

City of Flint

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011

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**Dayne Walling
Mayor**

CITY OF FLINT, MICHIGAN Department of Finance

**Michael K. Brown
Emergency Manager**

**Gerald Ambrose
Finance Director**

December 19, 2011

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, 2011.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

These reports are available in the City of Flint's separately issued Single Audit Report.

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

Profile of the Government

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

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

The Governor of the State of Michigan has appointed an Emergency Manager for the City of Flint, effective December 1, 2011, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The Emergency Manager, Michael K. Brown, is authorized to “act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint.”

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. All departments and agencies of the City of Flint are required to submit requests for appropriations to the Mayor's appointed Budget Director in March each year. The Budget Director uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the City Council on the first

Monday in April. The Council is required to hold public hearings on the proposed budget and to adopt a final budget, by charter, on the first Monday in June. The City's fiscal year ends on June 30. The current appropriated budget is prepared by fund, function (e.g., public safety), department (e.g. police) and line item. The Administration may not make transfers of appropriations within department line items, or transfers of appropriations between departments or funds, without the approval of the City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report.

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/Genesee County metropolitan area unemployment rate (12.5% in early 2011) is among the highest in the State. The City of Flint has been above 20% the past 2-3 years. Population has steadily declined to 102,434 (2010 census) 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 values for Flint's ten largest employers increased slightly in 2011 to \$147.75 million compared to \$140.6 million in 2010; however, values have significantly decreased from \$279.7 million in 2009. The total number of employees for the ten largest taxpayers in the City increased from 36,660 in 2010 to 37,497 in 2011. Although this is an improvement, it is still a decrease compared to 38,252 in 2009. Overall assessed property values have decreased from \$1.804 billion in 2002 to \$1.192 billion in 2011, which continues the decrease from \$1.393 billion in 2010.

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 4 of the Notes of the June 30, 2011 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 16 of the Notes of the June 30, 2011 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 quarterly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of June 30, 2009 (the latest actuarial report) was 71.4% funded. As of June 30, 2010 there were 1741 retirees receiving pension benefits from the City of Flint.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of the current fiscal year, there were 1,543 retired employees receiving insurance benefits. The benefits are financed on a pay-as-you-go basis. For fiscal year 2011, the City paid \$20.5 million for post-employment health benefits premiums. The City had an actuarial accrued liability for other post-employment benefits (OPEB) of \$862 million at June 30, 2011. Additional information on the City of Flint's Retirement Plan can be found in Section 4 B of the Notes of the June 30, 2011 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, 2010. The City has now received this award nine 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, 2011, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance administration department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Flint's finances.

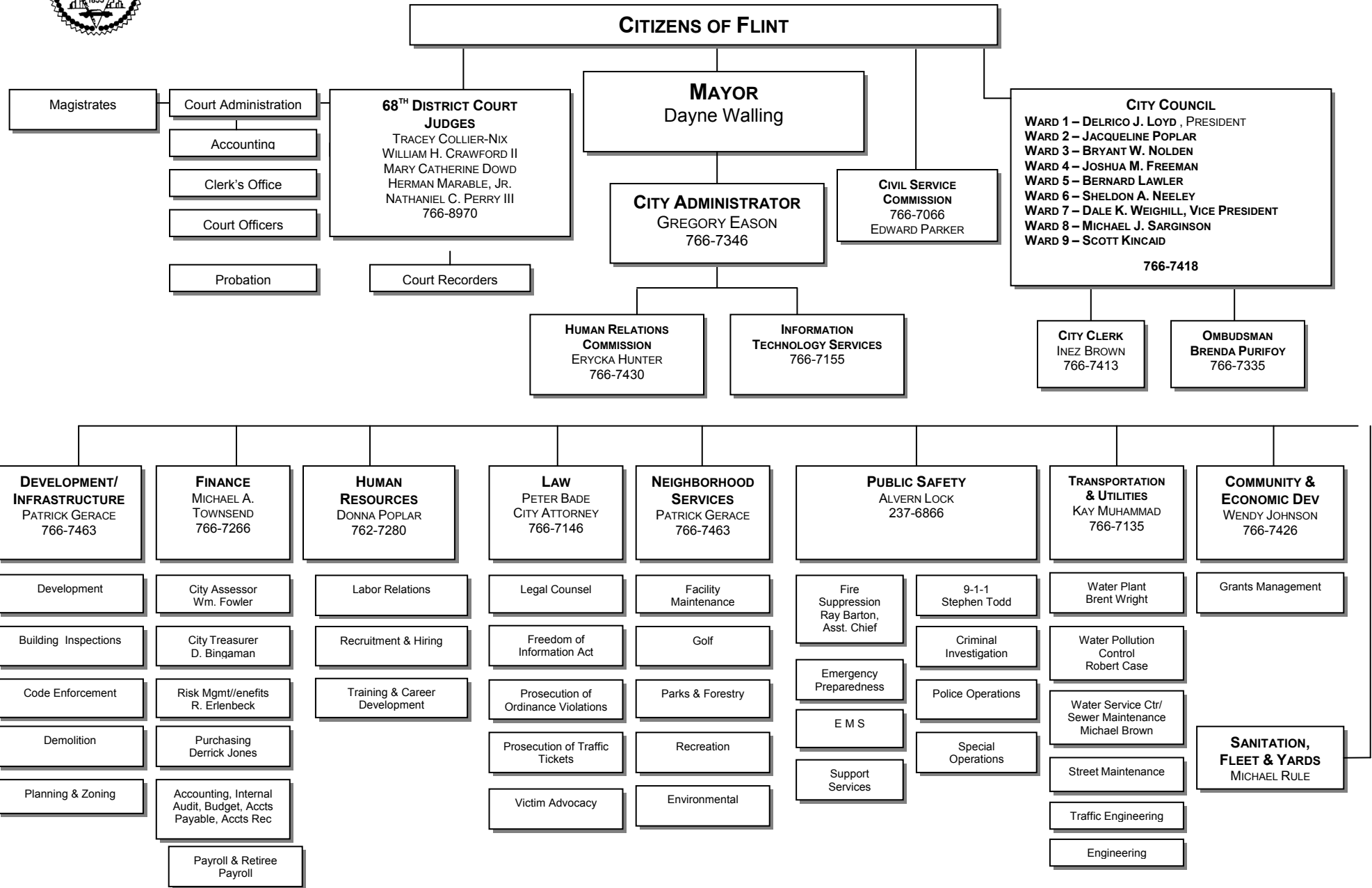
Respectfully submitted,



Sekar R. Bawa
Deputy Finance Director



CITY OF FLINT - ORGANIZATIONAL CHART – As of June 30, 2011



CITY OF FLINT, MICHIGAN
As of June 30, 2011
Elected and City Officials

Elected Officials

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

Appointed and Other City Officials

Peter Bade..... Chief Legal Officer
 Raymond Barton Assistant Fire Chief
 Douglas Bingaman City Treasurer
 Inez M. Brown..... City Clerk
 Michael J. Brown Utilities Admin/Water Service Center
 Gerard Burnash Chief Operating Officer, Downtown Development Authority
 Robert Case Water Pollution Control Supervisor
 Robert Erlenbeck Risk & Benefits Administrator
 William Fowler City Assessor
 Patrick Gerace..... Director of Neighborhood Services
 Erycka Hunter Executive Director, Human Relations Commission
 Wendy Johnson Director, Dept. of Community & Economic Development
 Dawn Jones Communications Director
 Derrick Jones Purchasing Manager
 Alvern Lock Director of Public Safety
 Rhoda Matthews Citizen Services Director
 Paula McGlown 68th District Court Administrator
 Steven Montle Green Cities Coordinator
 Kay Muhammad Transportation and Development Director
 Edward Parker Interim Director, Civil Service Commission
 Donna Poplar Director of Human Resources & Labor Relations
 Brenda Purifoy Ombudsman
 Michael Rule Sanitation, Fleet & Yards Superintendent
 Stephen Todd..... Emergency 911 Administrator
 Michael A. Townsend..... Director of Finance
 Brent Wright Water Plant Supervisor
 Vacant..... Information Technology Services Administrator

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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director



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 as of and for the year ended June 30, 2011, 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 of Flint's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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. The financial statements of Hurley Medical Center, Downtown Development Authority, Economic Development Corporation, and the Flint Area Enterprise Community were not audited in accordance with *Government Auditing Standards*. 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, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members
City of Flint

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, pension system schedules, and the General Fund and Major Special Revenue Fund budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and the 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 to the management's discussion and analysis and pension system schedules, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and the 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. 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 read in conjunction with this report in considering the results of our audit.

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as discussed in Note I. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB 54.

Plante & Moran, PLLC

December 19, 2011

Management's Discussion and Analysis

As management of the City of Flint, we offer readers of the City of Flint's financial statements this narrative overview and analysis of the financial activities of the City of Flint for the fiscal year ended June 30, 2011. 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 \$9.4 million in governmental activities.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$218.9 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 I. 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 City'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, and sewer system.

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

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

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

City of Flint

Management's Discussion and Analysis (Continued)

The City of Flint maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Federal Grants Fund. Data from the other 16 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, and Sewer 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.

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.

City of Flint

Management's Discussion and Analysis (Continued)

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 \$656.4 million. Total net assets (total assets less total liabilities) are \$218.9 of which the largest portion \$304.3 million (138.8%), 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.

Of the remaining portion of the City of Flint's total net assets, \$20.4 million represents resources which are subject to external restrictions on how they may be used. The unrestricted deficit at year end was \$105.8 million. 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 \$148.8 million deficit in unrestricted net assets. The \$148.8 million deficit results from the increase in the short term and long term liabilities, mainly \$126.7 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>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Current and other assets	29.2	39.3	237.4	223.7	266.6	263.0
Capital assets	183.2	178.9	201.9	214.5	385.1	393.4
Total assets	212.4	218.2	439.3	438.2	651.7	656.4
Long-term liabilities outstanding	122.4	161.9	176.5	173.8	298.9	335.7
Other Liabilities	28.4	19.7	61.3	82.1	89.7	101.8
Total Liabilities	150.8	181.6	237.8	255.9	388.6	437.5
Net assets:						
Invested in capital assets net of related debt	180.8	176.5	125.6	127.8	306.4	304.3
Restricted	9.1	8.9	10.8	11.5	19.9	20.4
Unrestricted	-128.3	-148.8	65.0	43.0	-63.3	-105.8
Total net assets	61.6	36.6	201.4	182.3	263.0	218.9

Business-type activities have \$182.3 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.

City of Flint

Management's Discussion and Analysis (Continued)

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 \$25.0 million. Revenues in 2011 were \$10.0 million higher than in 2010. This increase in revenue is mainly due to the judgment levy the City issued in the current year related to the Genesee Towers lawsuit. The expenses for the Genesee Towers claims settlement are found in general government expenses; the rest of the decrease can be equally shared with five of the seven revenue categories experiencing increases in 2011. The 2011 expenses were \$10.4 million lower than in 2010.

Business-type Activities - Total net assets decreased by \$19.1 million in business-type activities. The main reason for the decrease was due to the Water and Sewer Funds and the fact that the user rate being charged is not high enough to cover the City's costs to run the systems. The Hurley Medical Center's net assets increased by \$4.2 million.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for services	23.0	25.8	410.0	411.0	433	436.8
Operating grants and contributions	22.0	27.2	0.0	0.0	22.0	27.2
Capital grants and contributions	4.4	6.4	0.1	0.0	4.5	6.4
General revenues						
Income taxes	13.6	14.4	0.0	0.0	13.6	14.4
Property taxes	19.2	18.1	0.0	0.0	19.2	18.1
State shared revenues	16.4	16.4	0.0	0.0	16.4	16.4
Other	1.5	1.8	2.2	2.1	3.7	3.9
Total revenues	<u>100.1</u>	<u>110.1</u>	<u>412.3</u>	<u>413.1</u>	<u>512.4</u>	<u>523.2</u>
Expenses						0.0
Legislative	1.8	1.9	0.0	0.0	1.8	1.9
Judicial	7.5	7.5	0.0	0.0	7.5	7.5
General government	33.5	16.7	0.0	0.0	33.5	16.7
Public safety	64.2	61.7	0.0	0.0	64.2	61.7
Public works	27.2	28.6	0.0	0.0	27.2	28.6
Parks & Recreation	5.4	6.9	0.0	0.0	5.4	6.9
Community development	10.8	16.5	0.0	0.0	10.8	16.5
Interest on long term debt	0.8	1.0	0.0	0.0	0.8	1.0
Hospital	0.0	0.0	358.6	354.3	358.6	354.3
Water	0.0	0.0	39.4	42.3	39.4	42.3
Sewer	0.0	0.0	31.1	29.9	31.1	29.9
Golf Course	0.0	0.0	1.5	0	1.5	0.0
Total Expenses	<u>151.2</u>	<u>140.8</u>	<u>430.6</u>	<u>426.5</u>	<u>581.8</u>	<u>567.3</u>
Transfers	<u>3.0</u>	<u>5.7</u>	<u>-3.0</u>	<u>-5.7</u>	<u>0.0</u>	<u>0.0</u>
Changes in net assets	<u>-48.1</u>	<u>-25.0</u>	<u>-21.3</u>	<u>-19.1</u>	<u>-69.4</u>	<u>-44.1</u>
Net assets - beginning	<u>109.7</u>	<u>61.6</u>	<u>222.7</u>	<u>201.4</u>	<u>332.4</u>	<u>263.0</u>
Net assets - end	<u>61.6</u>	<u>36.6</u>	<u>201.4</u>	<u>182.3</u>	<u>263.0</u>	<u>218.9</u>

Analysis of Fund Financial Statements

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

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

As of the end of the 2011 fiscal year, the City of Flint's governmental funds reported a combined ending fund deficit of \$0.2 million, an increase of \$8.0 million from the prior year. This increase mainly relates to the City receiving \$8 million from the State in deficit elimination bonds. An approximately \$8.9 million deficit constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City of Flint. The City of Flint ended with a \$7.3 million deficit in 2011. This is 10.7% of total revenues. This is the result of the \$14.6 million deficit from 2010, less a reduction of \$7.3 million in 2011. The General Fund operated at a deficiency of expenditures over revenues for the 2011 fiscal year in the amount of \$0.2 million. However, the General Fund did borrow cash of \$3.0 million from various funds for working capital in 2011 and also, as mentioned above, received \$8 million in deficit elimination bonds from the State and then transferred out \$3.5 million to cover operations in other funds of the City that are operating at deficits, such as the Building Department and Parks and Recreation. The decline of the General Fund cash is mainly due to a reduction in property tax collections due to declining taxable values (\$1.1 million) and fines and forfeitures (\$.4 million).

The remaining governmental funds have a fund balance of \$7.1 million, of which virtually all of it is nonspendable or restricted for specific purposes. The largest fund balances among the governmental funds are the Major and Local Streets, \$2.2 million and Capital Improvements, \$2.8 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.

The Governor of the State of Michigan has appointed an Emergency Manager for the City of Flint, effective December 1, 2011, due in part to a consistent deficit in the general fund, the decline in pooled cash, budget issues, and unfunded liabilities for post-employment benefits. The Emergency Manager, Michael K. Brown, is authorized to "act for and in the place and stead of the governing body and the office of chief administrative officer of the City of Flint."

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 \$98.5 million, an increase of \$4.2 million. The increase is primarily a result of an increase in net income from operations. The Hurley Medical Center issued a \$35 million bond in 2010 to finance its Emergency Room modernization project scheduled to be completed in 2012.

Total net assets in the Water Fund are \$18.4 million, a decrease of \$6.6 million from the previous year attributable mostly to operating income as rates charged did not cover costs to run the system. The Water Fund has a bond reserve account of \$2.8 million and an equipment reserve account of \$3.0 million. Water operating revenues increased by \$4.8 million while cost of water purchased increased by \$3.8 million. Water operating revenues, plus interest income, exceeded total operating costs, less depreciation, less OPEB, by \$4.6 million. The combined interest and principal payments were \$2.1 million, providing a legal debt margin below the required 125%.

Net assets of the Sewer Fund decreased by \$14.1 million to \$65.5 million. Sewer operating revenues increased slightly by \$1.7 million, while sewer operating costs decreased by \$1.2 million. However, even with these changes, the costs to run the system out ways the money being brought in.

Budgetary Highlights

Original to Amended - The General Fund amended revenues budget of \$60.0 million was \$4.6 million greater than the original budget. The budget was amended due to additional local grant revenue that was not originally anticipated. The General Fund amended expenditures budget of \$62.5 million was \$5.1 million greater than originally budgeted for due to budget staffing cuts that were not made. The majority of the increase is due to

Amended to Actual - General Fund expenditures totaled \$67.3 million, \$4.8 million more than the final amended budget. General Fund revenues of \$67.2 million were \$7.2 million above the amended budget. The largest difference between budget and actual expenditures is in General Government (\$6.5 million which was due to the Genesee Towers settlement) and public safety (\$2.0 million). The biggest losses in revenue came from property taxes (\$1.6 million), fines and forfeits (\$0.7 million), and local grant revenue (\$0.9 million), while the majority of the increases over budget for revenues related to the Genesee Tower judgment levy that was received in the current year but not budgeted for.

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, 2011 amounts to \$393.3 million (net of accumulated depreciation), a net increase of \$8.4 million. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City of Flint's capital assets can be found in Note 6.

City of Flint

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>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Land	13.4	14.3	6.1	5.2	19.5	19.5
Construction in progress	0.0	0.0	13.6	38.3	13.6	38.3
Building and System	4.8	5.7	71.4	69.9	76.2	75.6
Improvements other than buildings	4.3	4.7	5.6	4.7	9.9	9.4
Machinery and Equipment	7.8	7.0	105.2	96.4	113.0	103.4
Roads and Sidewalks	152.8	147.2	0.0	0.0	152.8	147.2
Total	183.1	178.9	201.9	214.5	385.0	393.4

The City governmental activities made major capital improvements during 2011:

- Curb and Gutter \$.01 million
- Streets and Enhancement 5.7 million
- Sidewalks 0.4 million
- Signs and Signals 0.6 million
- Vehicles and Equipment 0.02 million
- Trails 0.7 million

Total capital improvements, as a result of governmental activities, were \$9.4 million. Depreciation was \$16.6 million.

The City business-type activities also made capital improvements during 2011:

- Building Improvements \$ 5.9 million
- Equipment 4.5 million

Total capital improvements as a result of business-type activities were \$33.2 million, with most of the improvements being made at Hurley Medical Center. Depreciation was \$19.5 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. The City did not issue any additional bonds in 2011.

City of Flint

Management's Discussion and Analysis (Continued)

Long-term Debt - At year-end the City had \$38.8 million in bonds and notes and compensated absences outstanding for governmental activities and \$117.2 million in bonds and notes outstanding for business-type activities. Total long-term debt increased by \$0.3 million to \$156.0 million at year-end due to the aforementioned Hurley Medical Center Bonds. Additional information on the City of Flint's long-term debt can be found in Note 9.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
General Obligation Bonds	11.3	9.7	0.0	0.0	11.3	9.7
Revenue Bonds and Notes	0.0	0.0	122.7	117.2	122.7	117.2
Other Notes	14.0	21.9	0.0	0.0	14	21.9
Capital Leases	0.4	0.3	0.0	0.0	0.4	0.3
Accrued Annual & Sick Pay	7.4	6.9	0.0	0.0	7.4	6.9
Total	33.1	38.8	122.7	117.2	155.8	156.0

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 - Like most cities throughout the State of Michigan, the City of Flint in the year 2011 continued to take its share of hits in this struggling economy. However, like a true champion, Flint took those hits in 2011, is still standing and has landed a few hits itself.

The revitalization of Downtown Flint continues to be the bright spot for the City. 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 completed, and have resulted in many residents (and non-residents) heading downtown for entertainment, shelter, food, or to enjoy the collegiate atmosphere.

City of Flint

Management's Discussion and Analysis (Continued)

The new Rowe Engineering Building has been a great asset to the City of Flint. An investment of over \$22.7 million, this beautiful facility is home to the Regional Rowe Engineering Group. The Rowe engineering team occupies over 30,000 square feet of office space and is home to 100 employees from across Southeastern Michigan. The ground floor contains prime office, retail and restaurant spaces. The engineering team is an excellent technical asset to the downtown area and the entire community-at-large. The beautifully designed building also houses eight residential lofts that are fully occupied.

The once grand Durant Hotel, abandoned in 1973 and an eyesore since, is now renovated, open for residency and grand once again. The eight story hotel, named after General Motors founder Billy Durant, was built in 1920 and was the City's largest and most upscale hotel. A picture of the Durant in its "heyday" was featured on the 2007 CAFR, at the start of the renovations, and the renovations were featured on the cover of the 2010 CAFR. Today, the Durant, a \$30 million project, has 93 modern apartments with high ceilings, wide spaces, stainless steel appliances and dark wood cabinets. The lower-level commercial areas will be leased for office and retail use. The building also features gated parking, a renovated lobby and a ballroom that still has the original gray and white checkered floor. The revival of this long vacant landmark tells a riches-to-rags-to-riches story that gives hope to the City of Flint. It is the symbol of what we think can happen with perseverance. The developers are now surveying additional downtown properties for redevelopment.

In 2010-2011, the Charles Stewart Mott Foundation continued to make a difference in the City of Flint, by awarding a grant for a 21st Century Community Policing initiative. These grants have enabled Flint to bring back neighborhood foot patrols. More than 18 community police officers have been deployed across all nine of the city's wards, including a foot patrol officer in every ward during second shift. The State of Michigan has partnered with the City to provide additional public safety assistance., including troopers and funding for more jail space.

The City of Flint has approximately 30,000 University students that attend school at the four higher education institutions here: Kettering University, the University of Michigan-Flint campus, Mott Community College and Baker College.

