
Total liabilities	\$ 555,667	\$ 37,257	\$ 38,850	\$ 554,074

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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 Tax Payers	Schedule 8
Property Tax Levies and Collections	Schedule 9

Debt Capacity:

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

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

Demographic and Economic Information:

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

Demographic and Economic Statistics	Schedule 15
Principal Employers	Schedule 16

Operating & Resource Information:

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

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

Flint Employees' Retirement System:

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

Comparative Schedule - Actuarial Valuations	Schedule 20
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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 Eight Fiscal Years

	As of June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
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	184,617,905
Restricted	21,062,035	22,742,107	26,974,091	21,199,405	23,125,198	20,433,487	21,090,174	19,700,865
Unrestricted	(35,826,004)	(20,865,177)	(17,403,520)	(10,288,651)	346,817	(10,068,901)	(66,676,216)	(94,639,303)
Total net assets	23,941,512	33,763,267	150,676,592	149,097,013	155,033,732	162,498,113	144,940,437	109,679,467
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	123,161,141
Restricted	3,574,245	3,703,231	9,200,024	7,586,825	8,855,044	8,986,780	10,289,006	11,106,759
Unrestricted	95,276,627	117,814,590	110,533,651	143,675,288	131,574,217	111,956,070	97,377,129	88,481,489
Total net assets	240,860,849	254,489,266	254,525,217	258,501,719	248,935,326	232,781,526	229,090,365	222,749,389
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	307,779,046
Restricted	24,636,280	26,445,338	36,174,115	28,786,230	31,980,242	29,420,267	31,379,180	30,807,624
Unrestricted	59,450,623	96,949,413	93,130,131	133,386,637	131,921,034	101,887,169	30,700,913	(6,157,814)
Total net assets	264,802,361	288,252,533	405,201,809	407,598,732	403,969,058	395,279,639	374,030,802	332,428,856

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 Eight Fiscal Years

	Fiscal Year Ended June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses:								
General government	17,871,147	18,358,997	33,042,657	35,828,206	20,733,886	22,445,665	30,126,082	28,617,291
Judicial	5,268,053	4,589,294	5,135,841	3,883,382	5,329,461	5,838,951	8,820,013	6,681,529
Public Safety	45,788,684	37,914,780	36,354,270	30,608,495	45,291,068	49,833,782	78,048,619	61,324,633
Building inspection	-	1,596,003	2,851,237	1,698,197	4,386,646	3,672,350	5,063,848	5,277,613
Public works	16,912,661	11,165,666	26,108,326	25,428,339	19,488,952	40,305,844	30,519,397	31,907,385
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	6,620,929
Parks and recreation	3,186,935	4,592,849	4,320,780	3,106,729	4,506,042	5,596,244	7,610,803	6,147,632
Interest on long-term debt	623,933	415,823	360,690	313,032	436,774	824,536	1,091,347	1,122,341
Total governmental activities	99,442,683	88,559,332	119,578,135	107,672,339	109,881,332	134,984,945	167,444,107	147,699,353
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	16,412,474
Judicial	2,413,707	458,807	718,454	7,181	2,237,892	2,470,636	2,663,984	2,339,395
Public Safety	1,038,383	2,812,784	2,622,539	5,039,718	3,469,635	4,055,880	5,100,191	4,460,730
Building inspection	-	721,203	835,492	1,404,790	1,961,099	1,483,269	1,501,849	1,736,737
Public works	1,787,388	262,086	24,265	127,111	112,275	15,715,702	8,221	9,124
Community enrichment and development	254,144	92,360	111,737	218,020	152,119	499,645	147,744	69,749
Parks and recreation	1,230,176	41,142	96,438	52,367	33,370	40,679	53,999	44,512
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	25,072,721
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	17,154,589
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	10,162,836
Total program revenue	35,401,585	35,043,868	54,205,249	36,074,718	46,941,468	76,402,438	54,418,701	52,390,146
Net (expense) revenue	(64,041,098)	(53,515,464)	(65,372,886)	(71,597,621)	(62,939,864)	(58,582,507)	(113,025,406)	(95,309,207)
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	24,343,118
Income taxes	24,119,519	21,525,330	19,948,853	20,681,150	19,660,536	18,603,312	16,516,416	14,277,939
State-shared revenues	-	-	-	19,760,886	19,541,013	18,959,082	18,959,082	18,466,481
Franchise fees	-	-	-	-	1,022,191	1,036,958	1,045,656	1,112,359
Unrestricted investment earnings	1,043,593	810,017	1,156,340	873,119	2,875,063	2,502,919	2,133,630	1,109,633
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	69,084
Total general revenues	71,851,644	71,120,402	65,659,873	69,777,205	68,876,583	66,046,888	64,443,827	59,378,614
Gain (loss) on disposal of capital assets	-	(3,956,437)	-	-	-	-	-	-
Transfers	(174,646)	(3,826,746)	(703,256)	250,179	-	-	-	669,623
Change in net assets	7,635,900	9,821,755	(416,269)	(1,570,237)	5,936,719	7,464,381	(48,581,579)	(35,260,970)