Kettering University continues to be one of the top-rated engineering schools in the country and a global leader of technology and innovation. Now open is the \$3.4 million Kettering Innovation Center/Technology Park, a business incubator for the development of start-up companies in the City of Flint and the surrounding community, including Swedish Biogas LLC and Global Energy Innovations. One of the university's specialties is Fuel Cells. The University's Fuel Cell Systems and Powertrain Integration are taking the lead in preparing the current and future workforce for what President Obama called the new energy economy. Dr. Joel Berry is Head of the Department of Mechanical Engineering at Kettering University and Director of the school's Fuel Cell Center. He is also President and Chief Technical Officer for Global Energy Innovations, Inc. and considered to be one of the foremost authorities on Fuel Cell Technology in the world.

The University of Michigan-Flint continues to set new records for enrollment with approximately 8,000 students at its beautiful downtown Flint campus. With a very widely-recognized academic, competitive curriculum and state-of-the-art residence hall, the President's Council of Michigan tabbed UM-Flint as the fastest growing university in Michigan. One of the largest areas of increased enrollment comes from international students, with over 230 students from 30 countries. For four years in a row the residence hall has been full; however, the opening of the Riverfront Residence Hall (formerly the Character Inn) and the Durant Hotel have provided excellent off-campus living accommodations.

City of Flint

Management's Discussion and Analysis (Continued)

Mott Community College is one of the country's leading community colleges and now can boast having the best president in North America. Last year, the Washington-based Association of Community College Trustees (ACCT) named Dr. M. Richard Shaink, President of Mott Community College in Flint, as the best community college president/CEO in North America. MCC can also boast about its 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 simulate exact medical conditions that students will experience once out in the "real world."

Baker College, the largest independent college in the State of Michigan, has the most forward approach to education and job training available. 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.

Part of the City of Flint's continuous effort to support our universities and colleges is shown in the completion of our Kettering Gateway project. This \$3 million project was designed to ease the entryway from I-69 to Kettering University. Kettering is among the greatest research universities in the country and this will give people a much easier way to navigate to their campus, with a new road open and a new direct route to the university.

A second stimulus-funded project, the Kettering extension of the Flint River Trail connects campus walkers and bikers to the University of Michigan Flint campus, downtown Flint, the Cultural Center and the Farmers' Market.

Along the Kettering Gateway is the 80-acre campus of the Michigan School for the Deaf, a longstanding Flint institution. MSD has partnered with private developers and the Powers Catholic High School (currently in Mt. Morris Township) on a \$36 million construction project for new buildings and the renovation of existing buildings, which will result in the high school moving to the campus in Flint. This will be the largest single construction project in Flint in at least a decade, creating jobs and boosting the economy. The private high school attracts tuition-paying students from throughout the County.

The City also realizes a tremendous boost in its financial arm through citizen participation in various community activities in Downtown Flint. The Crim Festival of Races, which continues to expand year after year, the "Back to the Bricks" Cruise and Car Show, and "Bike on the Bricks" attract over 250,000 people to Downtown Flint. The many community-based activities draw our citizens together, as well as thousands from around the country, and help fuel the City's economy.

City of Flint

Management's Discussion and Analysis (Continued)

The new General Motors is continuing to gain ground on its total transformation of the company. The "New GM" is still 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. GM is currently spending millions to retool several of its plants and increase production capacity, including its Flint Assembly plant, for the next generation of Chevrolet and GMC full-sized trucks. The Flint Engine Operations plant is now producing powertrains for the new Chevrolet Sonic, the Chevrolet Cruze and the Chevy Volt, which won the Motor Trend Car of the Year and the Green Car of the Year awards. Motor Trend presented its 2011 Truck of the Year Award to the Flint Assembly/UAW Local 598 team in January 2011 for the Chevrolet Silverado HD, which is produced in Flint.

The City of Flint was hit hard with a property tax settlement with GM for the 2008, 2009 and 2010 tax years, that cost the City over \$2 million. On the other hand, the Federal Government has promised \$836 million to help clean up old GM sites, including some located in Flint.

Other recent economic boosts include the move of the Corporate Headquarters of Diplomat Pharmacy to the Great Lakes Technology Centre located in south Flint. The sixth-largest specialty pharmacy company in the nation, and the only one in Michigan, secured a \$61.5 million tax credit over 18 years from the Michigan Economic Growth Authority Board. The president of Diplomat, Phil Hagermean, says "this is an opportunity to reinvent and revitalize a community." Diplomat currently has about 500 employees, with plans to hire over 1,000 in the next five years and 4,000 by 2028. This will bring a new industry to Flint that provides expensive medications and patient support to people across the country who suffer from serious ailments such as cancer and multiple sclerosis.

Medicine may be the cure for Flint: The founders of the Insight Institute of Neurosurgery and Neuroscience, also in the Great Lakes Technology Centre, announced plans to invest \$18 million over the next 10 years. The institute's founders, Doctors Jawad Shah and Amer Iqbal, want to renovate a portion of the center to create a research incubator for the development, testing and manufacture of new technologies for neurosurgery and patient treatment. Up to 120 jobs could be created over the next five years. The jobs created would be what they described as "higher level" positions, such as engineers, researchers, PhDs and biochemists.

Bishop Airport continues to grow and is expected to fly more than one million passengers per year, with the potential to reach two million. Bishop has also begun a \$4.6 million project to improve its facilities inside and out to prepare for the Airport's, and the City's, anticipated growth for the new intermodal focus. This expansion is designed to increase the size of the terminal by about 47,000 square feet and add four new gates.

In summary, this has been a year of ongoing battles with economic challenges; however, there was tremendous optimism, particularly in the City's downtown area within its institutions of higher learning and with the further development of medical resources. 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. In fact, Flint was named one of 11 "comeback cities" for 2011 by the finance publication Kiplinger.com.

City of Flint

Management's Discussion and Analysis (Continued)

Budgets - The financial issues the City faced in years past continued with the announcement of further State of Michigan revenue cuts, property tax losses, and income tax losses. Many cost-cutting strategies such as layoffs, increasing payments for healthcare for employees, and negotiating concessions with all bargaining units may be implemented to cover the shortfall.

The City continues to deal with a number of issues that will impact the next budget cycle including a loss of City Income Tax Revenues, resulting from high unemployment, and the decline of its property tax base, along with increases in pension and other post employment benefit 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 established 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 of Flint was unable to meet that requirement for 2011.

The City has set rates each year to meet the requirements of the resolution. The City of Detroit has raised water rates an average of 10% per year. The Flint City Water Department has successfully processed water from the Flint River system as a backup system. 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. In January 2011, the City of Flint announced the increase of water and sewer rates by 25% and 22% respectively. Another rate increase took place in September 2011 in an attempt to bring the rates in line with the actual costs of purchasing water from Detroit and maintaining the water and sewer infrastructure.

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, Room #203, Flint, Michigan 48502.

Statement of Net Assets June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments (Note 3)	\$ 837,590	\$ -	\$ 837,590	\$ -
Cash and cash equivalents (Note 4)	1,072,649	14,310,241	15,382,890	1,412,046
Investments (Note 4)	850,949	70,707,938	71,558,887	-
Receivables (net of allowance, where applicable): (Note 5)				
Property taxes receivable	1,407,541	-	1,407,541	-
Receivables from sales to customers on account	-	58,938,295	58,938,295	-
Accrued interest receivable	59,376	375,451	434,827	-
Other receivables	6,122,940	-	6,122,940	817,398
Due from other governmental units	11,280,911	-	11,280,911	-
Loan receivable	11,277,363	-	11,277,363	657,818
Due from component units (Note 7)	10,917,740	-	10,917,740	-
Internal balances (Note 7)	(6,939,772)	6,939,772	-	-
Note receivable - Current portion	130,000	-	130,000	-
Inventory	222,251	5,340,394	5,562,645	-
Prepaid costs	185,371	2,993,302	3,178,673	22,958
Restricted assets: (Note 10)				
Pooled cash and investments	-	5,848,116	5,848,116	-
Cash and equivalents	283,675	22,667,166	22,950,841	273,953
Investments	-	26,842,970	26,842,970	-
Accrued interest receivable	-	203,077	203,077	-
Investment in joint ventures (Note 1)	-	5,181,260	5,181,260	-
Land held for resale	1,540,000	-	1,540,000	48,400
Other assets	-	3,434,693	3,434,693	-
Note receivable - Long-term	130,000	-	130,000	-
Capital assets: (Note 6)				
Assets not subject to depreciation	14,315,078	43,511,456	57,826,534	5,930,372
Assets subject to depreciation	164,542,026	170,941,980	335,484,006	9,785,631
Total assets	218,235,688	438,236,111	656,471,799	18,948,576

Statement of Net Assets (Continued) June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	4,620,527	23,683,797	28,304,324	57,778
Due to other governmental units	375,034	-	375,034	-
Due to primary government (Note 7)	-	-	-	10,917,740
Deposits and advances	550,486	528,335	1,078,821	28,055
Accrued liabilities and other	2,912,874	45,565,456	48,478,330	8,395
Unearned revenue (Note 5)	1,828,967	-	1,828,967	11,322
Noncurrent liabilities:				
Due within one year:				
Claims payable (Note 16)	4,398,000	6,266,927	10,664,927	-
Long-term debt (Note 9)	5,060,106	6,055,000	11,115,106	-
Due in more than one year:				
Claims payable (Note 16)	1,370,000	28,616,242	29,986,242	-
Net pension obligation (Note 11)	-	5,505,003	5,505,003	-
Net OPEB obligation (Note 12)	126,742,368	28,542,302	155,284,670	-
Long-term debt (Note 9)	33,741,106	111,170,336	144,911,442	-
Total liabilities	<u>181,599,468</u>	<u>255,933,398</u>	<u>437,532,866</u>	<u>11,023,290</u>
Net Assets				
Invested in capital assets - Net of related debt	\$ 176,533,920	\$ 127,847,276	\$ 304,381,196	\$ 6,071,313
Restricted for:				
Streets	2,333,047	-	2,333,047	-
Public Improvement	2,860,821	-	2,860,821	-
Police	1,068,635	-	1,068,635	-
Community Development	689,834	-	689,834	103,400
Parks and Recreation	114,513	-	114,513	-
Economic Development	1,110,053	-	1,110,053	2,268,916
Building Inspection	360,820	-	360,820	-
Garbage Collection	342,047	-	342,047	-
Debt service	7,163	2,811,627	2,818,790	-
Capital replacement	-	3,036,490	3,036,490	-
Donor Restrictions and Other	-	5,584,506	5,584,506	-
Unrestricted (deficit)	<u>(148,784,633)</u>	<u>43,022,814</u>	<u>(105,761,819)</u>	<u>(518,343)</u>
Total net assets	<u>\$ 36,636,220</u>	<u>\$ 182,302,713</u>	<u>\$ 218,938,933</u>	<u>\$ 7,925,286</u>

City of Flint

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 16,738,723	\$ 17,281,364	\$ 1,212,195	\$ 402,829
Judicial	7,504,547	1,668,559	230,475	-
Public safety:				
Police	31,774,517	1,157,060	2,384,348	595,716
Fire	17,140,288	115,061	-	-
Building inspection	8,610,149	3,173,389	1,003,731	2,721,403
Emergency dispatch	4,147,389	1,606,143	-	-
Public works	6,771,852	2,753	-	-
Legislative	1,901,350	-	-	-
Community development	16,541,698	53,960	12,261,441	2,018,941
Parks and recreation	6,803,411	554,742	633,262	51,631
Transportation	21,777,262	183,352	9,517,652	624,425
Interest on long-term debt	1,132,521	-	-	-
Total governmental activities	140,843,707	25,796,383	27,243,104	6,414,945
Business-type activities:				
Hospital	354,320,789	356,522,491	-	-
Water	42,293,899	36,762,663	-	7,400
Sewer	29,901,916	17,637,811	-	7,306
Total business-type activities	426,516,604	410,922,965	-	14,706
Total primary government	<u>\$ 567,360,311</u>	<u>\$ 436,719,348</u>	<u>\$ 27,243,104</u>	<u>\$ 6,429,651</u>
Component units				
Downtown Development Authority	\$ 1,731,585	\$ 772,286	\$ -	\$ -
Atwood Stadium Building Authority	-	-	-	-
Economic Development Authority	270,292	90,059	-	-
Flint Area Enterprise Community	378,017	-	72,230	-
Total component units	<u>\$ 2,379,894</u>	<u>\$ 862,345</u>	<u>\$ 72,230</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Income taxes				
State-shared revenue (unrestricted)				
Investment earnings (unrestricted)				
Cable franchise fees (unrestricted)				
Other miscellaneous income				
Total general revenues				
Transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities Year Ended June 30, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 2,157,665	\$ -	\$ 2,157,665	\$ -
(5,605,513)	-	(5,605,513)	-
(27,637,393)	-	(27,637,393)	-
(17,025,227)	-	(17,025,227)	-
(1,711,626)	-	(1,711,626)	-
(2,541,246)	-	(2,541,246)	-
(6,769,099)	-	(6,769,099)	-
(1,901,350)	-	(1,901,350)	-
(2,207,356)	-	(2,207,356)	-
(5,563,776)	-	(5,563,776)	-
(11,451,833)	-	(11,451,833)	-
(1,132,521)	-	(1,132,521)	-
(81,389,275)	-	(81,389,275)	-
-	2,201,702	2,201,702	-
-	(5,523,836)	(5,523,836)	-
-	(12,256,799)	(12,256,799)	-
-	(15,578,933)	(15,578,933)	-
(81,389,275)	(15,578,933)	(96,968,208)	-
-	-	-	(959,299)
-	-	-	-
-	-	-	(180,233)
-	-	-	(305,787)
-	-	-	(1,445,319)
18,142,422	-	18,142,422	347,810
14,396,346	-	14,396,346	-
16,424,088	-	16,424,088	-
507,915	2,048,499	2,556,414	156,802
1,215,745	-	1,215,745	-
84,408	56,575	140,983	87,757
50,770,924	2,105,074	52,875,998	592,369
5,670,849	(5,670,849)	-	-
(24,947,502)	(19,144,708)	(44,092,210)	(852,950)
61,583,722	201,447,421	263,031,143	8,778,236
\$ 36,636,220	\$ 182,302,713	\$ 218,938,933	\$ 7,925,286

City of Flint

Governmental Funds Balance Sheet June 30, 2011

	General Fund	Federal Grants Fund	Nonmajor Governmental Funds	Total
Assets				
Pooled cash and investments	\$ -	\$ -	\$ 492,209	\$ 492,209
Cash and cash equivalents (Note 4)	352,858	404,623	191,253	948,734
Investments (Note 4)	-	850,949	-	850,949
Receivables: (Note 5)				
Property taxes receivable	974,820	-	432,721	1,407,541
Accrued interest receivable	-	21,172	38,204	59,376
Other receivables	2,133,359	25,287	572,487	2,731,133
Due from other governmental units	5,928,522	2,953,316	2,399,073	11,280,911
Notes and leases receivable	-	10,396,828	880,535	11,277,363
Due from component units (Note 7)	72,992	-	10,844,747	10,917,739
Due from other funds (Note 7)	-	-	6,326,527	6,326,527
Inventory	13,870	-	8,398	22,268
Prepaid costs	33,125	-	-	33,125
Land held for resale	1,540,000	-	-	1,540,000
Restricted assets (Note 10)	-	283,675	-	283,675
Total assets	\$ 11,049,546	\$ 14,935,850	\$ 22,186,154	\$ 48,171,550
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,462,047	\$ 756,519	\$ 859,503	\$ 3,078,069
Due to other governmental units	375,034	-	-	375,034
Due to other funds (Note 7)	14,491,155	1,813,531	1,613,269	17,917,955
Deposits and advances	-	-	550,486	550,486
Accrued liabilities and other	839,385	5,119	812,362	1,656,866
Deferred revenue (Note 5)	1,158,064	11,670,847	11,948,553	24,777,464
Total liabilities	18,325,685	14,246,016	15,784,173	48,355,874
Fund Balances				
Nonspendable:				
Inventory / Assets held for resale	1,553,870	-	8,398	1,562,268
Prepays	33,125	-	-	33,125
Long-term receivable	-	-	1,171,848	1,171,848
Restricted:				
Roads	-	-	2,247,140	2,247,140
Police	-	-	919,951	919,951
Debt service	-	-	7,163	7,163
Community Development	-	689,834	-	689,834
Capital projects	-	-	1,657,446	1,657,446
Economic development	-	-	191,314	191,314
Parks and recreation	-	-	77,342	77,342
Garbage collection	-	-	119,712	119,712
Unassigned (deficit)	(8,863,134)	-	1,667	(8,861,467)
Total fund balances (deficit)	(7,276,139)	689,834	6,401,981	(184,324)
Total liabilities and fund balances	\$ 11,049,546	\$ 14,935,850	\$ 22,186,154	\$ 48,171,550

City of Flint

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended June 30, 2011

Fund Balance Reported in Governmental Funds	\$ (184,324)
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	175,663,985
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	22,948,498
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(31,601,079)
Accrued interest related to governmental activities debt is not reported in the funds	(240,208)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(6,914,029)
Net post employment benefit obligation is not due and payable in the current period and is not reported in the funds	(126,742,368)
Internal Service Funds are included as part of governmental activities	<u>3,705,745</u>
Net Assets of Governmental Activities	<u>\$ 36,636,220</u>

City of Flint

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2011

	General Fund	Federal Grants Fund	Nonmajor Governmental Funds	Total
Revenue				
Property taxes	\$ 9,001,075	\$ -	\$ 9,034,177	\$ 18,035,252
Income taxes	14,396,346	-	-	14,396,346
Licenses and permits	1,316,090	-	1,903,970	3,220,060
Federal grants	2,021,060	13,503,168	4,194,370	19,718,598
State revenue	16,774,308	1,016,962	9,135,752	26,927,022
Charges for services	11,169,620	68,191	1,249,667	12,487,478
Fines and forfeitures	1,896,350	-	190,829	2,087,179
Interest	158,588	304,019	709,613	1,172,220
Judgment levy	8,395,067	-	-	8,395,067
Other revenue	2,045,415	154,009	337,411	2,536,835
Total revenue	67,173,919	15,046,349	26,755,789	108,976,057
Expenditures				
Current:				
General government	16,731,923	-	144,041	16,875,964
Judicial-68th district court	5,292,589	-	-	5,292,589
Public safety:				
Police department	22,249,367	502,228	2,355,140	25,106,735
Fire	11,359,361	3,140,395	-	14,499,756
Building inspection	113,246	-	7,222,530	7,335,776
Emergency dispatch	2,913,655	-	-	2,913,655
Public works	-	-	4,405,115	4,405,115
Legislative	1,226,475	-	-	1,226,475
Community development	627,433	7,622,464	35,507	8,285,404
Parks and recreation	4,092,570	3,697,499	1,488,827	9,278,896
Transportation	2,738,014	-	9,807,386	12,545,400
Debt service:				
Principal	-	268,000	1,772,435	2,040,435
Interest on long-term debt	-	95,293	528,580	623,873
Total expenditures	67,344,633	15,325,879	27,759,561	110,430,073
Excess of Revenue Over (Under) Expenditures	(170,714)	(279,530)	(1,003,772)	(1,454,016)
Other Financing Sources (Uses)				
Face value of debt issue	8,000,000	-	-	8,000,000
Proceeds from sale of capital assets	1,750	-	-	1,750
Transfers in (Note 7)	2,993,412	-	3,861,827	6,855,239
Transfers out (Note 7)	(3,479,041)	-	(1,877,727)	(5,356,768)
Total other financing sources (uses)	7,516,121	-	1,984,100	9,500,221
Net Change in Fund Balances	7,345,407	(279,530)	980,328	8,046,205
Fund Balances - Beginning of year	(14,621,546)	969,364	5,421,653	(8,230,529)
Fund Balances (Deficit) - End of year	\$ (7,276,139)	\$ 689,834	\$ 6,401,981	\$ (184,324)

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	8,046,205
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Capital outlay		5,973,923
Depreciation expense		(14,839,404)
Net book value of assets disposed of		(25,512)
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		2,415,962
Capital assets, net of accumulated depreciation, were transferred to governmental activities as golf course operations were moved to the General Fund from the Golf Course Enterprise Fund		2,966,840
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets		(8,000,000)
Increase in net post employment benefit obligation		(33,533,290)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		2,152,419
Change in accrued interest is not reported in the funds		240,209
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		518,616
Genesee Towers settlement was recorded on the statement of net assets when probable and estimatable in prior year and expensed at that point, but expensed on the governmental funds when paid during the current year		8,287,438
Internal Service Funds are included as part of governmental activities		849,092
Change in Net Assets of Governmental Activities	\$	<u>(24,947,502)</u>

Proprietary Funds Statement of Net Assets June 30, 2011

	Enterprise Funds					Governmental Activities
	Nonmajor				Total	Internal Service Funds
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division	Enterprise - Golf Course		
Assets						
Current assets:						
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,381
Cash and cash equivalents	14,081,274	228,967	-	-	14,310,241	123,915
Investments	70,707,938	-	-	-	70,707,938	-
Receivables:						
Receivables from sales to customers on account (net of uncollectible allowance of \$39,798,000)	44,994,636	8,633,032	5,310,627	-	58,938,295	-
Accrued interest receivable	375,451	-	-	-	375,451	-
Other receivables	-	-	-	-	-	3,391,807
Due from other funds (Note 7)	-	-	10,524,275	-	10,524,275	6,000,274
Note receivable - Current portion	-	-	-	-	-	130,000
Inventory	4,244,902	433,967	661,525	-	5,340,394	199,983
Prepaid costs	2,993,302	-	-	-	2,993,302	152,246
Total current assets	137,397,503	9,295,966	16,496,427	-	163,189,896	10,343,606
Noncurrent assets:						
Restricted assets: (Note 10)						
Pooled cash and investments	-	5,848,116	-	-	5,848,116	-
Cash and equivalents	22,667,166	-	-	-	22,667,166	-
Investments	26,842,970	-	-	-	26,842,970	-
Accrued interest receivable	203,077	-	-	-	203,077	-
Advances to other funds (Note 7)	-	-	1,348,618	-	1,348,618	-
Investment in joint ventures	5,181,260	-	-	-	5,181,260	-
Other assets	3,359,480	-	75,213	-	3,434,693	-
Note receivable - Long-term	-	-	-	-	-	130,000
Capital assets: (Note 6)						
Assets not subject to depreciation	42,646,471	724,317	140,668	-	43,511,456	-
Assets subject to depreciation	52,952,072	52,253,233	65,736,675	-	170,941,980	3,193,119
Total noncurrent assets	153,852,496	58,825,666	67,301,174	-	279,979,336	3,323,119
Total assets	291,249,999	68,121,632	83,797,601	-	443,169,232	13,666,725

Proprietary Funds Statement of Net Assets (Continued) June 30, 2011

	Enterprise Funds				Total	Governmental Activities
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division	Non-Major Enterprise Fund		Proprietary Internal Service
				- Golf Course		Fund
Liabilities						
Current liabilities:						
Accounts payable	\$ 18,664,073	\$ 4,502,096	\$ 517,628	\$ -	\$ 23,683,797	\$ 1,542,458
Due to other funds (Note 7)	-	4,081,921	851,200	-	4,933,121	-
Deposits and advances	-	528,335	-	-	528,335	-
Accrued liabilities and other	44,506,101	533,934	525,421	-	45,565,456	1,015,800
Claims payable - Current	6,266,927	-	-	-	6,266,927	4,398,000
Current portion of long-term debt	3,965,000	2,090,000	-	-	6,055,000	118,669
Total current liabilities	73,402,101	11,736,286	1,894,249	-	87,032,636	7,074,927
Noncurrent liabilities:						
Advances from other funds (Note 7)	-	-	-	-	-	1,348,618
Claims payable	28,616,242	-	-	-	28,616,242	1,370,000
Net pension obligation	5,505,003	-	-	-	5,505,003	-
Net OPEB obligation	-	12,092,944	16,449,358	-	28,542,302	-
Long-term debt	85,245,000	25,925,336	-	-	111,170,336	167,435
Total noncurrent liabilities	119,366,245	38,018,280	16,449,358	-	173,833,883	2,886,053
Total liabilities	192,768,346	49,754,566	18,343,607	-	260,866,519	9,960,980
Net Assets						
Invested in capital assets - Net of related debt	37,007,719	24,962,214	65,877,343	-	127,847,276	2,907,015
Restricted:						
Donor restrictions and other	5,584,506	-	-	-	5,584,506	-
Debt service	-	2,811,627	-	-	2,811,627	-
Capital replacement	-	3,036,490	-	-	3,036,490	-
Unrestricted (deficit)	55,889,428	(12,443,265)	(423,349)	-	43,022,814	798,730
Total net assets	\$ 98,481,653	\$ 18,367,066	\$ 65,453,994	\$ -	182,302,713	\$ 3,705,745
Net Assets of Business-type Activities					\$ 182,302,713	

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Assets

Year Ended June 30, 2011

	Enterprise Funds					Governmental
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division	Nonmajor	Total	Internal Service Funds
				Enterprise Fund - Golf Course		
Operating Revenue						
Charges for services	\$ 354,078,435	\$ 36,747,833	\$ 17,637,811	\$ -	\$ 408,464,079	\$ 44,908,219
Other miscellaneous revenue	-	14,830	-	-	14,830	-
Total operating revenue	354,078,435	36,762,663	17,637,811	-	408,478,909	44,908,219
Operating Expenses						
Salaries, wages, and fringe benefits	249,656,798	12,043,462	16,575,355	-	278,275,615	4,671,321
Utilities	5,758,257	732,787	2,320,795	-	8,811,839	24,640
Equipment operation	-	398,404	539,251	-	937,655	5,465
Claims and settlements	-	-	-	-	-	5,923,375
Repair and maintenance	3,608,413	437,370	428,660	-	4,474,443	375,314
Supplies	42,702,389	680,635	1,452,783	-	44,835,807	2,159,193
Insurance	8,458,465	-	-	-	8,458,465	370,096
Professional services	19,861,512	700,728	1,037,742	-	21,599,982	2,786,705
Administrative costs	-	1,132,511	885,601	-	2,018,112	-
Miscellaneous	9,362,552	924,319	1,540,726	-	11,827,597	33,811
Costs of materials or services rendered	-	20,919,987	-	-	20,919,987	27,311,074
Depreciation and amortization	10,839,295	3,569,753	5,120,056	-	19,529,104	1,778,115
Total operating expenses	350,247,681	41,539,956	29,900,969	-	421,688,606	45,439,109
Operating Income (Loss)	3,830,754	(4,777,293)	(12,263,158)	-	(13,209,697)	(530,890)
Nonoperating Revenue (Expenses)						
Investment income	1,994,684	14,323	39,492	-	2,048,499	17,237
Net income from joint ventures	1,469,880	-	-	-	1,469,880	-
Interest expense	(3,840,106)	(753,943)	(947)	-	(4,594,996)	-
Restricted contributions net of expenses	741,174	-	-	-	741,174	-
Disposal of capital assets	-	-	-	(2,966,841)	(2,966,841)	-
Miscellaneous expense	(1,440)	58,015	-	-	56,575	-
Total nonoperating revenue (expenses)	364,192	(681,605)	38,545	(2,966,841)	(3,245,709)	17,237
Income (Loss) - Before contributions	4,194,946	(5,458,898)	(12,224,613)	(2,966,841)	(16,455,406)	(513,653)
Capital Contributions						
Grants	-	7,400	7,306	-	14,706	157,208
Transfers In (Note 7)	-	-	-	285,992	285,992	1,205,537
Transfers Out (Note 7)	-	(1,130,000)	(1,860,000)	-	(2,990,000)	-
Change in Net Assets	4,194,946	(6,581,498)	(14,077,307)	(2,680,849)	(19,144,708)	849,092
Net Assets - Beginning of year	94,286,707	24,948,564	79,531,301	2,680,849	201,447,421	2,856,653
Net Assets - End of year	\$ 98,481,653	\$ 18,367,066	\$ 65,453,994	\$ -	\$ 182,302,713	\$ 3,705,745

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2011

	Enterprise Funds				Governmental	
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division	Nonmajor Enterprise - Golf Course	Internal Service Funds	
				Total		
Cash Flow from Operating Activities						
Receipts from customers and users	\$ 353,337,462	\$ 36,201,159	\$ 17,201,771	\$ -	\$ 406,740,392	\$ 41,572,060
Payments to vendors	(178,737,519)	(24,676,683)	(7,315,456)	-	(210,729,658)	(35,917,684)
Payments to employees	(164,640,951)	(8,612,840)	(11,867,268)	-	(185,121,059)	(6,128,309)
Internal activity - Payments to other funds	-	(910,000)	(1,500,000)	-	(2,410,000)	-
Claims paid	-	-	-	-	-	(2,707,210)
Other receipts	-	-	-	-	-	(275,919)
Net cash provided by (used in) operating activities	9,958,992	2,001,636	(3,480,953)	-	8,479,675	(3,457,062)
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	-	-	-	-	-	1,205,537
Loans related to pooled cash received from other funds	-	3,059,998	-	-	3,059,998	-
Repayments of loans related to pooled cash made to other funds	-	-	5,008,529	-	5,008,529	-
Transfers to other funds	-	(1,130,000)	(1,860,000)	(2,525)	(2,992,525)	-
Pooled cash receipts (to) from other funds	-	-	-	-	-	(969,092)
Repayments of loans from other funds	-	-	-	-	-	431,507
Contributions for restricted purposes	1,464,010	-	-	-	1,464,010	-
Interest payments on pooled cash advances	-	-	-	-	-	5,457
Payments received on long term note receivable	-	-	-	-	-	130,000
Pooled cash advances made to other funds	-	-	1,078,131	-	1,078,131	-
Net cash provided by (used in) noncapital financing activities	1,464,010	1,929,998	4,226,660	(2,525)	7,618,143	803,409
Cash Flows from Capital and Related Financing Activities						
Capital contributions	-	7,400	7,306	-	14,706	157,208
Proceeds from sales of capital assets	70,894	58,015	-	-	128,909	-
Purchase of capital assets	(33,210,496)	(1,403,916)	(756,416)	-	(35,370,828)	(187,281)
Principal paid on capital debt	(3,285,000)	(2,143,514)	(35,142)	-	(5,463,656)	(111,984)
Interest payments	(3,347,357)	(753,943)	(947)	-	(4,102,247)	-
Net cash provided by (used in) capital and related financing activities	(39,771,959)	(4,235,958)	(785,199)	-	(44,793,116)	(142,057)

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2011

	Enterprise Funds					Governmental Activities
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division	Nonmajor Enterprise Fund - Golf Course	Total	Proprietary Internal Service Fund
Cash Flows from Investment Activities						
Interest received on investments	\$ 2,303,477	\$ 14,323	\$ 39,492	\$ -	\$ 2,357,292	\$ 11,780
Capital contributed to joint ventures	(800,000)	-	-	-	(800,000)	-
Purchase of investments	(57,714,249)	-	-	-	(57,714,249)	-
Distributions from joint ventures	950,000	-	-	-	950,000	-
Proceeds on dissolution of joint venture	3,843,079	-	-	-	3,843,079	-
Net cash provided by (used in) investing activities	(51,417,693)	14,323	39,492	-	(51,363,878)	11,780
Net Increase (Decrease) in Cash and Cash Equivalents	(79,766,650)	(290,001)	-	(2,525)	(80,059,176)	(2,783,930)
Cash and Cash Equivalents - Beginning of year	116,515,090	6,367,084	-	2,525	122,884,699	3,253,226
Cash and Cash Equivalents - End of year	<u>\$ 36,748,440</u>	<u>\$ 6,077,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,825,523</u>	<u>\$ 469,296</u>
Reconciliation of Operating Income to Net Cash from Operating Activities						
Operating income (loss)	\$ 3,830,754	\$ (4,777,293)	\$ (12,263,158)	\$ -	\$ (13,209,697)	\$ (530,890)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	10,839,295	3,569,753	5,120,056	-	19,529,104	1,778,115
Provision for bad debt	45,426,206	-	-	-	45,426,206	-
Amortization of deferred defeasance and bond issuance costs	384,144	-	-	-	384,144	-
Contributions released from restrictions	(722,836)	-	-	-	(722,836)	-
Changes in assets and liabilities:						
Receivables	(45,292,290)	(561,504)	(436,040)	-	(46,289,834)	(3,377,739)
Due from others	-	-	-	-	-	(550,925)
Inventories	(116,334)	(19,833)	73,112	-	(63,055)	(19,966)
Prepaid and other assets	(224,172)	-	-	-	(224,172)	143,314
Accounts payable	595,486	400,177	168,190	-	1,163,853	(2,657,398)
Due to others	-	-	(851,200)	-	(851,200)	-
Estimated claims liability	-	-	-	-	-	3,215,415
Accrued and other liabilities	(4,761,261)	(18,421)	21,491	-	(4,758,191)	(1,456,988)
Customer deposits	-	(40,286)	-	-	(40,286)	-
Net post employment benefit obligation	-	3,449,043	4,686,596	-	8,135,639	-
Net cash provided by (used in) operating activities	<u>\$ 9,958,992</u>	<u>\$ 2,001,636</u>	<u>\$ (3,480,953)</u>	<u>\$ -</u>	<u>\$ 8,479,675</u>	<u>\$ (3,457,062)</u>

Non-cash transactions: On July 1, 2010, the City transferred the Golf Course operations to the General Fund and dissolved the Golf Course Enterprise Fund. On that date, all current receivables, inventories, prepaid items, accounts payable and current amounts due to other funds were transferred to the general fund. All capital assets, net of depreciation, were transferred from business type activities to governmental activities in the government wide financial statements.

City of Flint

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2011

	Pension and Benefit Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 1,683,668	\$ 1,926,068
Cash and cash equivalents	30,776,529	1,260,628
Investments:		
U.S. government obligations	44,841,107	-
Corporate stocks	293,151,952	-
Corporate bonds	114,294,480	-
Asset backed securities	3,025,672	-
Partnerships	25,345,121	-
Foreign stocks	33,897,193	-
Cash held as collateral for securities lending (Note 4)	79,877,827	-
Receivables:		
Property taxes receivable	-	3,599,246
Accrued interest receivable	723,680	-
Other receivables	3,707,710	-
Loans receivable	-	11,713
Prepaid costs	239,331	-
	631,564,270	\$ 6,797,655
Liabilities		
Accounts payable	4,368,744	\$ 355,487
Due to other governmental units	-	5,593,655
Deposits and advances	-	848,513
Accrued liabilities and other	9,069,528	-
Obligations under securities lending agreements	81,471,342	-
	94,909,614	\$ 6,797,655
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 536,654,656	

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended June 30, 2011

	Pension and Benefit Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 6,116,164
Net increase in fair value of investments	97,207,042
Investment-related expenses	(2,482,619)
Net investment income	100,840,587
Securities lending income:	
Interest and fees	248,757
Less borrower rebates and bank fees	(134,108)
Net securities lending income	114,649
Contributions:	
Employer	28,094,244
Employee	10,998,447
Total contributions	39,092,691
Transfer of union negotiated funds	3,707,710
Total additions	143,755,637
Deductions	
Benefit payments	89,586,404
Refunds of contributions	738,766
Transfer of union negotiated funds	3,707,710
Administrative expenses	204,478
Total deductions	94,237,358
Net Increase in Net Assets Held in Trust	49,518,279
Net Assets Held in Trust for Pension and Other Employee Benefits -	
Beginning of year	487,136,377
Net Assets Held in Trust for Pension and Other Employee Benefits - End of	
year	\$ 536,654,656

Component Units Statement of Net Assets June 30, 2011

	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Total
Assets					
Cash and cash equivalents	\$ 437,148	\$ 9,252	\$ 52,692	\$ 912,954	\$ 1,412,046
Receivables:					
Accounts (net of allowance \$159,011)	10,615	-	724,135	82,648	817,398
Notes and leases receivable	-	-	-	657,818	657,818
Prepaid costs	11,525	-	11,433	-	22,958
Restricted assets	273,953	-	-	-	273,953
Land held for resale	-	-	-	48,400	48,400
Capital assets:					
Assets not subject to depreciation	5,498,512	-	431,860	-	5,930,372
Assets subject to depreciation	9,534,697	-	219,931	31,003	9,785,631
Total assets	15,766,450	9,252	1,440,051	1,732,823	18,948,576
Liabilities					
Accounts payable	31,403	-	18,627	7,748	57,778
Due to primary government	10,844,748	-	72,992	-	10,917,740
Deposits payable	23,595	-	4,460	-	28,055
Accrued liabilities	5,728	-	-	2,667	8,395
Unearned revenue	475	-	730	10,117	11,322
Total liabilities	10,905,949	-	96,809	20,532	11,023,290
Net Assets					
Invested in capital assets - Net of related debt	5,638,519	-	651,791	31,003	6,321,313
Restricted:					
Community development	-	-	-	103,400	103,400
Revolving loan program	-	-	769,862	1,499,054	2,268,916
Unrestricted (deficit)	(778,018)	9,252	(78,411)	78,834	(768,343)
Total net assets	<u>\$ 4,860,501</u>	<u>\$ 9,252</u>	<u>\$ 1,343,242</u>	<u>\$ 1,712,291</u>	<u>\$ 7,925,286</u>

City of Flint

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Downtown Development Authority:			
Governmental activities - Development administration	\$ 126,799	\$ -	\$ -
Business-type activities - Parking	1,604,786	772,286	-
Atwood Stadium Building Authority	-	-	-
Economic Development Corporation	270,292	90,059	-
Flint Area Enterprise Community	378,017	-	72,230
Total component units	\$ 2,379,894	\$ 862,345	\$ 72,230

General revenues:

Property taxes

Unrestricted investment earnings

Unrestricted other revenues

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2011**

Net (Expense) Revenue and Changes in Net Assets				
Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community	Total
\$ (126,799)	\$ -	\$ -	\$ -	\$ (126,799)
(832,500)	-	-	-	(832,500)
-	-	-	-	-
-	-	(180,233)	-	(180,233)
-	-	-	(305,787)	(305,787)
(959,299)	-	(180,233)	(305,787)	(1,445,319)
347,810	-	-	-	347,810
1,516	-	48,951	106,335	156,802
64,713	-	1,333	21,711	87,757
414,039	-	50,284	128,046	592,369
(545,260)	-	(129,949)	(177,741)	(852,950)
5,405,761	9,252	1,473,191	1,890,032	8,778,236
\$ 4,860,501	\$ 9,252	\$ 1,343,242	\$ 1,712,291	\$ 7,925,286

Note 1 - Nature of Business and 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.

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 "Building Authority") is a blended component unit of the Medical Center and the City of Flint. The Building 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 Building Authority have been eliminated and all debt and related assets have been recorded in the Medical Center's financial statements.

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

Discretely Presented Component Units

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

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

The City of Flint Economic Development Corporation (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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Note I - Nature of Business and Significant Accounting Policies (Continued)

Hurley Medical Center Enterprise Fund

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

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

The Medical Center is the sole member of Hurley Health Services, Inc., (HHS) a municipal support organization organized on a non-profit, non-stock membership basis. HHS on a consolidated basis, is comprised of two non-profit entities (HHS and The Hurley Clinics, THC) and one "for profit" corporation (Hurley Practice Management Services). HHS began operations January 1, 1998.

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

Hurley Medical Center Joint Ventures

The Hurley Medical Center Enterprise Fund (Medical Center) participates in two privately held joint ventures: Flint Health Systems Imaging Center Inc. (FHSIC) 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.

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

FHSIC provides magnetic resonance imaging (MRI) services to the greater Flint and Genesee County community. The ownership of this corporation 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 Corporation. The net investment by the Medical Center at June 30, 2011 was \$0. A total of \$250,000 was distributed to the Medical Center during the year ended June 30, 2011. During the year ended June 30, 2011, the Medical Center contributed \$800,000 to the joint venture. The joint venture ceased operations during the year ended June 30, 2011 and the Medical Center received approximately \$3,840,000 for settlement of the joint venture.

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, 2011 was \$5,175,260. The arrangement provides that the two entities will share equally in the income or losses of the joint venture. A total of \$950,000 was distributed to the Medical Center during the year ended June 30, 2011.

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

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.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, 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.

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 funds:

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

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

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

The government reports the following major proprietary funds:

- The 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 are divisions of the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage pumping and collection systems and the sewer treatment plant.

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

- Internal Service Funds account for data processing, self insurance, fleet, and fringe benefits services provided to other departments or agencies of the government, or to other governments, on a current cost reimbursement basis.
- Pension Trust and Benefit Trust Funds account for the activities of the six different funds utilized to pay retirement, death and health care benefits for City of Flint and Hurley Medical Center retirees. These funds accumulate resources for pension and health care benefits financed by both employer and employee contributions.
- Agency Funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.
- Pension and 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.

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: unassigned, assigned, committed, the restricted.

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.

Property Tax Revenue

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

Taxes on the operating, public improvement, 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.

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

The 2011 taxable valuation of the City totaled \$1,382 million. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	7.5	\$ 8,260,464
Public improvement	2.5	2,904,260
Garbage collection	3.0	3,485,032
Paramedic services	.5	587,514
Parks and recreation	.5	580,895
Neighborhood Police	2.0	2,324,193
Total	16.0	\$ 18,142,358

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

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

Pooled Cash and Investments

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

At June 30, 2011, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as an interfund liability of that fund. Management has selected the Water Supply Division Fund, Major Street Fund, State Act 251 Forfeitures, Public Improvement Fund, Fringe Benefit Fund, Data Processing Fund, Central Maintenance Garage Fund, Self-Insurance Fund, Neighborhood Policing Fund and Parks and Recreation Fund to report the interfund receivable. Accordingly, the above mentioned 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.

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

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.

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.

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.

Inventories and Prepaid Items

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

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

Deferred Revenue

Deferred revenue represents monies that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts are also reported as deferred revenue until they are available to liquidate liabilities of the current period.

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

Restricted Assets

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

Restricted assets 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.

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. Hurley Medical Center reported two construction projects in progress during the current year; the modernization of the emergency room facilities and installation of a new clinical information system.

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

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

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:

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees accumulate sick leave credit bi-weekly based on the various bargaining unit agreements. Sick leave may accumulate indefinitely. Upon retirement or death, the first 480 hours of accrued sick leave 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.

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.

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

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

Pension and Retiree 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.

Fund Equity

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 on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The City implemented Statement No. 54 during the year.

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted: Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.

Committed: Amounts that have been formally set aside by the City for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.

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

Assigned: Intent to spend resources on specific purposes expressed by the governing body. Assignments must be authorized by resolution and approved by the governing body.

Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed or assigned to those purposes.

Use of Estimates

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

Hurley Medical Center - Cost Based Reimbursement

Patient accounts receivable at June 30, 2011 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 \$39,000,000 for 2011.

Hurley Medical Center - Revenues and Expenses Accounting Policy

Net patient service revenue:

Net patient service revenue is reported at the estimated net realized amounts from patients and third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Approximately 79 percent of the Medical Center's revenues are based on participation in the Blue Cross/Blue Shield, Medicare, and Medicaid programs for the year ended 2011.

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

Charity Care:

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

Estimated self-insured malpractice costs:

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

- 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.
- Public hearings were conducted at city hall to obtain taxpayer comments.
- 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.
- 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.

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

- Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets, except for the Federal Grants Fund, were adopted on a basis consistent with generally accepted accounting principles. The budget for the federal grants fund includes grant revenue and expenditures which were passed through to other City funds and recorded as revenue and expenditures in the grant receiving fund. For the fund financial statements, the federal grant fund includes only those revenue and expenditures incurred directly by that fund.
- Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.
- 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.

Noncompliance with Rules and Regulations - In order to maintain operations at the City, various funds have needed to borrow from funds that have restricted sources. Over time, these amounts have accumulated with no plan for repayment.