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 Eight Fiscal Years

	Fiscal Year Ended June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
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	34,080,677
Sewage disposal charges	19,235,767	23,391,287	21,684,475	20,985,941	18,782,008	17,918,595	17,143,474	17,836,304
Hurley Medical Center	284,242,833	326,831,605	321,100,785	341,685,734	327,335,663	347,856,879	332,199,875	351,792,875
Other charges for services	333,180	1,420,701	1,199,414	1,165,773	1,035,664	1,030,999	891,241	1,098,854
Total operating revenue	329,227,654	378,849,087	375,378,945	394,713,030	381,330,771	399,978,557	384,191,448	404,808,710
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	17,421,663
Water supply	12,573,076	11,152,958	13,668,105	9,565,732	10,637,184	12,572,311	15,145,174	16,966,375
Sewage disposal	16,263,424	16,209,815	18,894,621	14,377,716	15,676,866	31,514,909	21,531,917	21,118,123
Hurley Medical Center	285,097,713	316,559,531	305,243,841	333,154,375	328,655,402	337,602,912	319,553,166	335,354,672
Nonmajor Enterprise funds	91,767	1,028,644	1,133,198	744,469	999,994	1,332,660	1,625,295	1,203,591
Depreciation	21,118,963	21,560,045	20,078,945	21,016,396	19,612,798	18,902,668	19,196,772	20,877,152
Total operating expenses	345,318,028	379,621,369	373,940,221	394,409,759	391,362,016	417,977,466	393,350,195	412,941,576
Operating Income (Loss)	(16,090,374)	(772,282)	1,438,724	303,271	(10,031,245)	(17,998,909)	(9,158,747)	(8,132,866)
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	4,488,845
Interest expense	(4,537,810)	(4,872,228)	(6,024,326)	(3,257,534)	(4,673,513)	(4,620,131)	(4,739,233)	(4,717,484)
Income (loss) from joint ventures	1,321,984	486,099	2,098,517	2,677,943	2,734,278	(965,390)	3,639,181	2,327,524
Gain (loss) on disposal of assets	-	9,000,325	(578)	125,583	(712,535)	(324,965)	(653,040)	(313,727)
Capital grants and contributions	4,892,681	2,412,748	51,963	1,110,785	1,184,108	743,606	838,132	646,651
Miscellaneous revenue	-	-	-	-	-	-	-	29,705
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)	(5,671,352)
Transfers from other funds	-	5,411,200	703,256	736,405	-	-	-	2,320,377
Transfers to other funds	-	(1,584,454)	-	(986,584)	-	-	-	(2,990,000)
Change in Net Assets	(20,251,994)	13,628,417	35,951	3,976,502	(9,566,393)	(16,153,800)	(3,691,162)	(6,340,975)

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,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	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	-	-	-	-	-	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)	(10,113,744)
Total general fund (deficit)	(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)	(10,113,744)
All Other Governmental Funds:										
Reserved	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	2,021,691
Designated for subsequent years' expenditures	1,134,611	278,197	-	730,295	1,239,710	8,539,080	8,485,398	7,519,456	3,591,002	7,190,250
Unreserved, reported in:										
Special revenue funds	-	-	-	2,206,825	1,519,985	7,931,807	6,254,926	5,358,369	8,619,573	8,321,188
Debt service funds	-	-	-	573	54,045	6,578	6,721	7,067	7,163	7,163
Capital projects funds	-	-	-	2,618,573	1,909,930	87,638	996,232	812,881	3,460,669	304,138
Undesignated	332,050	343,293	5,695,228	-	-	-	-	-	-	-
Total all other governmental funds	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	17,844,430
Total governmental fund balance	(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	7,730,686