Excess of Expenditures Over Appropriations

The following funds incurred significant expenditures in excess of appropriations at the department level during the year (defined as greater than 10% over budget):

	Final Budget	Actual	Actual Over Amended Budget
General Fund:			
Genesee towers settlement	\$ -	\$ 6,855,067	\$ 6,855,067
Community Development	328,851	627,433	298,582
Transportation	2,100,000	2,738,014	638,014
Transfers out	393,049	3,369,041	2,975,992
Federal Grants Fund:			
Principal	171,000	268,000	97,000

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

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

Fund Deficits

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

	Unassigned Fund Balance/ Unrestricted Net Asset Deficit
Primary Government:	
General Fund	\$ 8,863,134
Water Supply Division Fund	12,443,265
Sewage Disposal Division Fund	423,349
Central Maintenance Garage Fund	364,112
Component Units:	
Downtown Development Authority	778,018
Economic Development Corporation	78,411

The deficits in this fund was caused by expenditures in excess of revenue.

Both the original and amended budget adopted for the General Fund, Parks and Recreation Fund, Building Inspection Fund and Garbage Collection Fun projected a deficit fund balance in violation of State law. The following special revenue funds did not adopt a budget: Atwood Stadium Fund, City Park Fund, and Longway Park Fund.

Note 3 - Pooled Cash and Investments

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

The pooled cash and investments account at June 30, 2011 is comprised of the following:

Cash deposits	\$ 10,176,370
Investments	119,072
Grand Total	<u>\$ 10,295,442</u>

Note 3 - Pooled Cash and Investments (Continued)

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the other funds at June 30, 2011, follows:

	Pooled Cash and Investments	(Due to)
General Fund	\$ -	\$ (13,321,241)
Special Revenue Funds:		
Major Streets Fund	460,278	-
Local Streets Fund	-	(572,963)
Federal Grants Fund	-	(1,813,531)
EDA Revolving Loan Fund	171	-
Atwood Stadium Fund	6,799	-
Senior Citizen Center	-	(35,992)
City Park Fund	8,412	-
Longway Fund	9,386	-
Building Department Fund	-	(204,314)
Debt Service Funds:		
Windmill Place Debt Service Fund	6,520	-
Buick City Debt Service Fund	643	-
Enterprise Funds:		
Water Supply Division Fund	5,848,116	(4,081,921)
Internal Service Funds:		
Self-Insurance Fund	345,381	-
Pension Trust Funds:		
Flint Employees' Retirement System Fund	1,683,668	-
Retiree Health Care Fund	-	(3,862,852)
Agency Funds:		
Miscellaneous Agency Fund	1,926,068	-
Grand Total	<u>\$ 10,295,442</u>	<u>\$ (23,892,814)</u>

Note 4 - Deposits and Investments

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

Note 4 - Deposits and Investments (Continued)

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

The 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, 2011.

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 U.S. 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.

Note 4 - Deposits and Investments (Continued)

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

No single investment of the City or Hurley exceeded 5 percent of the investment portfolio at June 30, 2011.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's bank deposits (certificates of deposit, checking, and savings) of \$1,733,658 were insured by FDIC. Deposits in the name of the City totaling \$18,371,860 were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits its funds, and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. Hurley does have a 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 \$1,176,174.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy for investment of general City monies limits investments in securities with maturities greater than five years to 15 percent of the balance available to invest. Hurley Medical Center's investment policy indicates that each investment account should approximate the duration of its specific benchmark within a range of 80 to 120 percent. As of June 30, 2011, the following securities were subject to interest rate risk:

Investment	Fair Value (in thousands)	Weighted Average Maturity (Years)
Asset Backed Securities	\$ 424	14.42
Government Collateralized Mortgaged Obligations	13,161	17.20
Commercial Mortgaged Backed	980	34.84
Government Commercial Mortgage Backed	123	9.99
Non-Government Collateralized Mortgage Obligations	2,045	21.20
Corporate Bonds	17,183	4.73
Government Agencies	24,855	2.87
Municipal Bonds	124	8.77
Index Linked Government Bonds	141	9.15
Government Bonds	61,920	6.55
Government Mortgaged Backed	40,628	8.38
Total	<u>\$ 161,584</u>	

Credit Risk

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

Note 4 - Deposits and Investments (Continued)

As of June 30, 2011, the following are credit quality ratings of the City's debt securities:

Investment	Fair Value (in Thousands)	Rating
Primary Government		
Bond Index Pool Fixed Income Securities	\$ 98,530	Index average AAA/AA/A/BAA/BAI
	102	A
	755	A+
	198	AA
	252	AAA
	34	BAI/BB+
Municipal Bond	112	AA
Government Agencies	11	A
	24,759	AAA
Asset Backed Securities	83	AA
	198	AAA
	57	AA
Corporate Bonds	168	Not Rated
	2,880	AAA
	3,059	AA
	8,991	A
	2,217	BBB
	33	Not Rated
Commercial Mortgage Backed	606	AAA
	150	AA
	218	A
Non-Government Backed CMO's	4	Not Rated
	1,194	AAA
	17	BBB
	259	BB
	369	B
	10	CCC
Government Bonds	29	CC
	165	Not Rated
	53	BBB
Government Mortgage Backed Securities	7,367	Not Rated
	28,099	AAA
	834	AA+
Index Linked Government	62	Not Rated
	141	Not Rated
2a7 Money Market	26,672	A1/A2
	158	AA
Government CMO's	33	AA+
	13,161	Not Rated
Repurchase Agreements	1,176	Not Rated
Total	\$ 223,216	

Note 4 - 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:

Security	Foreign Currency (in Thousands)
Canadian Dollar	\$ 1,883
Chinese	520
Argentine Peso	263
Mexican Peso	201
European Euro	27,498
Singapore Dollar	99
Krona	287
Japanese Yen	554
Brazilian Real	85
British Pound	2,349
Panama Dollar	127
Swiss Franc	957
Australian Dollar	48
Total	\$ 34,871

Securities Lending Agreement

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

Note 4 - Deposits and Investments (Continued)

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. The System and the borrower maintain the right to terminate all securities lending transactions on demand. Cash collateral of \$81,412,805 was received for lent securities with a fair market value of \$79,877,826. Cash collateral was invested in a short-term investment pool, with an average duration of 15 days at June 30, 2011. The average term of the System's overall loans was approximately 95 days at June 30, 2011.

The following represents the balances relating to the securities lending transactions as of June 30, 2011. 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.)

	Underlying Securities	Collateral Received	Collateral Invested in Cash
Securities Lent:			
US government bonds	\$ 6,299	\$ 6,429	\$ 6,429
US government mortgage backed	6,379	6,499	6,499
US corporate bonds	2,538	2,607	2,591
US equities	64,661	65,936	65,893
Grand Total	<u>\$ 79,877</u>	<u>\$ 81,471</u>	<u>\$ 81,412</u>

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.

Note 4 - Deposits and Investments (Continued)

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 has a deposit policy for custodial credit risk. At year end, FAEC had \$445,882 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. FAEC believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, FAEC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Flint Downtown Development Authority's, 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 \$485,934 of bank deposits (certificates of deposit, 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>Fair Value</u>	<u>Rating</u>
Investment:		
Money Market	245,743	Not Available

Note 5 - Receivables and Deferred Revenue

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

Governmental activities, fiduciary funds and business type activities:

	General Fund	Federal Grants Funds	Nonmajor, Internal Service, and Other Funds	Total	Hurley Medical Center	Water Supply	Sewage Disposal	Total
Receivables:								
Property taxes receivable	\$ 3,701,787	\$ -	\$ 432,721	\$ 4,134,508	\$ -	\$ -	\$ 7,380	\$ 7,380
Receivables from sales to customers on account	-	-	-	-	83,994,636	9,108,032	5,633,627	98,736,295
Accrued interest receivable	-	21,172	38,204	59,376	375,451	-	-	375,451
Noncurrent benefit fees receivable	-	-	-	-	3,359,480	-	-	3,359,480
Gross receivables								
Other receivables	2,317,646	25,287	3,964,294	6,307,227	-	-	-	-
Due from other governmental units	5,928,522	2,953,316	2,399,073	11,280,911	-	-	-	-
Notes and leases	-	14,231,268	880,535	15,111,803	-	-	-	-
Less allowance for uncollectibles	(2,911,254)	(3,834,440)	-	(6,745,694)	(39,000,000)	(475,000)	(323,000)	(39,798,000)
Net receivables	\$ 9,036,701	\$ 13,396,603	\$ 7,714,827	\$ 30,148,131	\$ 48,729,567	\$ 8,633,032	\$ 5,318,007	\$ 62,680,606

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

	Governmental Funds		
	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	\$ 973,251	\$ -	\$ 973,251
Delinquent property taxes receivable	510,062	-	510,062
Long-term notes receivable	11,336,739	-	11,336,739
Grant receivable	455,545	-	455,545
Due from component unit	9,672,899	-	9,672,899
Grant receipts prior to meeting all eligibility requirements	-	1,828,968	1,828,968
Total	\$ 22,948,496	\$ 1,828,968	\$ 24,777,464

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities	Balance July 1, 2010	Transfers	Additions	Disposals	Balance June 30, 2011
Capital assets not being depreciated:					
Land	\$ 13,444,873	\$ 870,205	\$ -	\$ -	\$ 14,315,078
Capital assets being depreciated:					
Roads and sidewalks	360,711,463	-	7,605,137	(880,603)	367,435,997
Buildings and improvements	19,788,819	2,285,147	388,819	(24,687)	22,438,098
Machinery and equipment	32,082,407	424,907	1,375,089	(747,053)	33,135,350
Land improvements	10,377,333	4,897,949	-	(528,190)	14,747,092
Subtotal	422,960,022	7,608,003	9,369,045	(2,180,533)	437,756,537
Accumulated depreciation:					
Roads and sidewalks	207,895,895	-	13,240,610	(880,603)	220,255,902
Buildings and improvements	14,960,939	1,338,233	446,833	(24,687)	16,721,318
Machinery and equipment	24,293,488	205,620	2,415,214	(747,052)	26,167,270
Land improvements	6,090,323	3,967,515	514,862	(502,679)	10,070,021
Subtotal	253,240,645	5,511,368	16,617,519	(2,155,021)	273,214,511
Net capital assets being depreciated	169,719,377	2,096,635	(7,248,474)	(25,512)	164,542,026
Net capital assets	\$ 183,164,250	\$ 2,966,840	\$ (7,248,474)	\$ (25,512)	\$ 178,857,104
Business-type Activities	Balance July 1, 2010	Transfers	Additions	Disposals	Ending Balance June 30, 2011
Capital assets not being depreciated:					
Land	\$ 6,093,322	\$ (870,205)	\$ -	\$ -	\$ 5,223,117
Construction in progress	13,566,515	-	33,287,167	(8,565,343)	38,288,339
Subtotal	19,659,837	(870,205)	33,287,167	(8,565,343)	43,511,456
Capital assets being depreciated:					
Buildings and improvements	207,476,059	(2,285,147)	5,949,060	(4,869,162)	206,270,810
Machinery and equipment	327,872,630	(1,267,519)	4,460,206	(14,320,058)	316,745,259
Land improvements	12,116,070	(4,897,949)	239,947	(69,176)	7,388,892
Subtotal	547,464,759	(8,450,615)	10,649,213	(19,258,396)	530,404,961
Accumulated depreciation:					
Buildings and improvements	136,039,952	(1,338,233)	6,419,739	(4,721,257)	136,400,201
Machinery and equipment	222,708,433	(1,048,232)	12,883,168	(14,155,595)	220,387,774
Land improvements	6,486,299	(3,967,515)	223,918	(67,696)	2,675,006
Subtotal	365,234,684	(6,353,980)	19,526,825	(18,944,548)	359,462,981
Net capital assets being depreciated	182,230,075	(2,096,635)	(8,877,612)	(313,848)	170,941,980
Net capital assets	\$ 201,889,912	\$ (2,966,840)	\$ 24,409,555	\$ (8,879,191)	\$ 214,453,436

Note 6 - Capital Assets (Continued)

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

Governmental Activities:

General government	\$ 1,500,293
Police	413,355
Judicial	45,066
Fire	150,964
Transportation	13,258,938
Emergency dispatch	73,058
Parks and recreation	1,103,406
Public works	5,793
Community enrichment and development	66,646
Total governmental activities	<u>\$ 16,617,519</u>

Business-type Activities:

Hospital	\$ 10,839,295
Sewer	5,117,777
Water	3,569,753
Total business-type activities	19,526,825

Amortization of intangible assets - Sewage Disposal Fund 2,279

Total depreciation and amortization expense -
Business-type activities \$ 19,529,104

Construction Commitments - Construction in progress at June 30, 2011 includes amounts related to construction of a new emergency department (ED) and installment of a new clinical information system. The estimated cost of construction of the ED is \$30,000,000. Of this, approximately \$20,600,000 has been completed to date, of which \$760,000 has been placed in service. The estimated cost of the clinical system is \$21,700,000, which includes a contract of \$11,300,000 with a single vendor plus internal cost of labor and equipment. Of this, approximately \$14,100,000 is completed to date. The outstanding commitment to the vendor approximates \$5,600,000 as of June 30, 2011.

Note 6 - Capital Assets (Continued)

Discretely presented component units capital asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, being depreciated -				
Office furniture and equipment	\$ 39,601	\$ -	\$ -	\$ 39,601
Less accumulated depreciation for -				
Office furniture and equipment	35,917	809	-	36,726
Governmental activities capital total capital assets, net of depreciation	<u>\$ 3,684</u>	<u>\$ (809)</u>	<u>\$ -</u>	<u>\$ 2,875</u>

Activity for the Flint Downtown Development Authority for the year ended June 30, 2011:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,498,512	\$ -	\$ -	\$ 5,498,512
Capital assets, being depreciated:				
Buildings	689,415	33,709	(18,485)	704,639
Land improvements	11,082,110	126,300	-	11,208,410
Leasehold improvements	5,520,409	5,007	-	5,525,416
Totals, capital assets being depreciated	17,291,934	165,016	(18,485)	17,438,465
Less accumulated depreciation for:				
Buildings	340,464	67,093	(18,485)	389,072
Land improvements	1,724,596	268,152	-	1,992,748
Leasehold improvements	5,501,692	23,131	-	5,524,823
Total accumulated depreciation	7,566,752	358,376	(18,485)	7,906,643
Total business-type activities, total capital assets, net of depreciation	9,725,182	(193,360)	-	9,531,822
Business-type activities total capital assets-net	<u>\$ 15,223,694</u>	<u>\$ (193,360)</u>	<u>\$ -</u>	<u>\$ 15,030,334</u>

Note 6 - Capital Assets (Continued)

Activity for the Flint Economic Development Corporation for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
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	514,782	-	-	514,782
Building improvements	445,177	29,069	-	474,246
Machinery and equipment	17,046	-	-	17,046
Total accumulated depreciation	977,005	29,069	-	1,006,074
Total capital assets, being depreciated, net	249,000	(29,069)	-	219,931
Capital assets - Net	\$ 342,860	\$ (29,069)	\$ -	\$ 313,791

Note 6 - Capital Assets (Continued)

Activity for the Flint Area Enterprise Community for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 216,674	\$ -	\$ -	\$ 216,674
Equipment	64,630	-	-	64,630
Totals, capital assets being depreciated	<u>281,304</u>	<u>-</u>	<u>-</u>	<u>281,304</u>
Less accumulated depreciation for:				
Leasehold improvements	191,488	2,342	-	193,830
Equipment	46,784	9,687	-	56,471
Total accumulated depreciation	<u>238,272</u>	<u>12,029</u>	<u>-</u>	<u>250,301</u>
Net capital assets being depreciated	<u>43,032</u>	<u>(12,029)</u>	<u>-</u>	<u>31,003</u>
Governmental activities capital assets - Net	<u>\$ 43,032</u>	<u>\$ (12,029)</u>	<u>\$ -</u>	<u>\$ 31,003</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
Nonmajor governmental funds	General Fund	\$ 1,452,561
	Water Supply Division Fund	3,373,877
	Nonmajor Governmental Fund	<u>1,500,089</u>
	Total nonmajor governmental funds	6,326,527
Internal service funds	General Fund	2,514,319
	Nonmajor governmental funds	113,180
	Federal Grant Fund	1,813,531
	Sewage Disposal Division Fund	851,200
	Water Supply Division Fund	<u>708,044</u>
	Total	6,000,274
Sewage Disposal Division Fund	General Fund	<u>10,524,275</u>
	Total	<u>\$ 22,851,076</u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Sewage Disposal Division Fund	Internal Service Funds	<u>\$ 1,348,618</u>

Receivable Fund	Payable Entity	Amount
Due to/from Primary Government and Component Units		
Nonmajor governmental funds	Component Unit - DDA	\$ 10,844,748
General Fund	Component Unit - EDC	<u>72,992</u>
	Total	<u>\$ 10,917,740</u>

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

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

The advance from the Sewage Disposal Division Fund to the Internal Service Fund was utilized to purchase equipment. The advance is to be repaid over five years. An interest rate of 5.25 percent is being charged to the borrowing fund.

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

Fund Transferred to	Fund Transferred from	Amount
General Fund	Sewage Disposal Division Fund	\$ 1,860,000
	Water Supply Division Fund	1,130,000
	Nonmajor Governmental Funds	<u>3,412</u>
	Total General Fund	2,993,412
Nonmajor Governmental Funds	General Fund	3,193,049
	Nonmajor Governmental Funds	<u>668,778</u>
	Total Nonmajor Governmental Funds	3,861,827
Internal Service Funds	Nonmajor Governmental Funds	1,205,537
Golf Course Fund	General Fund	<u>285,992</u>
	Total	<u>\$ 8,346,768</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.

The transfers from the General Fund to the Parks and Recreation Fund, Building Department Fund, and Garbage Collection Fund represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

Note 8 - 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 \$593,651.

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, 2011:

Years Ending June 30	Amount
2012	\$ 132,176
2013	132,176
2014	42,177
Total future minimum lease payments	306,529
Less amount representing interest	(20,425)
Long-term obligation under capital leases	<u>\$ 286,104</u>

The City leases golf course equipment under a non-cancelable operating lease. Total costs for this lease were \$52,500 for the current year. The future minimum lease payments for this lease are as follows:

Years Ending June 30	Amount
2012	\$ 52,500
2013	48,125
Total	<u>\$ 100,625</u>

Note 8 - Leases (Continued)

Also, Hurley Medical Center and HHS lease office space under various operating leases. Certain operating leases contain rental escalation clauses that are based on 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:

Year Ending <u>June 30</u>	
2012	\$ 1,747,385
2013	1,574,090
2014	1,323,770
2015	1,253,289
2016	1,245,851
Thereafter	<u>3,916,671</u>
Total minimum payments required	<u>\$ 11,061,056</u>

Rental expense for all operating leases for the year ended June 30, 2011 was \$2,060,961.

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

Long-term liability activity for the year ended June 30, 2011 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
2004 Financial Recovery General					
Obligation United Tax Bonds	\$ 1,435,000	\$ -	\$ 1,435,000	\$ -	\$ -
Section 108 loan	1,054,000	-	150,000	904,000	150,000
Section 108 loan - 500 Block	3,840,000	-	-	3,840,000	-
Section 208 loan - Ok Industries	148,000	-	21,000	127,000	21,000
Section 108 loan - Guaranteed					
Funds	5,094,037	85,963	-	5,180,000	75,000
Section 108 loan - W Carpenter Rd	1,875,000	-	97,000	1,778,000	97,000
Purchase contract	53,847	-	53,847	-	-
Local Government Loan Program	-	8,000,000	-	8,000,000	185,000
General Obligation Capital					
Improvement Bonds	9,910,000	-	175,000	9,735,000	245,000
SIB 3rd Avenue Reconstruction loan	1,904,667	241,000	108,588	2,037,079	108,437
Capital lease - Telephone					
Equipment	331,009	-	92,593	238,416	98,193
Capital lease - Equipment	67,079	-	19,391	47,688	20,476
Accrued annual and sick pay	7,432,645	3,545,054	4,063,670	6,914,029	4,060,000
	<u>\$ 33,145,284</u>	<u>\$ 11,872,017</u>	<u>\$ 6,216,089</u>	<u>\$ 38,801,212</u>	<u>\$ 5,060,106</u>
Revenue bonds					
	<u>\$ 33,145,284</u>	<u>\$ 11,872,017</u>	<u>\$ 6,216,089</u>	<u>\$ 38,801,212</u>	<u>\$ 5,060,106</u>
Business-type Activities					
<u>Beginning Balance</u>					
<u>Additions</u>					
<u>Reductions</u>					
<u>Ending Balance</u>					
<u>Due Within One Year</u>					
Enterprise Funds:					
2001 MMBA Drinking Water					
Revolving Fund Revenue					
bonds	\$ 4,023,994	\$ -	\$ 355,000	\$ 3,668,994	\$ 365,000
2002 MMBA Drinking Water					
Revolving Fund Revenue					
Bonds	4,905,000	-	395,000	4,510,000	400,000
2003 MMBA Drinking Water					
Revolving Fund Revenue					
Bonds	6,091,408	-	440,000	5,651,408	455,000
2004 MMBA Drinking Water					
Revolving Fund Revenue					
Bonds	15,135,857	-	950,923	14,184,934	870,000
1998a Medical Center					
Revenue Refunding Bonds	11,315,000	-	785,000	10,530,000	825,000
1998B Medical Center					
Revenue Refunding Bonds	16,290,000	-	515,000	15,775,000	540,000
2003 Medical Center Revenue					
Refunding Bonds	29,675,000	-	1,985,000	27,690,000	2,100,000
2010 Medical Center Revenue					
Refunding Bonds	35,215,000	-	-	35,215,000	500,000
Purchase Contracts	41,055	-	41,055	-	-
	<u>\$ 122,692,314</u>	<u>\$ -</u>	<u>\$ 5,466,978</u>	<u>\$ 117,225,336</u>	<u>\$ 6,055,000</u>
Total	<u>\$ 122,692,314</u>	<u>\$ -</u>	<u>\$ 5,466,978</u>	<u>\$ 117,225,336</u>	<u>\$ 6,055,000</u>

Note 9 - Long-term Debt (Continued)

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

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,000,106	\$ 1,175,312	\$ 2,175,418	\$ 6,055,000	\$ 6,045,770	\$ 12,100,770
2013	1,022,732	1,124,482	2,147,214	6,285,000	5,754,071	12,039,071
2014	1,260,207	1,149,900	2,410,107	6,540,000	5,449,921	11,989,921
2015	1,239,072	1,177,753	2,416,825	6,820,000	5,131,490	11,951,490
2016	1,269,622	1,135,015	2,404,637	7,110,000	4,809,085	11,919,085
2017-2021	6,466,464	5,054,895	11,521,359	40,013,994	18,396,811	58,410,805
2022-2026	7,554,641	3,818,122	11,372,763	11,676,342	12,725,430	24,401,772
2027-2031	8,269,339	1,976,823	10,246,162	8,335,000	10,225,763	18,560,763
2032-2036	3,805,000	478,900	4,283,900	11,620,000	6,635,638	18,255,638
2037-2041	-	-	-	12,800,000	-	12,800,000
Total	\$ 31,887,183	\$ 17,091,202	\$ 48,978,385	\$ 117,255,336	\$ 75,173,979	\$ 192,429,315

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 \$28,015,336 and \$4,687,236, respectively. During the current year, net revenues of the system were \$453,597, and State Revenue Sharing revenues was \$16,424,088, as compared to the respective annual debt requirements of \$2,090,000 principal and \$690,458 of interest.

Revenues Pledged in Connection with Component Unit Debt - The City has pledged, as security for bonds issued by the City on behalf of the Flint Downtown Development Authority, a portion of the City's State Shared Revenues. The bonds issued during 2008 in the amount of \$10,000,000, were used to provide funding for the James Rutherford Parking Deck capital project and upgrade of the Riverfront Parking Deck. The bonds are payable through 2033. The Flint Downtown Development Authority has pledged tax increment revenues and net operating revenues of the parking system to repay the obligations. Based upon the amount drawn through June 30, 2011 principal and interest to be paid on the bonds is \$17,073,841. During the current year, the net loss from the parking operations was \$339 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 9 - Long-term Debt (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 \$5,436,275 as compared to the annual debt requirements of \$343,000.

Hurley Medical Center Revenue Refunding Bonds - The net revenues of the Medical Center are pledged for payment of principal and interest on the variable rate demand revenue rental and revenue refunding bonds. Accordingly, the financial statements of the Medical Center include the facilities as if owned by the Medical Center and the bonds as if issued by the Medical Center.

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

Assessed valuation at November 16, 2010		\$ 1,305,121,403
Legal debt limit - (7 percent of assessed valuation)		91,358,498
Total Bonded Debt at June 30, 2011	\$ 126,960,336	
Less debt not subject to limitation under City charter and state statute:		
Revenue bonds and notes	<u>117,225,336</u>	
Debt subject to limitation		<u>9,735,000</u>
Unused debt limitation		<u>\$ 81,623,498</u>

Note 10 - Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Section 108 business loan proceeds	\$ 283,675	\$ -	\$ -
Equipment replacement and improvement	-	832,037	-
Self insurance	-	19,340,371	-
Revenue bond indenture - held by trustee	-	29,540,804	-
Unspent bond proceeds	-	-	273,953
Revenue bond equipment replacement account	-	3,036,490	-
Debt service reserve	-	2,811,627	-
	<u>\$ 283,675</u>	<u>\$ 55,561,329</u>	<u>\$ 273,953</u>
Total restricted assets	<u>\$ 283,675</u>	<u>\$ 55,561,329</u>	<u>\$ 273,953</u>

Note 11 - Retirement Plans

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

Flint Employees' Retirement System

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, 2009, the latest date this data was tested in an actuarial valuation, was comprised of 1,676 active plan members, 233 inactive vested members and 2,820 retirees and beneficiaries receiving payments.

Note 11 - Retirement Plans (Continued)

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

Administrative costs of the plan are financed through investment earnings.

The City forwarded \$4,135,906 of pension contributions withheld from employees during the year ended June 30, 2011. During 2010, employer contributions rates ranged from 8.21 percent to 35.33 percent of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

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:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	12/31/03	\$ 9,916,682	68.0	\$ 3,143,529
6/30/07	6/30/05	11,956,575	69.0	6,840,171
6/30/08	6/30/06	14,376,558	72.0	10,805,978
6/30/09	6/30/07	14,497,568	175.0	-
6/30/10	6/30/08	13,394,739	100.0	-
6/30/11	6/30/09	10,835,308	100.0	-

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

Note 11 - Retirement Plans (Continued)

Funding status and funding progress: Note - the 2009 actuarial results were developed in a roll forward valuation.

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued 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)
6/30/04	\$ 803,420	\$ 971,686	\$ 168,266	82.7	\$ 150,429	111.9
6/30/05	784,271	985,338	201,067	79.6	148,319	135.5
6/30/06	782,098	1,023,599	241,501	76.4	146,634	164.7
6/30/07	801,533	1,071,781	270,248	75.2	157,012	172.1
6/30/08	670,366	841,266	170,900	79.7	89,636	190.7
6/30/09	623,292	873,088	249,796	71.4	89,636	278.7

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.

Reserves: As of June 30, 2009 the plan's legally required reserves have been funded as follows:

Reserves for employees' contributions:	\$ 78,304,917
Reserves for employer contributions:	\$ 171,730,430
Reserve for retiree benefit payments:	\$ 557,573,480

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. Contributions of \$6,956,457 were made to the MERS plan by the Medical Center during 2011. The annual contribution rate for MERS payroll used by the Medical Center in 2010 was 8.60 percent, which is based on the same rate it contributes to FERS.

As of June 30, 2011, \$5,505,003 of the net pension obligation represents pension cost from the years 2009, 2010 and 2011 that has not yet been remitted to MERS.

Note 11 - Retirement Plans (Continued)

The net pension obligation at June 30, 2011 consists solely of amounts owed by Hurley Medical Center.

Annual Pension Cost and Net Pension Obligation:

Annual required contribution	\$ 9,173,539
Interest on net pension obligation	711,711
Adjustment to annual required contribution	<u>(3,825,794)</u>
Annual pension cost (APC)	6,059,456
Contributions made	<u>(9,450,835)</u>
Increase (decrease) in net pension obligation	(3,391,379)
Net pension obligation - Beginning of year	<u>8,896,382</u>
Net pension obligation - End of year	<u>\$ 5,505,003</u>

There is no actuarial valuation for the MERS liability for benefits available as of June 30, 2011. A new valuation was prepared for fiscal year ending June 30, 2012. The future contribution rate for MERS was based upon this actuary report. 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 Ended June 30		
	2011	2010	2009
Annual pension costs	\$ 6,059,456	\$ 9,160,796	\$ 8,037,604
Percentage of pension costs contributed	156.0 %	87.0 %	75.0 %
Net pension obligation	5,505,003	8,896,382	7,694,335

Note 11 - Retirement Plans (Continued)

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, 2010, is 6 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, 2011, was \$95,533 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, 2011 were \$-0-.

I.C.M.A. 401A Plan

The City made available to appointed and elected officials hired through December 31, 2001 an alternative retirement plan to the general retirement pension plan. The plan was a non-contributory defined contribution plan adopted under City ordinance. The City contributes an amount equal to the lesser of 25 percent of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100 percent immediately. Total contributions required and made by the City during the year ended June 30, 2011 were \$68,890, 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, 2011 were \$43,674,500 and \$275,561 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 \$57,689 resulting in an employer contribution of \$5,519 and employee contribution of \$3,134.

Note 11 - Retirement Plans (Continued)

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 \$43,674,500. The current year contribution was calculated based on covered payroll of \$4,817,213 resulting in an employer contribution of \$418,997 and employee contribution of \$327,297.

The City provides pension benefits to full-time employees except those participating in the defined benefit plan, members of AFSCME Local 1600 and Local 1799, and individuals participating in the I.C.M.A. plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by City ordinance (authority under which the pension obligation is established), the City contributes 11 percent to 14.5 percent of employees' gross earnings and employee mandatory contributions of 4 percent to 5.5 percent for each employee plus interest allocated to the employee's account are fully vested after 5 years of service.

The City's total payroll during the current year was \$43,674,500. The current year contribution was calculated based on covered payroll of \$2,118,918 resulting in an employer contribution of \$232,707 and employee contributions of \$103,477.

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 \$1,105,840.

Note 11 - Retirement Plans (Continued)

Profit Sharing and 403(b) Plan

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit sharing plan for HPMS employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to 15 percent of their salary. HHS may make a discretionary contribution. HHS's contribution to the 401(k) plan was \$27,574. 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 \$269,164.

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 retire at any time based on employment as a member of a bargaining unit represented by Local 1600 or Local 1799 of American Federation of State, County, and Municipal Employees. All employees covered by this plan have retired.

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

The Plan is intended to be funded on an annual basis via City contributions. There are no employee contributions to the Plan. The annual contribution will be determined by estimating the amount of "excess" benefits that will be paid out that calendar year. During the year ended June 30, 2011, employer contributions of \$2,251 were made to the Plan and benefits of \$2,251 were paid out.

Note 11 - Retirement Plans (Continued)

The City has not requested an actuarial valuation of the Plan because of the immateriality of the Plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net assets available for pension benefits at June 30, 2011 were \$-0-.

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.

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

The benefits are funded in advance by employee withholdings and a matching employer contribution. The employee contributions are calculated at a set amount for each hour worked by union members during the bi-weekly pay period. The employee withholdings and matching employer contributions are deposited into a separate account for investment purposes. The investments are administered by a seven member board appointed by the two unions and the mayor.

As of year-end, there were 1,075 retirees who were eligible for this benefit. Employee contributions for the year ended June 30, 2011, were \$15,674. Net assets available for benefits, reported at fair value were \$577,203 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2011, death benefits of \$73,500 were paid.

Health Benefits Plan and Trust

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

Note 11 - Retirement Plans (Continued)

The collective bargaining agreements require a contribution of 1.5 percent of pre-tax compensation from employees belonging to AFSCME Local 1600 and Local 1799. The Plan does not currently require an employer contribution. The employee contributions and accumulated investment earnings are to be used to provide 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, 2011, plan members contributed \$283,916. Net assets available for benefits were \$171,377 at June 30, 2011. No benefit payments were made during 2011.

Note 12 - 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 in the funds on a "pay-as-you-go" basis. The costs of administering the plan are borne by the City's General Fund.

Note 12 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2011 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of July 1, 2009. 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)	\$ 63,294,568
Interest on the prior year's net OPEB obligation	4,828,669
Less adjustment to the annual required contribution	<u>(6,771,299)</u>
 Annual OPEB cost	 61,351,938
Amounts contributed:	
Payments of current premiums	(19,683,009)
Advance funding	<u>-</u>
 Increase (decrease) in net OPEB obligation	 41,668,929
 OPEB obligation - Beginning of year	 <u>113,615,741</u>
 OPEB obligation - End of year	 <u>\$ 155,284,670</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Costs</u>	<u>Percentage OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	\$ 60,188,371	32.0 %	\$ 40,925,931
6/30/09	55,252,592	35.0 %	76,645,627
6/30/10	55,252,592	37.0 %	113,615,741
6/30/11	61,351,938	28.2 %	155,284,670

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/10	\$ -	\$ -	\$862,302,934	-	\$ 36,252,274	2,379.0
7/1/09	-	-	774,606,738	-	41,166,662	1,882.0

Note 12 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required 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, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, 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, 2009, was 30 years.

Note 13 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Flint Employee's Retirement System			Excess Pension Benefit	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Hurley Medical Center Retiree Benefit Trust Fund	Total
Statement of Net Assets									
Investments	\$ 573,210,533	\$ -	\$ 539,238	\$ -	\$ -	\$ 3,201,976	\$ 17,481,605	\$ 594,433,352	
Other assets	21,763,243	-	37,965	-	3,947,041	677,111	10,705,558	37,130,918	
Liabilities	87,329,521	-	-	-	3,867,986	3,707,710	4,397	94,909,614	
Net assets	<u>\$ 507,644,255</u>	<u>\$ -</u>	<u>\$ 577,203</u>	<u>\$ -</u>	<u>\$ 79,055</u>	<u>\$ 171,377</u>	<u>\$ 28,182,766</u>	<u>\$ 536,654,656</u>	
Statement of Changes in Net Assets									
Investment income	\$ 96,309,114	\$ -	\$ 102,738	\$ -	\$ -	\$ 432,107	\$ 4,111,277	\$ 100,955,236	
Contributions	14,971,214	2,251	15,674	-	16,393,254	283,916	7,426,382	39,092,691	
Other additions	-	-	-	-	3,707,710	-	-	3,707,710	
Benefit payments	64,151,413	2,251	73,500	-	20,474,240	-	4,885,000	89,586,404	
Other deductions	742,465	-	338	-	200,441	3,707,710	-	4,650,954	
Net change in net assets	<u>\$ 46,386,450</u>	<u>\$ -</u>	<u>\$ 44,574</u>	<u>\$ -</u>	<u>\$ (573,717)</u>	<u>\$ (2,991,687)</u>	<u>\$ 6,652,659</u>	<u>\$ 49,518,279</u>	

Note 14 - 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 spouses 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 541.

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.

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

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, 2011 the Medical Center has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2007 and a supplementary actuarial update for 2010. 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, 2010:

Annual Pension Cost and Net Pension Obligation

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/08	\$ 7,799,755	100 %	\$ -
6/30/09	7,737,798	100 %	-
6/30/10	7,417,585	100 %	-
6/30/11	7,417,585	100 %	-
	-	- %	-

The funding progress of the plan as of the most recent valuation date of June 30, 2007 is as follows:

	Fiscal Year Ended June 30 2007
Actuarial value of assets	\$ 10,679,674
Actuarial Accrued Liability (AAL) (entry age)	89,126,612
Unfunded AAL (UAAL)	78,446,938
Funded ratio	12.0 %
Covered payroll	127,909,926
UAAL as a percentage of covered payroll	57.0 %

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

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

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

In the June 30, 2007 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 10 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, 2007 was 28 years.

Note 15 - Significant Contingent Liabilities

Federal, state, and local grants:

The City participates in a number of federal, state, and locally assisted grant programs, principally of which is the federally funded Community Development Block Grant. The programs are subject to compliance audits. In accordance with the Single Audit Act of 1984, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of the compliance audits. The amount, 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 15 - Significant Contingent Liabilities (Continued)

As a result of a federal on-site program audit performed by the Department of Energy during the current year, the City did have disallowed costs related to the Energy Efficiency and Conservation Block Grant received through the Department of Energy during the current year. Disallowed costs during the current year amounted to \$62,337. Future disallowed costs by the granting agency cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

During the current fiscal year, a lawsuit was settled against the City related to the Citizens Service Bureau, in which the City has recorded a liability of \$3,354,593 at June 30, 2011 in the Self-Insurance Fund.

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

Note 16 - Risk Management

Risk Management - Primary Government:

The City is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and 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, 2011 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, 2011 was not material.

Note 16 - Risk Management (Continued)

The City pays unemployment claims on a reimbursement basis. The amount of estimated claims payable at June 30, 2011 was not material.

The City is self-insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay as you go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross and Blue Shield and Health Plus of Michigan. Once the individual contract or aggregate stop loss amount is reached reinsurance provides the remaining benefits. The City has two health insurance plans that are self-insured, Blue Cross/Blue Shield of Michigan (BCBSM) and HealthPlus. For the year ended June 30, 2010, the City paid out \$7,840,570 in claims and administration fees to HealthPlus. The City is protected from catastrophic claims by an excess insurance policy which provides \$2,000,000 in coverage per specific contract with a \$150,000 Self Insured Retention (SIR). The City did not have any claims in excess of the stop loss deductible during the year. The City paid BCBSM \$22,714,456 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, 2011 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, 2011, there were 1,075 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 16 - Risk Management (Continued)

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.

Professional liability for claims is reported in accrued expenses, both current and long-term, on the statement of net assets. The carrying amount of the insurance trust assets (at market) amounted to \$19,340,371 at June 30, 2011.

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.

Note 16 - Risk Management (Continued)

Risk Management - Component Units:

The Flint Economic Development Corporation is exposed to various risks of loss related to property loss, torts, and error and omissions. The Corporation has purchased commercial insurance for these risks associated with a small business incubator facility which leases commercial and light industrial space to new businesses. Since the Corporation occupies premises located in the City of Flint Municipal Center and all Corporation personnel are employees of the City, any losses related to general liability, employee injuries, workman's compensation, and employee medical benefits are covered by City self insurance risk management programs. No claims related to Corporation activities have been presented to the City as of June 30, 2011.

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 not exceeded the amount of coverage in any of the past three years. There were no reductions in coverage during the current year.

Note 16 - Risk Management (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 were as follows:

	General Liability		Hurley Medical Center Enterprise Fund	
	2011	2010	2011	2010
Unpaid claims -				
Beginning of year	\$ 2,552,585	\$ 15,206,532	\$ 33,374,045	\$ 28,840,926
Estimated claims				
incurred, including				
changes in estimates	9,138,040	(12,322,250)	-	-
Increase in claims				
liability	-	-	8,018,397	8,367,116
Defense costs and				
other fund expenses	-	-	(1,724,613)	(1,909,936)
Excess insurance				
premium payments	-	-	(764,660)	(1,298,911)
Claim payments	<u>(5,922,625)</u>	<u>(331,697)</u>	<u>(4,020,000)</u>	<u>(625,150)</u>
Estimated liability, end				
of year	<u>\$ 5,768,000</u>	<u>\$ 2,552,585</u>	<u>\$ 34,883,169</u>	<u>\$ 33,374,045</u>

Note 17 - Related Party Transactions

The Medical Center pays subsidies and management fees for services rendered by HHS to the Medical Center. Management fees and contributions from the Medical Center to HHS for the year ended June 30, 2011 amounted to \$17,009,991, all of which relates to staff and service contracts. Amounts paid by HHS to the Medical Center for rent and other miscellaneous expenses for the year ended June 30, 2011 amounted to \$385,060.

As of June 30, 2010, the Medical Center had accounts receivable from HHS of \$196,446 and accounts payable to HHS of \$391,085.

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, 2011 amounted to \$0. There were no accounts receivable from Hurley/Binson's Medical Equipment at June 30, 2011. HPMS and HHS purchase courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$300,000 annually.

Note 18 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2013 fiscal year.

In December 2010, the GASB issue Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement will be effective for the City's 2012-2013 fiscal year. The Statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This Statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Once implemented, this Statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

Note 19 - Subsequent Events

In October of 2011, the State of Michigan appointed a financial review team pursuant to Public Act 4 of 2011, to review relevant information related to the financial condition of the City. Based on the findings of the review, the review team recommended and the Governor concluded to appoint an Emergency Manager. The Emergency Manager became "those charged with governance" in November of 2011 and is now tasked with the management of the City and its finances.

Required Supplemental Information

City of Flint

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 10,552,496	\$ 10,552,496	\$ 9,001,075	\$ (1,551,421)
Income taxes	11,410,000	11,410,000	14,396,346	2,986,346
Licenses and permits	1,337,335	1,337,335	1,316,090	(21,245)
Federal grants	206,654	2,538,516	2,021,060	(517,456)
State revenue	16,438,105	16,459,695	16,774,308	314,613
Charges for services	11,962,953	11,962,953	11,169,620	(793,333)
Fines and forfeitures	2,610,785	2,610,785	1,896,350	(714,435)
Interest	287,590	287,590	158,588	(129,002)
Judgment levy	-	-	8,395,067	8,395,067
Other revenue:				
Special assessments	-	-	106,737	106,737
Local revenue	551,341	2,861,216	1,933,770	(927,446)
Other miscellaneous income	-	1,000	4,908	3,908
Total revenue	55,357,259	60,021,586	67,173,919	7,152,333
Expenditures				
Current:				
General government:				
Mayor's office	336,887	342,672	364,257	(21,585)
Finance	4,958,427	4,918,426	4,750,314	168,112
Civil service	216,150	216,900	187,645	29,255
Human relations	98,806	98,806	105,974	(7,168)
City clerk	1,278,177	1,278,177	1,119,110	159,067
Law office	934,741	946,070	941,998	4,072
Human resources	1,082,706	1,123,978	1,118,230	5,748
Genesee towers settlement	-	-	6,855,067	(6,855,067)
Office of the ombudsman	324,293	323,543	317,891	5,652
City administrator	467,457	582,457	570,386	12,071
Union representatives	399,232	399,232	401,051	(1,819)
Total general government	10,096,876	10,230,261	16,731,923	(6,501,662)
Judicial-68th district court	5,297,561	5,313,448	5,292,589	20,859
Public safety:				
Police department	19,670,262	23,925,461	22,249,367	1,676,094
Fire	11,659,918	11,659,918	11,359,361	300,557
Building inspection	120,476	120,476	113,246	7,230
Emergency dispatch	2,887,292	2,887,292	2,913,655	(26,363)
Total public safety	34,337,948	38,593,147	36,635,629	1,957,518

City of Flint

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Current: (Continued)				
Legislative - City council	\$ 1,268,771	\$ 1,265,995	\$ 1,226,475	\$ 39,520
Community development	453,851	328,851	627,433	(298,582)
Parks and recreation	3,837,435	4,667,441	4,092,570	574,871
Transportation	2,100,000	2,100,000	2,738,014	(638,014)
Total expenditures	<u>57,392,442</u>	<u>62,499,143</u>	<u>67,344,633</u>	<u>(4,845,490)</u>
Excess of Revenue Over (Under)				
Expenditures	(2,035,183)	(2,477,557)	(170,714)	2,306,843
Other Financing Sources (Uses)				
Face value of debt issue	-	8,000,000	8,000,000	-
Proceeds from sale of capital assets	10,000	10,000	1,750	(8,250)
Transfers in	2,993,412	2,993,412	2,993,412	-
Transfers out	(393,049)	(393,049)	(3,479,041)	(3,085,992)
Total other financing sources (uses)	<u>2,610,363</u>	<u>10,610,363</u>	<u>7,516,121</u>	<u>(3,094,242)</u>
Net Change in Fund Balance	575,180	8,132,806	7,345,407	(787,399)
Fund Balance (Deficit) - Beginning of year	<u>(14,621,546)</u>	<u>(14,621,546)</u>	<u>(14,621,546)</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ (14,046,366)</u>	<u>\$ (6,488,740)</u>	<u>\$ (7,276,139)</u>	<u>\$ (787,399)</u>

City of Flint

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds - Federal Grants Fund Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 14,448,086	\$ 14,448,086	\$ 13,503,168	\$ (944,918)
State revenue	646,424	646,424	1,016,962	370,538
Charges for services	16,203	28,203	68,191	39,988
Interest	75,825	75,825	304,019	228,194
Other revenue	486,636	233,384	154,009	(79,375)
Total revenue	15,673,174	15,431,922	15,046,349	(385,573)
Expenditures				
Current:				
Public safety:				
Police department	502,230	502,230	502,228	2
Fire	3,383,175	3,246,175	3,140,395	105,780
Total public safety	3,885,405	3,748,405	3,642,623	105,782
Community development	7,846,897	7,747,915	7,622,464	125,451
Parks and recreation	3,721,596	3,716,326	3,697,499	18,827
Debt service:				
Principal	171,000	171,000	268,000	(97,000)
Interest on long-term debt	86,932	86,932	95,293	(8,361)
Total expenditures	15,711,830	15,470,578	15,325,879	144,699
Net Change in Fund Balance	(38,656)	(38,656)	(279,530)	(240,874)
Fund Balance - Beginning of year	969,364	969,364	969,364	-
Fund Balance - End of year	\$ 930,708	\$ 930,708	\$ 689,834	\$ (240,874)

**Required Supplemental Information
Analysis of Funding Progress
Year Ended June 30, 2011**

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

Actuarial Valuation Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/04	\$ 803,420	\$ 971,686	\$ 168,266	82.7	\$ 150,429	111.9
6/30/05	784,271	985,338	201,067	79.6	148,319	135.6
6/30/06	782,098	1,023,599	241,501	76.4	146,634	164.7
6/30/07	801,533	1,071,781	270,248	74.8	157,012	172.1
6/30/08	670,366	841,266	170,900	79.7	89,636	190.7
6/30/09	623,292	873,088	249,796	71.4	89,636	278.7

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.