Financial Trend Information - Schedule 5

CITY OF FLINT, MICHIGAN

Changes in Fund Balances, Governmental Funds

Last Eight Fiscal Years

	As of June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenue								
Property taxes	24,661,910	24,752,965	24,501,522	24,852,131	25,324,052	25,914,497	25,761,449	24,890,597
Income taxes	24,119,519	20,813,829	19,941,781	20,670,108	19,660,536	18,717,312	16,516,416	14,277,939
Special assessments	-	-	-	327,834	174,930	54,225	39,947	211,682
Federal revenue	8,645,009	10,879,408	13,510,468	6,055,201	7,546,232	9,813,891	7,098,114	7,538,586
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	29,839,715
Licenses and permits	2,822,141	1,993,056	2,121,053	2,546,380	2,574,399	2,182,735	2,274,072	2,348,165
Fines and forfeitures	2,530,780	2,506,075	2,687,404	2,801,511	2,603,615	3,517,872	3,577,563	3,429,032
Charges for services	7,343,059	7,555,264	12,667,671	7,713,078	9,426,545	10,108,460	10,376,662	11,708,234
Local grants	252,619	578,894	1,816,437	778,851	931,252	633,911	1,413,470	2,510,298
Interest and Other	4,433,165	2,828,792	3,291,662	2,561,743	3,796,181	4,046,407	3,499,428	2,732,572
Total revenue	110,468,114	106,168,824	111,652,610	98,683,963	105,584,547	104,475,962	100,447,286	99,486,820
Expenditures								
Current:								
Legislative	1,137,913	892,569	518,190	915,521	1,274,989	1,100,228	1,164,844	1,196,266
Judicial	5,242,975	4,556,480	4,527,082	5,156,051	5,325,026	5,834,563	6,367,737	5,113,532
General government	17,819,780	17,119,340	28,287,256	12,388,079	12,385,713	12,468,418	13,094,727	11,862,417
Public safety	44,763,124	37,185,128	32,666,458	41,437,041	44,067,519	49,277,571	57,195,849	47,262,636
Building inspections	-	1,596,003	2,593,178	2,883,968	4,669,425	3,943,583	4,624,961	4,266,994
Public works	22,756,930	14,684,702	17,304,349	23,064,773	20,743,060	21,802,572	34,462,549	20,571,899
Parks & Recreation	4,458,451	4,989,311	4,020,712	3,810,410	4,254,071	5,257,766	6,000,142	4,538,348
Community development	11,127,446	10,603,546	11,522,650	4,014,867	9,391,721	7,587,157	5,973,575	6,398,469
Debt Service:								
Principal	2,717,447	2,889,575	2,017,031	1,628,048	2,844,077	1,639,228	2,076,203	2,035,905
Interest and fiscal charges	623,933	415,823	360,690	313,032	436,945	586,217	738,835	881,328
Total expenditures	110,647,999	94,932,477	103,817,596	95,611,790	105,392,546	109,497,303	131,699,422	104,127,794
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)	(4,640,974)
Other Financing Sources (Uses)								
Debt issuance	1,172,000	1,452,000	-	8,000,000	3,840,000	-	18,369,192	1,875,000
Sale of fixed assets	-	-	-	221,403	678,848	39,425	35,610	7,782
Interest Exp	-	-	-	-	-	-	-	-
Transfers in	6,275,018	8,594,889	8,788,999	4,701,209	4,569,980	1,306,256	776,424	5,361,005
Transfers out	(6,676,886)	(6,375,166)	(9,533,690)	(4,669,738)	(4,569,980)	(1,856,380)	(2,077,451)	(5,960,578)
Total other financing sources (uses)	770,132	3,671,723	(744,691)	8,252,874	4,518,848	(510,699)	17,103,775	1,283,209
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)	(3,357,765)
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	11,088,451
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	7,730,686
Debt service expenditures as a percentage of capital outlay expenditures	36.39%	36.33%	19.41%	18.42%	26.81%	8.05%	14.47%	24.78%
Debt service expenditures as a percentage of non-capital outlay expenditures	63.61%	63.67%	80.59%	81.58%	73.19%	91.95%	85.53%	75.22%

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						
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
2008	2009	944,469,331	224,215,379	188,255,857	286,484,300	1,643,424,867	58.6748	3,821,928,000	43.00%	84,654,733

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
2000	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2001	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4906	5.5735	0.4906
2002	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4886	5.5512	0.4886
2003	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5072	0.4849
2007	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2008	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2009	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847

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
0.4910	0.3988	2.9000	6.0000	1.8694	3.5894	0.0000	18.0000	37.9086	55.9086
0.4906	0.3996	2.9000	6.0000	2.8672	3.5835	0.0000	18.0000	38.8956	56.8956
0.4886	0.3980	2.9000	6.0000	2.8280	3.5673	0.0000	18.0000	38.8103	56.8103
0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748

Revenue Capacity Information - Schedule 8

CITY OF FLINT, MICHIGAN

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2009			2000		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
General Motors	166,195,000	1	10.08% *	335,870,000	1	18.85%
Consumers Energy	43,924,000	2	2.66%	52,049,600	3	2.92%
Delphi	25,013,600	3	1.52% *	136,718,600	2	7.67%
Great Lakes Tech Centre	12,014,900	4	0.73%	5,457,900	10	0.31%
4405 Continental Drive	7,520,900	5	0.46%			
Citizens Bank	5,764,500	6	0.35%	6,433,100	6	0.36%
Ramco Lapeer Assoc.	5,722,600	7	0.35%			
South Flint Plaza	4,648,300	8	0.28%			
Michigan Coca Cola Bottling	4,549,500	9	0.28%			
PPG Industries, Inc.	4,335,300	10	0.26%	7,530,100	5	0.42%
Automotive Component Carriers				5,592,000	7	0.31%
Comcast Cablevision				4,766,300	9	0.27%
EDS Corporation				12,966,400	4	0.73%
The Herald Company, Inc. (Flint Journal)				5,799,700	8	0.33%
Total Assessed Value, Top Ten	279,688,600		16.97%	573,183,700		32.17%
Total Assessed Value, City of Flint	\$ 1,648,408,800			\$ 1,781,889,086		

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
1999	2000	26,766,043	23,432,022	87.54%	2,123,634	25,555,656	95.48%
2000	2001	25,446,591	22,338,786	87.79%	2,721,703	25,060,489	98.48%
2001	2002	24,516,058	21,395,879	87.27%	2,344,978	23,740,857	96.84%
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,315	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,888,875	23,430,440	87.14%	3,270,819	26,701,259	99.30%
2006	2007	27,607,211	23,476,574	85.04%	4,105,854	27,582,428	99.91%
2007	2008	27,751,506	23,381,424	84.25%	3,769,660	27,151,084	97.84%
2008	2009	25,297,684	20,838,394	82.37%	3,236,819	24,075,213	95.17%

^[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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General obligation bonds	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	12,830,000
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	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	15,193,175
Capital leases	575,516	454,547	1,283,408	815,767	493,636	154,025	-	-	854,136	941,127
Total Governmental Activities	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	28,964,302
Business Type Activities:										
General obligation bonds	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	125,370
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	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	92,536,259
Notes payable	594,162	5,013,946	8,293,516	514,680	457,248	396,768	332,985	265,719	194,776	11,959
Capital leases	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	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	92,673,588
Total debt of the government	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	121,637,890
Total residential personal income	\$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	\$1,059,356,000
Total debt as percentage of personal income	3.57%	3.92%	4.94%	4.74%	4.66%	5.94%	6.04%	5.61%	7.49%	11.48%
Total population	126,525	124,943	124,741	123,365	121,347	120,005	118,688	117,394	116,025	114,662
Total debt per capita	889.14	897.10	938.28	997.45	962.85	1,065.21	1,055.06	990.15	1,088.01	1,060.84