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net Pension Obligation (Asset) at June 30
6/30/06	12/31/03	\$ 9,916,682	68.0	\$ 3,143,529
6/30/07	6/30/05	11,956,575	69.0	6,840,171
6/30/08	6/30/06	14,376,558	72.0	10,805,978
6/30/09	6/30/07	14,497,568	175.0	-
6/30/10	6/30/08	13,394,740	169.0	-
6/30/11	6/30/09	10,835,308	124.0	-

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

Required Supplemental Information Analysis of Funding Progress (Continued) Year Ended June 30, 2011

MERS Pension Plan -Hurley Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset) at June 30</u>
6/30/06	12/31/03	\$ 4,647,023	-	\$ 4,647,023
6/30/07	6/30/05	6,060,658	145.0	1,889,624
6/30/08	6/30/06	6,690,590	45.0	5,711,003
6/30/09	6/30/07	8,037,604	75.0	7,694,335
6/30/10	6/30/07	9,160,796	87.0	8,896,382
6/30/11	6/30/09	9,173,538	75.8	5,505,003

Other Supplemental Information

Other Supplemental Information Nonmajor Proprietary Funds Fund Descriptions

Special Revenue Funds

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

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

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

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

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

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

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

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.

Other Supplemental Information Nonmajor Proprietary Funds Fund Descriptions (Continued)

Debt Service Funds

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

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

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

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

	Special Revenue Funds							
	Major Street Fund	Local Street Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
Assets								
Pooled cash and investments	\$ 460,278	\$ -	\$ -	\$ -	\$ 171	\$ 6,799	\$ -	\$ -
Cash and investments	60	-	-	-	191,143	-	-	-
Receivables:								
Property taxes receivable	-	-	148,685	-	-	-	37,083	-
Accrued interest receivable	-	-	-	-	38,204	-	-	-
Other receivables	96,540	-	-	-	-	-	-	-
Due from other governmental units	1,179,230	392,369	-	-	-	-	-	58,041
Notes and leases receivable	-	-	-	-	880,535	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Due from other funds	541,385	1,859,914	208,192	1,468,296	-	-	119,317	-
Inventory	8,398	-	-	-	-	-	-	-
Total assets	\$ 2,285,891	\$ 2,252,283	\$ 356,877	\$ 1,468,296	\$ 1,110,053	\$ 6,799	\$ 156,400	\$ 58,041
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 330,962	\$ 123,502	\$ 6,174	\$ 3,878	\$ -	\$ -	\$ 27,579	\$ 10,954
Due to other funds	800,000	572,963	-	-	-	-	-	35,992
Deposits and advances	-	-	-	550,486	-	-	-	-
Accrued liabilities	-	-	196,000	-	-	-	50,000	-
Deferred revenue	377,700	77,509	148,684	-	918,739	-	37,171	-
Total liabilities	1,508,662	773,974	350,858	554,364	918,739	-	114,750	46,946
Fund Balances								
Nonspendable:								
Inventory / Assets held for resale	8,398	-	-	-	-	-	-	-
Long-term receivable	-	-	-	-	-	-	-	-
Restricted:								
Roads	768,831	1,478,309	-	-	-	-	-	-
Police	-	-	6,019	913,932	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	191,314	-	-	-
Parks and recreation	-	-	-	-	-	6,799	41,650	11,095
Garbage collection	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	777,229	1,478,309	6,019	913,932	191,314	6,799	41,650	11,095
Total liabilities and fund balances	\$ 2,285,891	\$ 2,252,283	\$ 356,877	\$ 1,468,296	\$ 1,110,053	\$ 6,799	\$ 156,400	\$ 58,041

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

Special Revenue Funds				Debt Service Funds			Capital Projects Funds	Total Nonmajor Governmental Funds
City Park	Longway Park	Building Department	Garbage Collection	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	Public Improvement	
\$ 8,412	\$ 9,386	\$ -	\$ -	\$ -	\$ 6,520	\$ 643	\$ -	\$ 492,209
-	-	50	-	-	-	-	-	191,253
-	-	166	222,424	-	-	-	24,363	432,721
-	-	-	-	-	-	-	-	38,204
-	-	-	-	-	-	-	475,947	572,487
-	-	769,433	-	-	-	-	-	2,399,073
-	-	-	-	-	-	-	-	880,535
-	-	-	-	-	-	-	10,844,747	10,844,747
-	-	110,000	535,210	-	-	-	1,484,213	6,326,527
-	-	-	-	-	-	-	-	8,398
\$ 8,412	\$ 9,386	\$ 879,649	\$ 757,634	\$ -	\$ 6,520	\$ 643	\$ 12,829,270	\$ 22,186,154
\$ -	\$ -	\$ 203,515	\$ 121,587	\$ -	\$ -	\$ -	\$ 31,352	\$ 859,503
-	-	204,314	-	-	-	-	-	1,613,269
-	-	-	-	-	-	-	-	550,486
-	-	1,000	294,000	-	-	-	271,362	812,362
-	-	469,153	222,335	-	-	-	9,697,262	11,948,553
-	-	877,982	637,922	-	-	-	9,999,976	15,784,173
-	-	-	-	-	-	-	-	8,398
-	-	-	-	-	-	-	1,171,848	1,171,848
-	-	-	-	-	-	-	-	2,247,140
-	-	-	-	-	-	-	-	919,951
-	-	-	-	-	6,520	643	-	7,163
-	-	-	-	-	-	-	1,657,446	1,657,446
-	-	-	-	-	-	-	-	191,314
8,412	9,386	-	-	-	-	-	-	77,342
-	-	-	119,712	-	-	-	-	119,712
-	-	1,667	-	-	-	-	-	1,667
8,412	9,386	1,667	119,712	-	6,520	643	2,829,294	6,401,981
\$ 8,412	\$ 9,386	\$ 879,649	\$ 757,634	\$ -	\$ 6,520	\$ 643	\$ 12,829,270	\$ 22,186,154

City of Flint

Special Revenue Funds

	Major Street Fund	Local Street Fund	Neighborhood Policing	State Act 251 - Forfeitures	EDA Revolving Loan	Atwood Stadium	Parks and Recreation	Senior Citizen Centers
Revenue								
Property taxes	\$ -	\$ -	\$ 2,259,142	\$ -	\$ -	\$ -	\$ 564,636	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Federal grants	-	624,425	-	-	-	-	-	-
State revenue	7,037,224	1,951,427	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	190,829	-	-	-	-
Interest	554	2,510	2,413	4,486	22,330	24	258	58
Other revenue	48,401	-	-	-	-	-	23,000	248,467
Total revenue	7,086,179	2,578,362	2,261,555	195,315	22,330	24	587,894	248,525
Expenditures								
Current:								
General government:								
Pension board	-	-	-	-	-	-	-	-
Public safety:								
Police department	-	-	2,289,774	65,366	-	-	-	-
Building inspection	-	-	-	-	-	-	-	-
Public works:								
Rubbish disposal	-	-	-	-	-	-	-	-
Community development:								
Other community and economic development	-	-	-	-	35,507	-	-	-
Parks and recreation	51,631	-	-	-	-	-	618,148	248,467
Transportation	7,251,259	2,556,127	-	-	-	-	-	-
Debt service:								
Principal	108,588	-	-	-	-	-	-	-
Interest on long-term debt	10,033	-	-	-	-	-	-	-
Total expenditures	7,421,511	2,556,127	2,289,774	65,366	35,507	-	618,148	248,467
Excess of Revenue Over (Under) Expenditures	(335,332)	22,235	(28,219)	129,949	(13,177)	24	(30,254)	58
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	235,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	235,000	-
Net Change in Fund Balances	(335,332)	22,235	(28,219)	129,949	(13,177)	24	204,746	58
Fund Balances (deficit) - Beginning of year	1,112,561	1,456,074	34,238	783,983	204,491	6,775	(163,096)	11,037
Fund Balances - End of year	\$ 777,229	\$ 1,478,309	\$ 6,019	\$ 913,932	\$ 191,314	\$ 6,799	\$ 41,650	\$ 11,095

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

Special Revenue Funds				Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
City Park	Longway Park	Building Department	Garbage Collection	Parking Deck Debt Service	Windmill Place Debt Service	Buick City Debt Service	Public Improvement	
\$ -	\$ -	\$ -	\$ 3,387,454	\$ -	\$ -	\$ -	\$ 2,822,945	\$ 9,034,177
-	-	1,901,217	2,753	-	-	-	-	1,903,970
-	-	3,569,945	-	-	-	-	-	4,194,370
-	-	147,101	-	-	-	-	-	9,135,752
-	-	1,249,667	-	-	-	-	-	1,249,667
-	-	-	-	-	-	-	-	190,829
28	32	-	854	-	-	-	676,066	709,613
-	-	17,543	-	-	-	-	-	337,411
28	32	6,885,473	3,391,061	-	-	-	3,499,011	26,755,789
-	-	-	-	-	-	-	144,041	144,041
-	-	-	-	-	-	-	-	2,355,140
-	-	7,222,530	-	-	-	-	-	7,222,530
-	-	-	4,405,115	-	-	-	-	4,405,115
-	-	-	-	-	-	-	-	35,507
-	-	-	-	-	-	-	570,581	1,488,827
-	-	-	-	-	-	-	-	9,807,386
-	-	-	-	175,000	-	-	1,488,847	1,772,435
-	-	-	-	493,778	-	-	24,769	528,580
-	-	7,222,530	4,405,115	668,778	-	-	2,228,238	27,759,561
28	32	(337,057)	(1,014,054)	(668,778)	-	-	1,270,773	(1,003,772)
-	-	915,000	2,043,049	668,778	-	-	-	3,861,827
-	-	-	-	-	-	-	(1,877,727)	(1,877,727)
-	-	915,000	2,043,049	668,778	-	-	(1,877,727)	1,984,100
28	32	577,943	1,028,995	-	-	-	(606,954)	980,328
8,384	9,354	(576,276)	(909,283)	-	6,520	643	3,436,248	5,421,653
\$ 8,412	\$ 9,386	\$ 1,667	\$ 119,712	\$ -	\$ 6,520	\$ 643	\$ 2,829,294	\$ 6,401,981

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Major Street Fund Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State revenue	\$ 6,608,393	\$ 6,644,825	\$ 7,037,224	\$ 392,399
Interest	15,000	1,500	554	(946)
Other revenue:				
Local revenue	-	58,075	48,401	(9,674)
Total revenue	6,623,393	6,704,400	7,086,179	381,779
Expenditures				
Current:				
Parks and recreation	30,000	83,518	51,631	31,887
Transportation	7,404,375	8,546,307	7,251,259	1,295,048
Debt service	105,334	128,144	118,621	9,523
Total expenditures	7,539,709	8,757,969	7,421,511	1,336,458
Excess of Revenue Over (Under)				
Expenditures	(916,316)	(2,053,569)	(335,332)	1,718,237
Other Financing Sources (Uses)				
Transfers in	-	800,000	-	(800,000)
Net Change in Fund Balance	(916,316)	(1,253,569)	(335,332)	918,237
Fund Balance - Beginning of year	1,112,561	1,112,561	1,112,561	-
Fund Balance - End of year	<u>\$ 196,245</u>	<u>\$ (141,008)</u>	<u>\$ 777,229</u>	<u>\$ 918,237</u>

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Local Street Fund Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 875,000	\$ 624,425	\$ (250,575)
State revenue	1,772,041	1,799,043	1,951,427	152,384
Interest	15,000	3,000	2,510	(490)
Total revenue	1,787,041	2,677,043	2,578,362	(98,681)
Expenditures				
Current:				
Transportation	2,714,179	3,045,185	2,556,127	489,058
Total expenditures	2,714,179	3,045,185	2,556,127	489,058
Excess of Revenue Over (Under) Expenditures	(927,138)	(368,142)	22,235	390,377
Other Financing Sources (Uses)				
Transfers out	-	(800,000)	-	800,000
Net Change in Fund Balance	(927,138)	(1,168,142)	22,235	1,190,377
Fund Balance - Beginning of year	1,456,074	1,456,074	1,456,074	-
Fund Balance - End of year	\$ 528,936	\$ 287,932	\$ 1,478,309	\$ 1,190,377

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Neighborhood Policing Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,658,861	\$ 2,658,861	\$ 2,259,142	\$ (399,719)
Interest	-	-	2,413	2,413
Total revenue	2,658,861	2,658,861	2,261,555	(397,306)
Expenditures				
Current:				
Public safety:				
Police department	2,652,924	2,652,924	2,289,774	363,150
Net Change in Fund Balance	5,937	5,937	(28,219)	(34,156)
Fund Balance - Beginning of year	34,238	34,238	34,238	-
Fund Balance - End of year	\$ 40,175	\$ 40,175	\$ 6,019	\$ (34,156)

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - State Act 25 I - Forfeitures Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 175,000	\$ 175,000	\$ 190,829	\$ 15,829
Interest	15,000	15,000	4,486	(10,514)
Total revenue	190,000	190,000	195,315	5,315
Expenditures				
Current:				
Public safety:				
Police department	293,352	293,352	65,366	227,986
Net Change in Fund Balance	(103,352)	(103,352)	129,949	233,301
Fund Balance - Beginning of year	783,983	783,983	783,983	-
Fund Balance - End of year	\$ 680,631	\$ 680,631	\$ 913,932	\$ 233,301

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - EDA Revolving Loan Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Interest	\$ -	\$ 38,100	\$ 22,330	\$ (15,770)
Expenditures				
Current:				
Community development	-	38,100	35,507	2,593
Net Change in Fund Balance	-	-	(13,177)	(13,177)
Fund Balance - Beginning of year	204,491	204,491	204,491	-
Fund Balance - End of year	<u>\$ 204,491</u>	<u>\$ 204,491</u>	<u>\$ 191,314</u>	<u>\$ (13,177)</u>

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 664,715	\$ 664,715	\$ 564,636	\$ (100,079)
Interest	-	-	258	258
Other revenue	10,000	10,000	23,000	13,000
Total revenue	674,715	674,715	587,894	(86,821)
Expenditures				
Current:				
Parks and recreation	674,715	674,715	618,148	56,567
Excess of Revenue Over (Under) Expenditures	-	-	(30,254)	(30,254)
Other Financing Sources (Uses)				
Transfers in	-	-	235,000	235,000
Net Change in Fund Balance	-	-	204,746	204,746
Fund Balance (deficit) - Beginning of year	(163,096)	(163,096)	(163,096)	-
Fund Balance (deficit) - End of year	<u>\$ (163,096)</u>	<u>\$ (163,096)</u>	<u>\$ 41,650</u>	<u>\$ 204,746</u>

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Senior Citizen Centers Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Interest	\$ -	\$ -	\$ 58	\$ 58
Other revenue	-	248,539	248,467	(72)
Total revenue	-	248,539	248,525	(14)
Expenditures				
Current:				
Parks and recreation	-	248,539	248,467	72
Net Change in Fund Balance	-	-	58	58
Fund Balance - Beginning of year	11,037	11,037	11,037	-
Fund Balance - End of year	<u>\$ 11,037</u>	<u>\$ 11,037</u>	<u>\$ 11,095</u>	<u>\$ 58</u>

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Building Department Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Licenses and fees	\$ 1,651,868	\$ 1,651,868	\$ 1,901,217	\$ 249,349
Federal grants	878,810	4,057,315	3,569,945	(487,370)
State revenue	821,865	1,022,295	147,101	(875,194)
Charges for services	799,185	1,372,656	1,249,667	(122,989)
Other revenue	-	8,088	17,543	9,455
Total revenue	4,151,728	8,112,222	6,885,473	(1,226,749)
Expenditures				
Current:				
Public safety:				
Building inspection	4,151,728	8,248,331	7,222,530	1,025,801
Excess of Revenue Over (Under)				
Expenditures	-	(136,109)	(337,057)	(200,948)
Other Financing Sources (Uses)				
Transfers in	-	-	915,000	915,000
Net Change in Fund Balance	-	(136,109)	577,943	714,052
Fund Balance - Beginning of year	(576,276)	(576,276)	(576,276)	-
Fund Balance - End of year	<u>\$ (576,276)</u>	<u>\$ (712,385)</u>	<u>\$ 1,667</u>	<u>\$ 714,052</u>

City of Flint

Other Supplemental Information Nonmajor Governmental Fund - Garbage Collection Budgetary Comparison Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,988,292	\$ 3,988,292	\$ 3,387,454	\$ (600,838)
Licenses and permits	-	-	2,753	2,753
Interest	-	-	854	854
Total revenue	3,988,292	3,988,292	3,391,061	(597,231)
Expenditures				
Current:				
Public works	4,381,341	4,381,341	4,405,115	(23,774)
Excess of Revenue Over (Under) Expenditures	(393,049)	(393,049)	(1,014,054)	(621,005)
Other Financing Sources (Uses)				
Transfers in	393,049	393,049	2,043,049	1,650,000
Net Change in Fund Balance	-	-	1,028,995	1,028,995
Fund Balance (deficit) - Beginning of year	(909,283)	(909,283)	(909,283)	-
Fund Balance (deficit) - End of year	<u>\$ (909,283)</u>	<u>\$ (909,283)</u>	<u>\$ 119,712</u>	<u>\$ 1,028,995</u>

Other Supplemental Information Internal Service Funds Fund Descriptions

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

The Fringe Benefits Fund is used as a clearing account for the City's payroll and related fringe benefits, and to make payments for 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.