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
2000	9,887,554	5,905,161	15,792,715	1,650,093,226	0.99%	126,525	124.82
2001	7,731,724	4,959,681	12,691,405	1,593,968,738	0.82%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,539,111,881	0.86%	124,741	108.15
2003	4,825,137	5,234,849	10,059,986	1,570,116,422	0.63%	123,365	81.55
2004	2,455,000	4,576,342	7,031,342	1,585,636,701	0.44%	121,347	57.94
2005	9,175,000	3,888,684	13,063,684	1,598,254,721	0.79%	120,005	108.86
2006	6,765,000	7,140,580	13,905,580	1,655,656,167	0.83%	118,688	117.16
2007	5,490,000	6,776,354	12,266,354	1,680,872,526	0.72%	117,394	104.49
2008	14,180,000	13,587,306	27,767,306	1,698,766,194	1.69%	116,025	239.32
2009	12,830,000	15,193,175	28,023,175	1,643,424,867	1.71%	114,662	244.40

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 2009		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	169,830,904	14.22%	\$ 24,149,955
Flint School District	10,240,029	100.00%	10,240,029
Genesee Intermediate School District	2,018,227	14.22%	0
Airport Authority	26,814,955	14.22%	3,813,087
Mott Community College	70,180,000	14.22%	9,979,596
Carman School District	43,464,400	13.20%	5,737,301
Kearsley School District	421,922	2.00%	8,438
Swartz Creek School District	342,754	75.00%	257,066
Westwood Heights School District	122,838	2.12%	2,604
Mass Transit Authority	0	14.22%	-
Flint Public Library	0	14.22%	-
Total Overlapping Debt			\$ 54,188,075
Direct City Debt			\$ 101,828,248
Total Direct and Overlapping Debt			\$ 156,016,323

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Calculation of legal debt limit:										
Assessed valuation	\$ 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	\$ 1,648,408,800
7% of assessed valuation *	\$ 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	\$ 115,388,616
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 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	\$ 120,509,125
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 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	\$ 107,670,125
Debt subject to limitation (net debt)	\$ 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	\$ 12,839,000
Legal debt margin (unused debt limitation)	\$ 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	\$ 102,549,616
Net debt subject to limit as % of debt limit	22.25%	22.16%	13.79%	9.43%	5.10%	9.17%	6.20%	4.26%	10.79%	11.13%

*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 Ten 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
2009	34,080,677	31,344,374	2,736,303	1,945,000	849,428	2,794,428	0.98

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	Applicable	Net Revenue	Debt Service			Coverage
	Revenue	Expenses		Principal	Interest	Total	
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
2009	351,793	335,354	16,439	2,950	3,792	6,742	2.44

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
1999	126,525	\$3,150,325,981	\$24,899	8.8%
2000	124,943	\$2,861,065,143	\$22,899	8.1%
2001	124,741	\$2,371,144,784	\$19,009	10.8%
2002	123,365	\$2,595,966,375	\$21,043	13.1%
2003	121,347	\$2,505,060,765	\$20,644	14.6%
2004	120,005	\$2,150,985,535	\$17,924	14.4%
2005	118,688	\$2,071,630,014	\$17,454	13.8%
2006	117,394	\$2,071,558,869	\$17,646	14.5%
2007	116,025	\$1,684,426,650	\$14,518	14.6%
2008	114,662	\$1,059,356,000	\$9,239	18.4%

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 I 6

CITY OF FLINT, MICHIGAN

Principal Employers

Current Year and Nine Years Ago

Taxpayer	FY 2009 (2008) Employees	Percentage of total	FY 2000 (1999) Employees	Percentage of total	1999 rank
1 General Motors Corporation	18,649	34.54%	27,338	38.40%	1
2 Flint School District	4,167	7.72%	5,875	6.30%	3
3 Delphi Automotive Systems	3,286	6.09%	9,717	10.43%	2
4 Hurley Medical Center	2,888	5.35%	3,260	3.50%	6
5 McLaren Regional Medical Center	2,824	5.23%	2,850	3.06%	7
6 University of Michigan	2,391	4.43%			
7 City of Flint	1,302	2.41%	1,625	1.74%	8
8 State of Michigan	1,088	2.01%	1,400	1.50%	9
9 Genesee County	952	1.76%	3,467	3.72%	4
10 United States Postal Service	705	1.31%	1,200	1.29%	10
Genesys Health Systems			3,450	3.70%	5
	<u>38,252</u>	<u>70.84%</u>	<u>60,182</u>	<u>64.58%</u>	
Total Employees Living or Working in City	<u>54,000</u>		<u>93,187</u>		