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2011

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self- Insurance	Total
Assets					
Current assets:					
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 345,381	\$ 345,381
Cash and cash equivalents	-	123,815	100	-	123,915
Receivables:					
Receivables (net of allowance for estimated uncollectible amounts of \$54,475)	275,919	935	914,814	2,200,139	3,391,807
Due from other funds	802,596	1,623,239	-	3,574,439	6,000,274
Note receivable - Current portion	-	130,000	-	-	130,000
Inventory	-	-	199,983	-	199,983
Prepaid costs	-	68,094	-	84,152	152,246
Total current assets	1,078,515	1,946,083	1,114,897	6,204,111	10,343,606
Noncurrent assets:					
Note receivable - Long-term	-	130,000	-	-	130,000
Capital assets:					
Assets subject to depreciation	637,928	-	2,555,191	-	3,193,119
Total noncurrent assets	637,928	130,000	2,555,191	-	3,323,119
Total assets	1,716,443	2,076,083	3,670,088	6,204,111	13,666,725
Liabilities					
Current liabilities:					
Accounts payable	\$ 32,027	\$ 955,502	\$ 130,391	\$ 424,538	\$ 1,542,458
Accrued liabilities	-	1,015,800	-	-	1,015,800
Claims payable - Current	-	-	-	4,398,000	4,398,000
Current portion of long-term debt	118,669	-	-	-	118,669
Total current liabilities	150,696	1,971,302	130,391	4,822,538	7,074,927
Noncurrent liabilities:					
Advances from other funds	-	-	1,348,618	-	1,348,618
Claims payable	-	-	-	1,370,000	1,370,000
Long-term debt	167,435	-	-	-	167,435
Total noncurrent liabilities	167,435	-	1,348,618	1,370,000	2,886,053
Total liabilities	318,131	1,971,302	1,479,009	6,192,538	9,960,980
Net Assets					
Invested in capital assets	351,824	-	2,555,191	-	2,907,015
Unrestricted (deficit)	1,046,488	104,781	(364,112)	11,573	798,730
Total net assets	\$ 1,398,312	\$ 104,781	\$ 2,191,079	\$ 11,573	\$ 3,705,745

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended June 30, 2011

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self- Insurance	Total
Operating Revenue					
Charges for services	\$ 2,997,585	\$28,731,772	\$ 4,472,166	\$ 8,706,696	\$44,908,219
Operating Expenses					
Salaries, wages, and fringe benefits	1,320,925	731,839	1,491,576	1,126,981	4,671,321
Utilities	-	-	24,640	-	24,640
Equipment operation	-	-	-	5,465	5,465
Claims and settlements	-	-	-	5,923,375	5,923,375
Repair and maintenance	208,816	-	160,887	5,611	375,314
Supplies	13,401	16,405	2,125,563	3,824	2,159,193
Insurance	-	-	-	370,096	370,096
Professional services	538,920	691,151	313,103	1,243,531	2,786,705
Miscellaneous	1,483	3,279	2,421	26,628	33,811
Costs of materials or services rendered	-	27,311,074	-	-	27,311,074
Depreciation	283,242	-	1,494,873	-	1,778,115
Total operating expenses	<u>2,366,787</u>	<u>28,753,748</u>	<u>5,613,063</u>	<u>8,705,511</u>	<u>45,439,109</u>
Operating Income (Loss)	630,798	(21,976)	(1,140,897)	1,185	(530,890)
Nonoperating Revenue (Expenses)					
Investment income	1,392	-	5,457	10,388	17,237
Income (Loss) - Before contributions	632,190	(21,976)	(1,135,440)	11,573	(513,653)
Capital Contributions					
Capital contributions	-	-	157,208	-	157,208
Transfers in	-	-	1,205,537	-	1,205,537
Change in Net Assets	632,190	(21,976)	227,305	11,573	849,092
Net Assets - Beginning of year	766,122	126,757	1,963,774	-	2,856,653
Net Assets - End of year	<u>\$ 1,398,312</u>	<u>\$ 104,781</u>	<u>\$ 2,191,079</u>	<u>\$ 11,573</u>	<u>\$ 3,705,745</u>

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2011

	Data		Central Maintenance		Total
	Processing	Fringe Benefits	Garage	Self-Insurance	
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 2,194,989	\$ 27,111,001	\$ 3,560,124	\$ 8,705,946	\$ 41,572,060
Payments to suppliers	(725,379)	(28,049,299)	(2,626,327)	(4,516,679)	(35,917,684)
Payments to and on behalf of employees	(1,320,925)	(2,168,744)	(1,491,576)	(1,147,064)	(6,128,309)
Claims paid	-	-	-	(2,707,210)	(2,707,210)
Other receipts	(275,919)	-	-	-	(275,919)
Net cash provided by (used in) operating activities	(127,234)	(3,107,042)	(557,779)	334,993	(3,457,062)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	1,205,537	-	1,205,537
Payments received on long term note receivable	-	130,000	-	-	130,000
Pooled cash receipts (to) from other funds	261,308	(152,269)	(1,078,131)	-	(969,092)
Repayments of loans from other funds	-	-	431,507	-	431,507
Interest payments on pooled cash advances	-	-	5,457	-	5,457
Net cash provided by (used in) noncapital financing activities	261,308	(22,269)	564,370	-	803,409
Cash Flows from Capital and Related Financing Activities					
Capital contributions	-	-	157,208	-	157,208
Purchase of capital assets - net of sales	(23,482)	-	(163,799)	-	(187,281)
Principal paid on capital debt	(111,984)	-	-	-	(111,984)
Net cash provided by (used in) capital and related financing activities	(135,466)	-	(6,591)	-	(142,057)
Cash Flows from Investment Activities					
Interest received on investments	1,392	-	-	10,388	11,780
Net Increase (Decrease) in Cash and Cash Equivalents	-	(3,129,311)	-	345,381	(2,783,930)
Cash and Cash Equivalents - Beginning of year	-	3,253,126	100	-	3,253,226
Cash and Cash Equivalents - End of year	<u>\$ -</u>	<u>\$ 123,815</u>	<u>\$ 100</u>	<u>\$ 345,381</u>	<u>\$ 469,296</u>

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds (Continued) Year Ended June 30, 2011

	Data Processing	Fringe Benefits	Central Maintenance Garage	Self-Insurance	Total
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating income (loss)	\$ 630,798	\$ (21,976)	\$ (1,140,897)	\$ 1,185	\$ (530,890)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	283,242	-	1,494,873	-	1,778,115
Changes in assets and liabilities:					
Receivables	(275,919)	2,468	(912,042)	(2,192,246)	(3,377,739)
Due from others	-	-	-	(550,925)	(550,925)
Inventories	-	-	(19,966)	-	(19,966)
Prepaid and other assets	15,400	127,914	-	-	143,314
Accounts payable	(780,755)	(1,778,543)	20,253	(118,353)	(2,657,398)
Estimated claims liability	-	-	-	3,215,415	3,215,415
Accrued and other liabilities	-	(1,436,905)	-	(20,083)	(1,456,988)
Net cash provided by (used in) operating activities	<u>\$ (127,234)</u>	<u>\$ (3,107,042)</u>	<u>\$ (557,779)</u>	<u>\$ 334,993</u>	<u>\$ (3,457,062)</u>

Other Supplemental Information Fiduciary Funds Fund Descriptions

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

	Pension and Benefit Trust Funds			
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit	Retiree Health Care
Assets				
Pooled cash and investments	\$ 1,683,668	\$ -	\$ -	\$ -
Cash and cash equivalents	19,355,946	-	37,965	-
Investments:				
U.S. government obligations	44,841,107	-	-	-
Corporate stocks	271,929,133	-	539,238	-
Corporate bonds	114,294,480	-	-	-
Asset backed securities	3,025,672	-	-	-
Partnerships	25,345,121	-	-	-
Foreign stocks	33,897,193	-	-	-
Cash held as collateral for securities lending (Note 4)	79,877,827	-	-	-
Receivables:				
Property taxes receivable	-	-	-	-
Accrued interest receivable	723,629	-	-	-
Other receivables	-	-	-	3,707,710
Loans receivable	-	-	-	-
Prepaid costs	-	-	-	239,331
Total assets	594,973,776	-	577,203	3,947,041
Liabilities				
Accounts payable	655,900	-	-	5,134
Due to other governmental units	-	-	-	-
Deposits and advances	-	-	-	-
Accrued liabilities and other	5,202,279	-	-	3,862,852
Obligations under securities lending agreements	81,471,342	-	-	-
Total liabilities	87,329,521	-	-	3,867,986
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 507,644,255	\$ -	\$ 577,203	\$ 79,055

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2011

Pension and Benefit Trust Funds			Agency Funds		
Health Benefits Plan and Trust	Hurley Medical		Miscellaneous Agency	County Revolving Loan	Total Agency Funds
	Center Retiree Benefit Trust Fund	Total Pension and Benefit Trust Funds			
\$ -	\$ -	\$ 1,683,668	\$ 1,926,068	\$ -	\$ 1,926,068
677,111	10,705,507	30,776,529	717,224	543,404	1,260,628
-	-	44,841,107	-	-	-
3,201,976	17,481,605	293,151,952	-	-	-
-	-	114,294,480	-	-	-
-	-	3,025,672	-	-	-
-	-	25,345,121	-	-	-
-	-	33,897,193	-	-	-
-	-	79,877,827	-	-	-
-	-	-	3,599,246	-	3,599,246
-	51	723,680	-	-	-
-	-	3,707,710	-	-	-
-	-	-	-	11,713	11,713
-	-	239,331	-	-	-
3,879,087	28,187,163	631,564,270	<u>\$ 6,242,538</u>	<u>\$ 555,117</u>	<u>\$ 6,797,655</u>
3,707,710	-	4,368,744	\$ 355,487	\$ -	\$ 355,487
-	-	-	5,038,538	555,117	5,593,655
-	-	-	848,513	-	848,513
-	4,397	9,069,528	-	-	-
-	-	81,471,342	-	-	-
3,707,710	4,397	94,909,614	<u>\$ 6,242,538</u>	<u>\$ 555,117</u>	<u>\$ 6,797,655</u>
<u>\$ 171,377</u>	<u>\$ 28,182,766</u>	<u>\$ 536,654,656</u>			

**Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Asset
Fiduciary Funds
Year Ended June 30, 2011**

	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	Total
Additions							
Investment income:							
Interest and dividends	\$ 5,729,994	\$ -	\$ 12,828	\$ -	\$ 49,088	\$ 324,254	\$ 6,116,164
Net increase in fair value of investments	92,894,323	-	89,910	-	383,019	3,839,790	97,207,042
Investment-related expenses	(2,429,852)	-	-	-	-	(52,767)	(2,482,619)
Net investment income	96,194,465	-	102,738	-	432,107	4,111,277	100,840,587
Securities lending income:							
Interest and fees	248,757	-	-	-	-	-	248,757
Less borrower rebates and bank fees	(134,108)	-	-	-	-	-	(134,108)
Net securities lending income	114,649	-	-	-	-	-	114,649
Contributions:							
Employer	10,835,308	2,251	-	9,830,303	-	7,426,382	28,094,244
Employee	4,135,906	-	15,674	6,562,951	283,916	-	10,998,447
Net contributions	14,971,214	2,251	15,674	16,393,254	283,916	7,426,382	39,092,691
Transfer of union negotiated funds	-	-	-	3,707,710	-	-	3,707,710
Total additions	111,280,328	2,251	118,412	20,100,964	716,023	11,537,659	143,755,637
Deductions							
Benefit payments	64,151,413	2,251	73,500	20,474,240	-	4,885,000	89,586,404
Refunds of contributions	738,766	-	-	-	-	-	738,766
Transfer of union negotiated funds	-	-	-	-	3,707,710	-	3,707,710
Administrative expenses	3,699	-	338	200,441	-	-	204,478
Total deductions	64,893,878	2,251	73,838	20,674,681	3,707,710	4,885,000	94,237,358
Net Increase (Decrease) in Net Assets Held in Trust	46,386,450	-	44,574	(573,717)	(2,991,687)	6,652,659	49,518,279
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	461,257,805	-	532,629	652,772	3,163,064	21,530,107	487,136,377
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	\$ 507,644,255	\$ -	\$ 577,203	\$ 79,055	\$ 171,377	\$ 28,182,766	\$ 536,654,656

City of Flint

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2011

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Miscellaneous Agency				
Assets				
Pooled cash and investments	\$ 2,277,112	\$ 79,004,691	\$ (79,355,735)	\$ 1,926,068
Cash and investments	714,036	3,188	-	717,224
Property taxes receivable	3,072,053	90,584,906	(90,057,713)	3,599,246
Total assets	<u>\$ 6,063,201</u>	<u>\$ 169,592,785</u>	<u>\$ 169,413,448</u>	<u>\$ 6,242,538</u>
Liabilities				
Accounts payable	405,650	59,457,338	(59,507,501)	355,487
Due to other governmental units	4,721,385	100,487,013	(100,169,860)	5,038,538
Deposits and advances	936,166	561,625	(649,278)	848,513
Total liabilities	<u>\$ 6,063,201</u>	<u>\$ 160,505,976</u>	<u>\$ 160,326,639</u>	<u>\$ 6,242,538</u>
County Revolving Loan Fund				
Assets				
Cash and investments	\$ 530,105	\$ 383,752	\$ (370,453)	\$ 543,404
Loan receivable	24,291	1,569	(14,147)	11,713
Total assets	<u>\$ 554,396</u>	<u>\$ 385,321</u>	<u>\$ (384,600)</u>	<u>\$ 555,117</u>
Liabilities				
Due to other governmental units	554,396	11,432	(10,711)	555,117
Total liabilities	<u>\$ 554,396</u>	<u>\$ 11,432</u>	<u>\$ (10,711)</u>	<u>\$ 555,117</u>
Totals - All Agency Funds				
Assets				
Pooled cash and investments	\$ 2,277,112	\$ 79,004,691	\$ (79,355,735)	\$ 1,926,068
Cash and investments	1,244,141	386,940	(370,453)	1,260,628
Receivables:				
Property taxes receivable	3,072,053	90,584,906	(90,057,713)	3,599,246
Loan receivable	24,291	1,569	(14,147)	11,713
Total assets	<u>\$ 6,617,597</u>	<u>\$ 169,978,106</u>	<u>\$ 169,798,048</u>	<u>\$ 6,797,655</u>
Liabilities				
Accounts payable	405,650	59,457,338	(59,507,501)	355,487
Due to other governmental units	5,275,781	100,498,445	(100,180,571)	5,593,655
Deposits and advances	936,166	561,625	(649,278)	848,513
Total liabilities	<u>\$ 6,617,597</u>	<u>\$ 160,517,408</u>	<u>\$ 160,337,350</u>	<u>\$ 6,797,655</u>

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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Financial Trend Information - Schedule I

CITY OF FLINT, MICHIGAN

Net Assets by Component

Last Ten Fiscal Years

	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 180,811,443	\$ 176,533,920
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	9,046,227	8,886,933
Unrestricted	(35,826,004)	(20,865,177)	(17,403,520)	(10,288,651)	346,817	(10,068,901)	(66,676,216)	(94,639,303)	(128,273,948)	(148,784,633)
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	61,583,722	36,636,220
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	125,632,814	127,847,276
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	10,761,281	11,432,623
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	65,053,326	43,022,814
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	201,447,421	182,302,713
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	306,444,257	304,381,196
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	19,807,508	20,319,556
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)	(63,220,622)	(105,761,819)
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	263,031,143	218,938,933

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 Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 35,286,569	\$ 18,640,073
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	7,549,727	7,504,547
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	57,784,496	53,062,194
Building inspection	-	1,596,003	2,851,237	1,698,197	4,386,646	3,672,350	5,063,848	5,277,613	6,332,983	8,610,149
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	27,224,651	28,549,114
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	10,835,034	16,541,698
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	5,431,010	6,803,411
Interest on long-term debt	623,933	415,823	360,690	313,032	436,774	824,536	1,091,347	1,122,341	806,637	1,132,521
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	151,251,107	140,843,707
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	14,002,474	15,083,436	17,281,364
Judicial	2,413,707	458,807	718,454	7,181	2,237,892	2,470,636	2,663,984	2,339,395	2,094,107	1,668,559
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	3,291,583	2,878,264
Building inspection	-	721,203	835,492	1,404,790	1,961,099	1,483,269	1,501,849	1,736,737	1,728,460	3,173,389
Public works	1,787,388	262,086	24,265	127,111	112,275	15,715,702	8,221	9,124	267,712	186,105
Community enrichment and development	254,144	92,360	111,737	218,020	152,119	499,645	147,744	69,749	564,698	53,960
Parks and recreation	1,230,176	41,142	96,438	52,367	33,370	40,679	53,999	44,512	30,193	554,742
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	22,662,721	23,060,189	25,796,383
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	21,984,894	27,243,104
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	4,436,527	6,414,945
Total Program Revenue	35,401,585	35,043,868	54,205,249	36,074,718	46,941,468	76,402,438	54,418,701	49,980,146	49,481,610	59,454,432
Net (Expense) Revenue	(64,041,098)	(53,515,464)	(65,372,886)	(71,597,621)	(62,939,864)	(58,582,507)	(113,025,406)	(97,719,207)	(101,769,497)	(81,389,275)
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	19,224,393	18,142,422
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	13,551,247	14,396,346
State-shared revenues	-	-	-	19,760,886	19,541,013	18,959,082	18,959,082	18,466,481	16,424,091	16,424,088
Franchise fees	-	-	-	-	1,022,191	1,036,958	1,045,656	1,112,359	1,139,147	1,215,745
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	624,699	507,915
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	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	335,928	39,425	35,610	69,084	(327,551)	-
Miscellaneous revenue	-	-	-	-	-	-	150,975	-	54,549	84,408
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	50,690,575	50,770,924
Gain (loss) on disposal of capital assets	-	(3,956,437)	-	-	-	-	-	-	-	-
Transfers	(174,646)	(3,826,746)	(703,256)	250,179	-	-	-	3,079,623	2,983,177	5,670,849
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)	(48,095,745)	(24,947,502)

Financial Trend Information - Schedule 3

CITY OF FLINT, MICHIGAN

Changes in Business Type Net assets

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 31,956,754	\$ 36,762,663
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	15,978,110	17,637,811
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	360,903,987	354,078,435
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	583,498	-
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	409,422,349	408,478,909
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	17,103,752	20,919,987
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	17,829,720	17,050,216
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	25,923,101	24,780,913
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	343,633,278	339,408,386
Nonmajor Enterprise funds	91,767	1,028,644	1,133,198	744,469	999,994	1,332,660	1,625,295	1,203,591	1,156,400	-
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	20,394,544	19,529,104
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	426,040,795	421,688,606
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)	(16,618,446)	(13,209,697)
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	2,186,379	2,048,499
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)	(4,528,788)	(4,594,996)
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	742,126	1,469,880
Gain (loss) on disposal of assets	-	9,000,325	(578)	125,583	(712,535)	(324,965)	(653,040)	(313,727)	(165,327)	-
Capital grants and contributions	4,892,681	2,412,748	51,963	1,110,785	1,184,108	743,606	838,132	476,760	(63,590)	797,749
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)	(5,870,948)	(18,447,646)	(13,488,565)
Grants for capital improvements	-	-	-	-	-	-	-	199,596	128,855	14,706
Transfers from other funds	-	5,411,200	703,256	736,405	-	-	-	2,320,377	6,823	285,992
Transfers to other funds	-	(1,584,454)	-	(986,584)	-	-	-	(2,990,000)	(2,990,000)	(5,956,841)
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)	(21,301,968)	(19,144,708)

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

	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 *
General Fund										
Restricted	\$ 362,368	\$ 82,435	\$ 82,082	\$ 19,388	\$ 1,222,171	\$ 68,624	\$ 177,450	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	1,586,995
Unreserved, designated for City jail						1,235,672	-	-	-	-
Assigned	-	-	-	1,572,584	2,512,158	3,817,088	-	-	-	-
Unassigned (deficit)	(26,617,953)	(14,069,159)	(7,871,141)	4,507,985	5,180,925	1,230,310	(7,046,820)	(10,113,744)	(14,621,546)	(8,863,134)
Total General Fund (Deficit)	(26,255,585)	(13,986,724)	(7,789,059)	6,099,957	8,915,254	6,351,694	(6,869,370)	(10,113,744)	(14,621,546)	(7,276,139)
All Other Governmental Funds										
Restricted	1,931,161	1,797,570	2,029,831	3,392,943	6,110,321	5,187,345	2,279,414	2,021,691	1,749,242	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,180,246
Assigned	-	730,295	1,239,710	8,539,080	8,485,398	7,519,456	3,591,002	7,190,250	1,872,197	-
Restricted, reported in:										
Special revenue funds	-	2,206,825	1,519,985	7,931,807	6,254,926	5,358,369	8,619,573	8,321,188	931,077	4,245,293
Debt service funds	-	573	54,045	6,578	6,721	7,067	7,163	7,163	7,163	7,163
Capital projects funds	-	2,618,573	1,909,930	87,638	996,232	812,881	3,460,669	304,138	1,831,338	1,657,446
Unassigned	5,695,228	-	-	-	-	-	-	-	-	1,667
Total All Other Governmental Funds	7,626,389	7,353,836	6,753,501	19,958,046	21,853,598	18,885,118	17,957,821	17,844,430	6,391,017	7,091,815
Total Governmental Fund Balance	(18,629,196)	(6,632,888)	(1,035,558)	26,058,003	30,768,852	25,236,812	11,088,451	7,730,686	(8,230,529)	(184,324)

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

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

Financial Trend Information - Schedule 5
CITY OF FLINT, MICHIGAN
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 19,169,740	\$ 18,035,252
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	13,551,247	14,396,346
Special assessments	-	-	-	327,834	174,930	54,225	39,947	211,682	41,479	-
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	12,414,929	19,718,598
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	27,770,303	26,927,022
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	2,440,648	3,220,060
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	2,470,584	2,087,179
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	11,230,300	12,487,478
Local grants	252,619	578,894	1,816,437	778,851	931,252	633,911	1,413,470	2,510,298	1,961,589	-
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	2,825,591	12,104,122
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	93,876,410	108,976,057
Expenditures										
Current:										
Legislative	1,137,913	892,569	518,190	915,521	1,274,989	1,100,228	1,164,844	1,196,266	1,176,953	1,226,475
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	5,468,994	5,292,589
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	10,976,896	16,875,964
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	44,823,709	42,520,146
Building inspections	-	1,596,003	2,593,178	2,883,968	4,669,425	3,943,583	4,624,961	4,266,994	6,604,061	7,335,776
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	20,379,499	16,950,515
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	4,340,478	9,278,896
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	14,899,707	8,285,404
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	2,292,187	2,040,435
Interest and fiscal charges	623,933	415,823	360,690	313,032	436,945	586,217	738,835	881,328	675,147	623,873
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	111,637,631	110,430,073
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)	(17,761,221)	(1,454,016)
Other Financing Sources (Uses)										
Debt issuance	1,172,000	1,452,000	-	8,000,000	3,840,000	-	18,369,192	1,875,000	-	8,000,000
Sale of fixed assets	-	-	-	221,403	678,848	39,425	35,610	7,782	54,195	1,750
Interest Exp	-	-	-	-	-	-	-	(104,697)	-	-
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	3,581,463	6,855,239
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)	(1,835,652)	(5,356,768)
Total Other Financing Sources (Uses)	770,132	3,671,723	(744,691)	8,252,874	4,518,848	(510,699)	17,103,775	1,178,512	1,800,006	9,500,221
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)	(3,462,462)	(15,961,215)	8,046,205
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	7,730,686	(8,230,529)
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	7,625,989	(8,230,529)	(184,324)
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%	27.48%	29.80%
Debt Service Expenditures as a Percentage of Non-capital Outlay Expenditures	*	*	80.59%	81.58%	73.19%	91.95%	85.53%	75.22%	72.52%	70.20%