*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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration										
City Administration	11.0	11.0	6.0	4.0	5.0	3.0	1.0	2.0	2.0	2.0
Mayor's Office	2.0	2.0	2.0	2.0	2.0	3.0	3.0	10.0	9.0	5.0
Mayor's Office on Human Services	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal Department	14.0	14.0	14.0	14.0	13.0	11.0	6.0	11.0	12.0	10.0
City Clerk's Office (Election Workers incl thru 2006)	17.8	17.8	16.8	15.8	15.8	15.8	16.8	14.8	15.8	15.8
City Council	14.0	14.0	12.0	12.0	11.0	11.0	13.0	12.0	12.0	12.0
Ombudsman's Office	8.0	8.0	5.0	2.0	1.0	1.0	1.5	2.0	5.0	2.0
Human Resources - Personnel & Labor Relations	14.0	14.0	10.0	8.0	9.0	10.0	7.0	7.0	7.0	7.0
Civil Service Commission	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0	0.5	1.0
Human Relations Commission	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0
Union Representatives	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
68th District Court	69.0	69.0	58.0	58.0	52.0	48.5	51.0	52.0	52.0	63.0
Finance Administration										
Finance Department/Payroll/Retirement	20.0	21.0	15.0	19.0	18.0	17.0	18.0	17.0	19.0	14.0
Treasury/Customer Service/Income Tax Assessment	58.0	60.0	56.0	51.0	51.0	50.0	50.0	50.0	51.0	42.0
Budget Management	6.0	6.0	4.0	6.0	5.0	2.0	2.0	2.0	2.0	1.0
Information Services/Data Processing	21.0	21.0	24.0	22.0	21.0	23.0	18.0	17.0	17.0	14.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	3.0	3.0	8.0	9.0	8.0	8.0	9.0	9.0	9.0	9.0
Public Service Attendants	0.0	0.0	0.0	0.0	0.0	0.0	20.0	21.0	20.0	16.0
Purchasing										
Administration	3.0	4.0	4.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inventory Control/Stockkeepers	10.0	10.0	8.0	1.0	1.0	4.0	5.0	5.0	8.0	6.0
City Market	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equal Opportunity/Contract Compliance	5.1	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community & Economic Development/Major Grants	22.0	20.0	17.0	11.5	12.0	12.0	9.0	9.0	12.0	9.0

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fire Department	223.0	216.0	143.0	133.0	132.0	120.0	130.0	134.0	134.0	123.0
Emergency 9-1-1	36.0	36.0	34.0	30.0	29.0	29.0	29.0	28.0	28.0	26.0
Police Department										
Sworn Officers	342.0	336.0	277.0	238.0	249.0	249.0	259.0	265.0	265.0	219.0
Civilians	78.6	71.6	36.0	34.0	35.0	31.0	32.0	32.0	35.0	28.0
Jail - Security Guards/Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.0	0.0
School Crossing Guards	32.9	32.9	32.9	32.9	32.9	32.9	27.4	23.0	25.0	25.0
Parks & Recreation										
Administration	7.0	6.0	7.0	4.0	5.5	16.0	12.0	14.0	16.0	11.0
Facilities Maintenance/Grounds	13.0	13.0	11.0	8.0	31.0	24.0	30.0	27.0	13.0	13.0
Forestry Division	27.6	27.6	17.6	17.6	9.0	3.0	7.0	12.0	10.0	3.0
Golf Division	29.6	29.8	27.5	41.0	18.0	27.0	24.0	22.0	25.7	7.0
Recreation Division	45.9	49.4	31.9	26.9	0.0	0.0	0.0	0.0	0.0	0.0
IMA Sports Arena	18.9	21.3	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Inspections/Development/Demolition	44.0	45.0	0.0	0.0	25.5	25.5	25.3	28.0	27.0	15.0
Engineering	16.0	16.0	14.0	9.0	8.0	8.0	7.5	7.5	8.0	6.0
Fleet Management	13.0	14.0	14.0	12.0	10.0	11.0	12.0	12.0	13.0	9.0
Street Maintenance	39.4	38.4	36.4	35.4	30.0	37.0	35.0	38.0	38.0	36.0
Traffic Engineering	15.5	15.0	16.0	15.0	15.0	15.0	16.0	17.0	18.0	15.0
Waste Collection/Sanitation	49.8	50.0	56.0	57.0	40.0	40.0	41.0	42.0	43.0	37.0
Transportation-Director/Administration	0.0	0.0	0.0	5.0	5.0	4.0	5.0	5.0	5.0	5.0
Utilities Administration	0.0	0.0	0.0	4.0	5.0	3.0	5.0	5.0	4.0	5.0
Sewer Maintenance	30.0	31.0	31.0	27.0	27.0	27.0	26.0	31.0	34.0	31.0
Water Plant	35.0	35.0	33.0	27.0	28.0	27.0	27.0	28.0	30.0	27.0
Water Pollution Control	60.0	61.0	66.0	57.0	56.0	54.0	57.0	59.0	60.0	59.0
Water Service Center	51.0	51.0	51.0	43.0	45.0	43.0	45.0	44.0	54.0	54.0
Total Staffing	1539.1	1525.8	1226.6	1114.1	1080.7	1065.7	1104.5	1135.3	1190.0	1011.8

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Election Data (Calendar Year - November Elections):										
Registered voters	91,933	92,934	89,854	88,490	92,049	91,288	91,637	89,538	92,890	85,441
Voters (at the polls or absentee)	47,909	14,186	28,770	23,529	46,512	13,204	32,243	24,386	48,869	10,397
Percent voting	52.1%	15.3%	32.0%	26.6%	50.5%	14.5%	35.2%	27.2%	52.6%	12.2%
68th District Court (Calendar Year):										
Number of new court cases	43,748	44,868	47,141	47,801	44,071	44,635	47,083	44,276	43,088	N/A
Police (Calendar Year thru 2006):										
Physical arrests (fiscal year beg. 2007)	8,311	8,870	6,504	6,081	5,541	6,115	5,265	7,451	10,711	4,208
Traffic violations (fiscal year beg. 2006)	24,830	24,062	26,101	25,899	22,907	24,082	18,064	20,316	20,995	15,022
Investigations (fiscal year beg. 2007)	31,929	29,258	26,289	24,887	22,497	22,155	17,478	23,327	25,130	19,736
Fire (Calendar Year):										
Fire runs	3,874	4,482	4,472	4,526	3,944	2,945	2,867	3,154	3,487	3,031
Emergency medical runs	13,439	16,571	16,300	16,752	16,170	*3,751	4,633	3,834	4,233	2,413
Inspections	N/A	N/A	38	66	296	281	223	224	223	239
Public Works:										
Miles of streets resurfaced	N/A	19.34	18.26	13.36	11.81	18.07	51.39	49.56	33.37	22.79
Potholes repaired	N/A	N/A	935	906	1,348	832	678	715	835	850
Refuse Collection:										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	N/A	N/A	N/A	102,113	112,801	214,654	133,747	125,624	141,370	109,515
Parks and Recreation (Calendar Year):										
Recreation Centers - Senior & Youth Participants	N/A	N/A	N/A	N/A	610	683	1,091	1,483	1,407	2,974
Water:										
Number of customers billed	48,369	44,148	46,400	45,600	45,890	43,900	43,278	42,068	39,745	40,191
Total consumption (ccf)	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	10,844,801
Average consumption per user (ccf)	308	373	334	294	290	310	283	274	305	270
Wastewater (Calendar Year):										
Average daily sewage treatment - gallons	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	26,200,000

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	7	7	8	9	9	8	8	6	6	6
Patrol units	116	116	116	88	88	88	88	105**	193	166
Fire:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire response vehicles	18	18	17	16	16	16	17	18	18	18
Emergency response vehicles	11	11	11	9	7	4	4	3	3	3
Public Works:										
City Streets (miles):	505.47	505.47	505.47	509.31	509.33	507.60	508.60	508.60	508.39	508.39
Major streets	149.12	149.12	149.12	152.96	152.98	152.29	152.29	152.29	152.29	152.29
Local streets	356.35	356.35	356.35	356.35	356.35	355.31	356.31	356.31	356.10	356.10
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25
Streetlights	11,319	11,086	11,154	11,182	11,267	11,173	11,143	11,331	11,331	11,374
Traffic Signals/Beacons	275	275	275	274	274	274	275	276	277	277
Refuse Collection:										
Collection trucks in service	23	25	26	26	22	23	20*	20	20	22
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	5	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	75.0%		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