* - Note: 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					Total Taxable Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
		Real Property			Personal Property	Industrial					
		Residential	Commercial	Industrial							
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	
2009	2010	799,683,301	216,082,248	146,733,154	142,622,700	1,305,121,403	58.6748	2,786,085,200	46.84%	74,687,017	
2010	2011	677,714,706	204,695,601	100,228,398	164,150,300	1,146,789,005	62.8548	2,383,030,600	48.12%	48,290,169	

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

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

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

Source: City Assessor

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
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
2010	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4847	7.2072	0.4847
2011	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.*

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

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
0.4906	0.3996	2.9000	6.0000	2.8672	3.5835	0.0000	18.0000	38.8956	56.8956
0.4886	0.3980	2.9000	6.0000	2.8280	3.5673	0.0000	18.0000	38.8103	56.8103
0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	40.6748	58.6748
0.4847	0.7998	2.9000	6.0000	2.8596	3.5341	4.0000	22.0000	44.8548	62.8548

Revenue Capacity Information - Schedule 8

CITY OF FLINT, MICHIGAN

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Consumers Energy	\$ 46,824,700	1	3.93%	\$ 52,431,000	3	2.91%
General Motors	39,376,100	2	3.30%	236,399,400	1	13.11%
Delphi	25,276,900	3	2.12% *	100,214,500	2	5.56%
4405 Continental Drive	6,611,800	4	0.55%			
Comcast Cablevision	5,933,700	5	0.50%			
Ramco Lapeer Assoc.	5,142,000	6	0.43%			
IINN, Inc.	5,090,800	7	0.43%	4,966,200	7	0.28%
Citizens Bank	4,874,700	8	0.41%	6,916,400	5	0.38%
Saginaw & Court Assoc.	4,627,100	9	0.39%			
Barrette Outdoor	3,985,400	10	0.33%			
EDS Corporation				7,276,500	4	0.40%
Great Lakes Technology Centre				6,404,800	6	0.36%
The Herald Company, Inc. (Flint Journal)				4,683,200	8	0.26%
McDonalds Dairy/Country Fresh				4,314,700	9	0.24%
PPG Industries, Inc.				4,208,800	10	0.23%
Total Assessed Value, Top Ten	147,743,200		12.40%	427,815,500		23.72%
Total Assessed Value, City of Flint	\$ 1,191,515,300			\$ 1,803,672,717		

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
2001	2002	\$ 24,516,058	\$ 21,395,879	87.27%	\$ 2,344,978	\$ 23,740,857	96.84%
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,315	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,888,875	23,430,440	87.14%	3,270,819	26,701,259	99.30%
2006	2007	27,607,211	23,476,574	85.04%	4,105,854	27,582,428	99.91%
2007	2008	27,751,506	23,381,424	84.25%	3,769,660	27,151,084	97.84%
2008	2009	25,297,684	20,838,394	82.37%	3,236,819	24,075,213	95.17%
2009	2010	22,864,857	18,580,520	81.26%	3,370,201	21,950,721	96.00%
2010	2011	21,029,361	16,565,947	78.78%	2,865,096	19,431,043	92.40%

^[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 Finance Dept. - Audit Division

Debt Capacity Information - Schedule 10

CITY OF FLINT, MICHIGAN

Ratios of Outstanding Debt

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
General obligation bonds	8,145,494	4,825,137	2,455,000	9,175,000	6,765,000	5,490,000	\$ 14,180,000	\$ 12,830,000	\$ 11,345,000	\$ 9,735,000
Local Government Loan	-	-	-	-	-	-	-	-	-	8,000,000
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	4,061,364	4,419,082	4,082,706	3,734,658	7,140,580	6,776,354	13,587,306	15,193,175	13,969,551	13,866,079
Capital leases	1,283,408	815,767	493,636	154,025	-	-	854,136	437,362.91	398,088	286,104
Total Governmental Activities	13,490,266	10,059,986	7,031,342	13,063,683	13,905,580	12,266,354	28,621,442	28,460,538	25,712,639	31,887,183
Business Type Activities										
General obligation bonds	9,263,140	7,228,424	4,204,534	2,996,030	1,688,571	371,634	250,740	125,370.00	-	-
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	85,994,660	96,568,575	98,172,350	106,098,490	105,849,432	101,794,432	97,094,432	91,289,015	122,651,259	117,225,336
Notes payable	8,293,516	514,680	457,248	396,768	332,985	265,719	194,776	119,958	41,054	-
Capital leases	-	8,679,229	6,973,933	5,276,146	3,446,408	1,539,212	75,384	514,243	-	-
Total Business-type Activities	103,551,316	112,990,908	109,808,065	114,767,434	111,317,396	103,970,997	97,615,332	92,048,586	122,692,313	117,225,336
Total Debt of the Government	117,041,582	123,050,894	116,839,407	127,831,117	125,222,976	116,237,351	\$ 126,236,774	\$ 120,509,124	\$ 148,404,952	\$ 149,112,519
Total Residential Personal Income	\$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	\$713,773,437	\$505,681,850
Total debt as percentage of personal income	4.94%	4.74%	4.66%	5.94%	6.04%	5.61%	7.49%	11.38%	20.79%	29.49%
Total Population	123,349	121,308	119,949	118,596	117,271	115,821	114,449	112,857	111,475	102,434
Total debt per capita	948.87	1,014.37	974.08	1,077.87	1,067.81	1,003.59	1,103.00	1,067.80	1,331.28	1,455.69

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
2002	\$ 8,145,494	\$ 5,344,772	\$ 13,490,266	\$ 1,539,111,881	0.86%	123,349	109.37
2003	4,825,137	5,234,849	10,059,986	1,570,116,422	0.63%	121,308	82.93
2004	2,455,000	4,576,342	7,031,342	1,585,636,701	0.44%	119,949	58.62
2005	9,175,000	3,888,684	13,063,684	1,598,254,721	0.79%	118,596	110.15
2006	6,765,000	7,140,580	13,905,580	1,655,656,167	0.83%	117,271	118.58
2007	5,490,000	6,776,354	12,266,354	1,680,872,526	0.72%	115,821	105.91
2008	14,180,000	13,587,306	27,767,306	1,698,766,194	1.69%	114,449	242.62
2009	12,830,000	15,193,175	28,023,175	1,643,424,867	1.71%	112,857	248.31
2010	11,345,000	13,969,551	25,314,551	1,305,121,403	1.94%	111,475	227.09
2011	9,735,000	13,866,079	23,601,079	1,146,789,005	2.06%	102,434	230.40

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 2011		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:			
Genesee County	\$ 86,425,063	14.22%	\$ 12,289,644
Flint School District	9,384,000	100.00%	9,384,000
Genesee Intermediate School District	1,587,215	14.22%	225,702
Airport Authority	25,455,000	14.22%	3,619,701
Mott Community College	56,945,000	14.22%	8,097,579
Carman School District	44,038,000	13.20%	5,813,016
Kearsley School District	702,025	2.00%	14,041
Swartz Creek School District	15,018,000	75.00%	11,263,500
Westwood Heights School District	40,637	2.12%	862
Mass Transit Authority	0	14.22%	-
Flint Public Library	0	14.22%	-
Total Overlapping Debt			\$ 50,708,044
Direct City Debt			\$ 31,887,183
Total Direct and Overlapping Debt			\$ 82,595,227

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Calculation of Legal Debt Limit										
Assessed valuation	\$ 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	\$ 1,393,042,600	\$ 1,191,515,300
7% of assessed valuation *	\$ 126,257,090	\$ 127,761,307	\$ 130,463,763	\$ 132,882,680	\$ 136,306,625	\$ 137,640,587	\$ 133,767,480	\$ 115,388,616	\$ 97,512,982	\$ 83,406,071
Calculation of Debt Subject to Limit										
Total bonded debt at June 30	\$ 103,403,294	\$ 108,622,135	\$ 104,831,884	\$ 118,269,520	\$ 114,303,502	\$ 107,656,066	\$ 111,525,172	\$ 120,509,125	\$ 146,969,952	\$ 149,112,519
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 85,994,660	\$ 96,568,575	\$ 98,172,350	\$ 106,089,490	\$ 105,849,932	\$ 101,794,432	\$ 97,094,432	\$ 107,670,125	\$ 135,624,952	\$ 139,377,519
Debt subject to limitation (net debt)	\$ 17,408,634	\$ 12,053,560	\$ 6,659,534	\$ 12,180,030	\$ 8,453,570	\$ 5,861,634	\$ 14,430,740	\$ 12,839,000	\$ 11,345,000	\$ 9,735,000
Legal debt margin (unused debt limitation)	\$ 108,848,456	\$ 115,707,747	\$ 123,804,229	\$ 120,702,650	\$ 127,853,055	\$ 131,778,953	\$ 119,336,740	\$ 102,549,616	\$ 86,167,982	\$ 73,671,071
Net debt subject to limit as % of debt limit	13.79%	9.43%	5.10%	9.17%	6.20%	4.26%	10.79%	11.13%	11.63%	11.67%

*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	
2002	\$ 25,958,863	\$ 20,977,797	\$ 4,981,066	\$ 605,000	\$ 216,397	\$ 821,397	6.06
2003	28,037,317	23,728,120	4,309,197	985,000	454,072	1,439,072	2.99
2004	31,517,778	26,870,741	4,647,037	1,015,000	562,644	1,577,644	2.95
2005	31,160,636	24,853,717	6,306,919	1,040,000	740,160	1,780,160	3.54
2006	34,748,443	26,412,277	8,336,166	1,810,000	914,677	2,724,677	3.06
2007	33,692,378	27,638,175	6,054,203	1,860,000	934,902	2,794,902	2.17
2008	34,710,752	28,891,858	5,818,894	1,905,000	891,611	2,796,611	2.08
2009	34,080,677	33,478,038	602,639	1,945,000	849,427	2,794,427	0.22
2010	31,956,754	32,012,727	(55,973)	1,995,000	804,123	2,799,123	(0.02)
2011	36,762,663	37,970,203	(1,207,540)	2,140,923	754,013	2,894,936	(0.42)

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 14b

CITY OF FLINT, MICHIGAN

Revenue Bond Coverage - Hurley Medical Center

Last Fifteen Fiscal Years (amounts expressed in thousands)

Fiscal Year	Gross		Applicable		Debt Service			Coverage
	Revenue	Expenses	Net Revenue	Principal	Interest	Total		
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	347,378	4,415	2,950	3,792	6,742	0.65	
2010	360,904	354,793	6,111	3,105	3,713	6,818	0.90	
2011	354,311	350,248	4,063	3,285	3,840	7,125	0.57	

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	Michigan Labor Market - Jobless Rate
2001	123,349	\$2,371,144,784	\$19,223	10.8%
2002	121,308	\$2,595,966,375	\$21,400	13.1%
2003	119,949	\$2,505,060,765	\$20,884	14.7%
2004	118,596	\$2,150,985,535	\$18,137	14.4%
2005	117,271	\$2,071,630,014	\$17,665	13.8%
2006	115,821	\$2,071,558,869	\$17,886	14.3%
2007	114,449	\$1,684,426,650	\$14,718	14.5%
2008	112,857	\$1,059,356,000	\$9,387	17.8%
2009	111,475	\$713,773,437	\$6,403	24.3%
2010	102,434	\$505,681,850	\$4,937	23.2%

Sources: Michigan Dept. of Technology, Management & Budget - Labor Market Information
Unemployment Statistics - not seasonally adjusted

U.S. Census Dept.

City of Flint Income Tax Division

Demographic and Economic Information - Schedule I 6

CITY OF FLINT, MICHIGAN

Principal Employers

Current Year and Nine Years Ago

Taxpayer	FY 2011	Percentage of Total	FY 2002	Percentage of Total	2002 Rank
	(2010) Employees		(2001) Employees		
1 General Motors Corp/Motors Liquidation Co	14,408	26.57%	19,500	22.25%	1
2 Genesys Health Systems	3,718	6.86%	3,524	4.02%	5
3 Flint School District	3,487	6.43%	5,643	6.44%	2
4 McLaren Regional Medical Center	2,940	5.42%	2,840	3.24%	7
5 Hurley Medical Center	2,685	4.95%	3,188	3.64%	6
6 University of Michigan	2,527	4.66%			
6 Genesee County	2,400	4.43%	3,553	4.05%	4
7 CS Mott Community College	2,075	3.83%			
8 Kettering University	1,091	2.01%			
9 City of Flint	1,090	2.01%	1,612	1.84%	8
10 State of Michigan	1,076	1.98%	1,369	1.56%	9
Delphi Automotive Systems			5,500	6.28%	3
United States Postal Service			1,223	1.40%	10
	37,497	69.15%	44,428	50.70%	
Total Employees Working in City	54,222		87,637		

*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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration										
City Administration	6.0	4.0	5.0	3.0	1.0	2.0	2.0	2.0	6.0	5.0
Mayor's Office	2.0	2.0	2.0	3.0	3.0	10.0	9.0	5.0	2.0	3.0
Mayor's Office on Human Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal Department	14.0	14.0	13.0	11.0	6.0	11.0	12.0	10.0	12.0	11.5
City Clerk's Office (incl election workers)	16.8	15.8	15.8	15.8	16.8	14.8	15.8	15.8	14.8	14.8
City Council	12.0	12.0	11.0	11.0	13.0	12.0	12.0	12.0	12.0	11.0
Ombudsman's Office	5.0	2.0	1.0	1.0	1.5	2.0	5.0	2.0	2.5	2.0
Human Resources - Personnel & Labor Relations	10.0	8.0	9.0	10.0	7.0	7.0	7.0	7.0	12.0	11.0
Civil Service Commission	2.0	2.0	2.0	1.0	2.0	2.0	0.5	1.0	1.0	1.0
Human Relations Commission	3.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	1.5
Union Representatives	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
68th District Court	58.0	58.0	52.0	48.5	51.0	52.0	52.0	63.0	55.0	49.0
Finance Administration										
Finance Department/Payroll/Retirement	15.0	19.0	18.0	17.0	18.0	17.0	19.0	14.0	14.0	12.0
Treasury/Customer Service/Income Tax	56.0	51.0	51.0	50.0	50.0	50.0	51.0	42.0	36.0	33.0
Assessment	13.0	12.0	10.0	11.0	12.0	11.0	13.0	12.0	10.5	9
Budget Management	4.0	6.0	5.0	2.0	2.0	2.0	2.0	1.0	1.0	0.0
Information Services/Data Processing	24.0	22.0	21.0	23.0	18.0	17.0	17.0	14.0	14.0	14.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	8.0	9.0	8.0	8.0	9.0	9.0	9.0	9.0	4.0	4.0
Public Service Attendants	0.0	0.0	0.0	0.0	20.0	21.0	20.0	16.0	14.0	10.0
Purchasing										
Administration	4.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inventory Control/Stockkeepers	8.0	1.0	1.0	4.0	5.0	5.0	8.0	6.0	6.0	5.0
City Market	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equal Opportunity/Contract Compliance	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community & Economic Development/Major Grants	17.0	11.5	12.0	12.0	9.0	9.0	12.0	9.0	11.0	15.0

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function / Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire Department	143.0	133.0	132.0	120.0	130.0	134.0	134.0	123.0	97.0	75.0
Emergency 9-1-1	34.0	30.0	29.0	29.0	29.0	28.0	28.0	26.0	25.5	25.5
Police Department										
Sworn Officers	277.0	238.0	249.0	249.0	259.0	265.0	265.0	219.0	165.0	132.0
Civilians	36.0	34.0	35.0	31.0	32.0	32.0	35.0	28.0	23.5	18.0
Jail - Security Guards/Admin	0.0	0.0	0.0	0.0	0.0	0.0	29.0	0.0	0.0	0.0
School Crossing Guards	32.9	32.9	32.9	32.9	27.4	23.0	25.0	25.0	25.0	34.0
Parks & Recreation										
Administration	7.0	4.0	5.5	16.0	12.0	14.0	16.0	11.0	7.0	6.0
Facilities Maintenance/Grounds	11.0	8.0	31.0	24.0	30.0	27.0	13.0	13.0	11.0	9.0
Forestry Division	17.6	17.6	9.0	3.0	7.0	12.0	10.0	3.0	3.0	3.0
Golf Division	27.5	41.0	18.0	27.0	24.0	22.0	25.7	7.0	16.0	12.0
Recreation Division	31.9	26.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMA Sports Arena	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Works & Utilities Administration										
Public Works & Utilities Administration	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Inspections/Development/Demolition	0.0	0.0	25.5	25.5	25.3	28.0	27.0	15.0	21.0	26.0
Engineering	14.0	9.0	8.0	8.0	7.5	7.5	8.0	6.0	6.0	5.0
Fleet Management	14.0	12.0	10.0	11.0	12.0	12.0	13.0	9.0	13.0	14.0
Street Maintenance	36.4	35.4	30.0	37.0	35.0	38.0	38.0	36.0	35.0	27.0
Traffic Engineering	16.0	15.0	15.0	15.0	16.0	17.0	18.0	15.0	15.0	17.0
Waste Collection/Sanitation	56.0	57.0	40.0	40.0	41.0	42.0	43.0	37.0	29.0	33.0
Transportation-Director/Administration	0.0	5.0	5.0	4.0	5.0	5.0	5.0	5.0	4.0	4.0
Utilities Administration	0.0	4.0	5.0	3.0	5.0	5.0	4.0	5.0	5.0	3.0
Sewer Maintenance	31.0	27.0	27.0	27.0	26.0	31.0	34.0	31.0	34.0	32.0
Water Plant	33.0	27.0	28.0	27.0	27.0	28.0	30.0	27.0	33.0	29.0
Water Pollution Control	66.0	57.0	56.0	54.0	57.0	59.0	60.0	59.0	61.0	65.0
Water Service Center	51.0	43.0	45.0	43.0	45.0	44.0	54.0	54.0	54.0	48.0
Total Staffing	1226.6	1114.1	1080.7	1065.7	1104.5	1135.3	1190.0	1002.8	918.8	835.3

Source: City of Flint Finance Office

Operating Information - Schedule 18

CITY OF FLINT, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/ program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Election Data (Calendar Year - November Elections)										
Registered voters	89,854	88,490	92,049	91,288	91,637	89,538	92,890	85,441	84,624	83,063
Voters (at the polls or absentee)	28,770	23,529	46,512	13,204	32,243	24,386	48,869	10,397	25,573	15,787
Percent voting	32.0%	26.6%	50.5%	14.5%	35.2%	27.2%	52.6%	12.2%	30.2%	19.0%
68th District Court (Calendar Year)										
Number of new court cases	47,141	47,801	44,071	44,635	47,083	44,276	43,088	44,812	33,516	N/A
Police: (Calendar Year thru 2006/Fiscal Year beginning 2007)										
Physical arrests (fiscal year beg. 2007)	6,504	6,081	5,541	6,115	5,265	7,451	10,711	4,208	2,870	1,650
Traffic violations (fiscal year beg. 2006)	26,101	25,899	22,907	24,082	18,064	20,316	20,995	15,022	13,105	5,351
Investigations (fiscal year beg. 2007)	26,289	24,887	22,497	22,155	17,478	23,327	25,130	19,736	19,137	16,547
Fire (Calendar Year)										
Fire runs	4,472	4,526	3,944	2,945	2,867	3,154	3,487	3,031	3,191	3,111
Emergency medical runs	16,300	16,752	16,170	*3,751	4,633	3,834	4,233	2,413	3,562	3,861
Inspections	38	66	296	281	223	224	223	239	308	329
Public Works										
Miles of streets resurfaced	18.26	13.36	11.81	18.07	51.39	49.56	33.37	22.79	25.16	113.50
Potholes repaired	935	906	1,348	832	678	715	835	850	725	750
Refuse Collection										
Household waste & residential compost - cubic yards {A massive City clean-up campaign occurred in 2005}	N/A	102,113	112,801	214,654	133,747	125,624	141,370	109,515	116,852	110,577
Parks and Recreation (Calendar Year)										
Recreation Centers - Senior & Youth Participants	N/A	N/A	610	683	1,091	1,483	1,407	2,974	5,690	3,326
Water										
Number of customers billed	46,400	45,600	45,890	43,900	43,278	42,068	39,745	40,191	39,655	37,437
Total consumption (ccf)	15,498,367	13,426,910	13,297,217	13,610,901	12,258,619	11,516,460	12,120,350	10,844,801	10,051,098	10,140,906
Average consumption per user (ccf)	334	294	290	310	283	274	305	270	253	271
Wastewater (Calendar Year)										
Average daily sewage treatment - gallons	22,100,000	20,800,000	26,800,000	23,700,000	26,790,000	27,700,000	24,400,000	26,200,000	20,200,000	19,000,000

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	2010	2011
Police												
Stations	1	1	1	1	1	1	1	1	1	1	1	1
Mini-Stations	7	7	8	9	9	8	8	6	6	6	7	9
Patrol units	116	116	116	88	88	88	88	105**	193	166	106	56
Fire												
Stations	6	6	6	6	6	6	6	6	6	6	5	5
Fire response vehicles	18	18	17	16	16	16	17	18	18	18	15	15
Emergency response vehicles	11	11	11	9	7	4	4	3	3	3	5	5
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	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	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	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	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	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	11,356	11,292
Traffic Signals/Beacons	275	275	275	274	274	274	275	276	277	277	273	273
Refuse Collection												
Collection trucks in service	23	25	26	26	22	23	20*	20	20	22	23	23
Parks and Recreation												
Acreage	1,836	1,836	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	63	63
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	12	12	12	12
Community centers	6	6	6	6	6	6	6	6	5	5	5	5
Golf courses	4	4	4	4	4	4	4	4	4	4	4	4
Water												
Water mains (miles)	540	540	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	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	57,000,000	57,000,000
Sewer												
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	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	80,000,000	80,000,000

Source: Various City Departments

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

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

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

Schedule 20
CITY OF FLINT, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM - COMPARATIVE SCHEDULE - ACTUARIAL VALUATIONS
(\$ amounts expressed in thousands)

Continuation Indicators

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

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

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

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

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

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

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

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

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

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