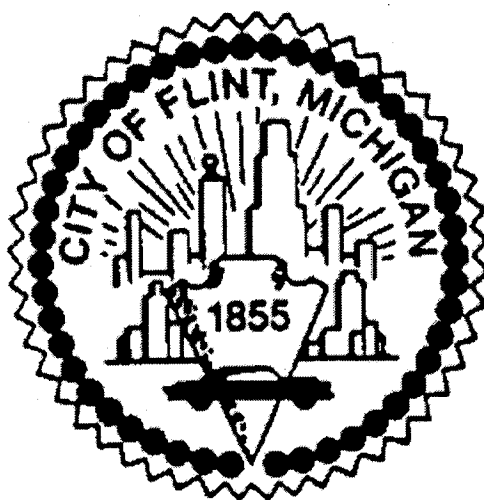


CITY OF FLINT, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2003



Prepared by:

Department of Finance and Administration

Peter Dobrzeniecki, Director of Finance

**City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003**

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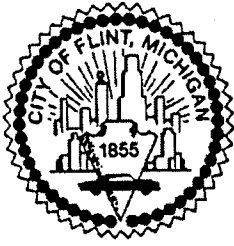
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INTRODUCTORY SECTION



CITY OF FLINT

December 30, 2003

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, 2003.

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.

The City of Flint's financial statements have been audited by BKR Dupuis & Ryden, a firm of licensed certified public accountants. 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, 2003, 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, 2003, 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.

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, 2002. 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, 2003, continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 124,943. The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

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

On May 22, 2002, the State of Michigan determined that a financial emergency existed in the City of Flint, pursuant to Section 15(1) of Public Act 72 of 1990, the Local Government Fiscal Responsibility Act of the State of Michigan. Pursuant to Section 18(1) of the Act the Governor, on July 2, 2002, assigned responsibility for managing the financial emergency to the Local Emergency Financial Assistance Loan Board. On July 8, 2002, the Board appointed an Emergency Financial Manager. The Emergency Financial Manager then became responsible for overseeing all aspects of the City government related to the City's finances, including: 1) analysis of factors and circumstances that contributed to the financial condition and recommendation of steps to be taken to correct the condition, 2) amendment, revision, approval, or disapproval of the budget, including appropriations and expenditures, 3) administration of all outstanding debt of the local government, 4) making reports to the State as to the progress the City is making in eliminating the deficit, 5) (re)negotiation of labor contracts, 6) appointment and removal of administrative staff, as needed, 7) consolidation of departments and transfer of functions,

as needed, 8) entering into agreements with other local governments for the provision of services, and 9) exercising the authority and responsibilities affecting the financial condition of the local government as provided by law. The Emergency Financial Manager and the Administrative Officials created a deficit elimination plan designed to overcome years of deficit spending and issued a balanced budget for fiscal year 2003. Three key factors involved in this plan were: 1) a reorganization of City operations, 2) critical management and administrative reforms, and 3) reinventing the operation of the City of Flint. As a result of these reforms, the deficit has been reduced from approximately \$26.3 million to \$14 million as of the end of this fiscal year. This deficit represents funds owed back to the Sewer Fund by the General Fund for monies borrowed during previous years when the General Fund budget was in a deficit position.

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 Hospital. 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 annual budget serves as the foundation for the City of Flint's financial planning and control. Under the normal governance scenario, as outlined above, all departments and agencies of the City of Flint are required to submit requests for appropriations to the Mayor's appointed Budget Director in March each year. The Budget Director uses these requests as the starting point for developing a proposed budget. The Mayor would then present this proposed budget to the City Council on the first Monday in May. The Council would be required to hold public hearings on the proposed budget and to adopt a final budget, by charter, on the first Monday in June. Due to the provisions of Act 72, these functions are currently under the purview of the Emergency Financial Manager. The City's fiscal year ends on June 30. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or funds, however, would require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report, which starts on page 92.

Factors Affecting 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 economy in Michigan slackened further in calendar year 2002, as did the nation's, due to a lack of job formation. Michigan's employment declined 1.7%, but at a slower pace than the 2.6% decrease posted in 2001. By comparison, employment across the country fell by only .8% in 2002 versus a .2% increase in 2001. In the Flint/Genesee County area, while construction contract awards were 29.3% lower in 2002 than 2001, overall real estate and personal property investment, based on state equalized values and adjusted for local inflation, increased 4.7% in 2002 from 2001. Bishop International Airport, now the third largest airport in Michigan, continues to grow, with more than 718,700 passengers last year, almost triple the number in 1996. 2002 was a record year for passenger traffic through Bishop, recording a 20% increase over 2001 levels.

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 institution 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 5-1/2 years, with an average maturity of 273 days. The yield on investments dropped during the fiscal year, paying 1.96% as of June 30, 2003.

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.

In FY 2002, organizational restructuring resulted in the Workers' Compensation function being transferred to the Risk Management department, which allows for a more coordinated effort to minimize accident-related losses. In addition, in FY 2003 the City of Flint added 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 V.C. of the Notes of the June 30, 2003 Audited Financial Statements.

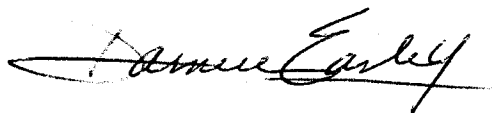
Pension and other post-employment benefits. The City of Flint sponsors a single-employer defined benefit plan for its public safety and non-public safety employees. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes monthly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of December 31, 2003, is 87.6% funded.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of the current fiscal year, there were approximately 1,820 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Additional information on the City of Flint's Retirement Plan can be found in Section V.C. of the Notes of the June 30, 2003 Audited Financial Statements. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

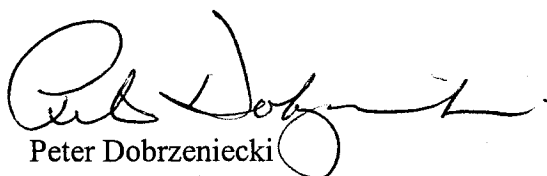
Acknowledgements

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

Respectfully submitted,



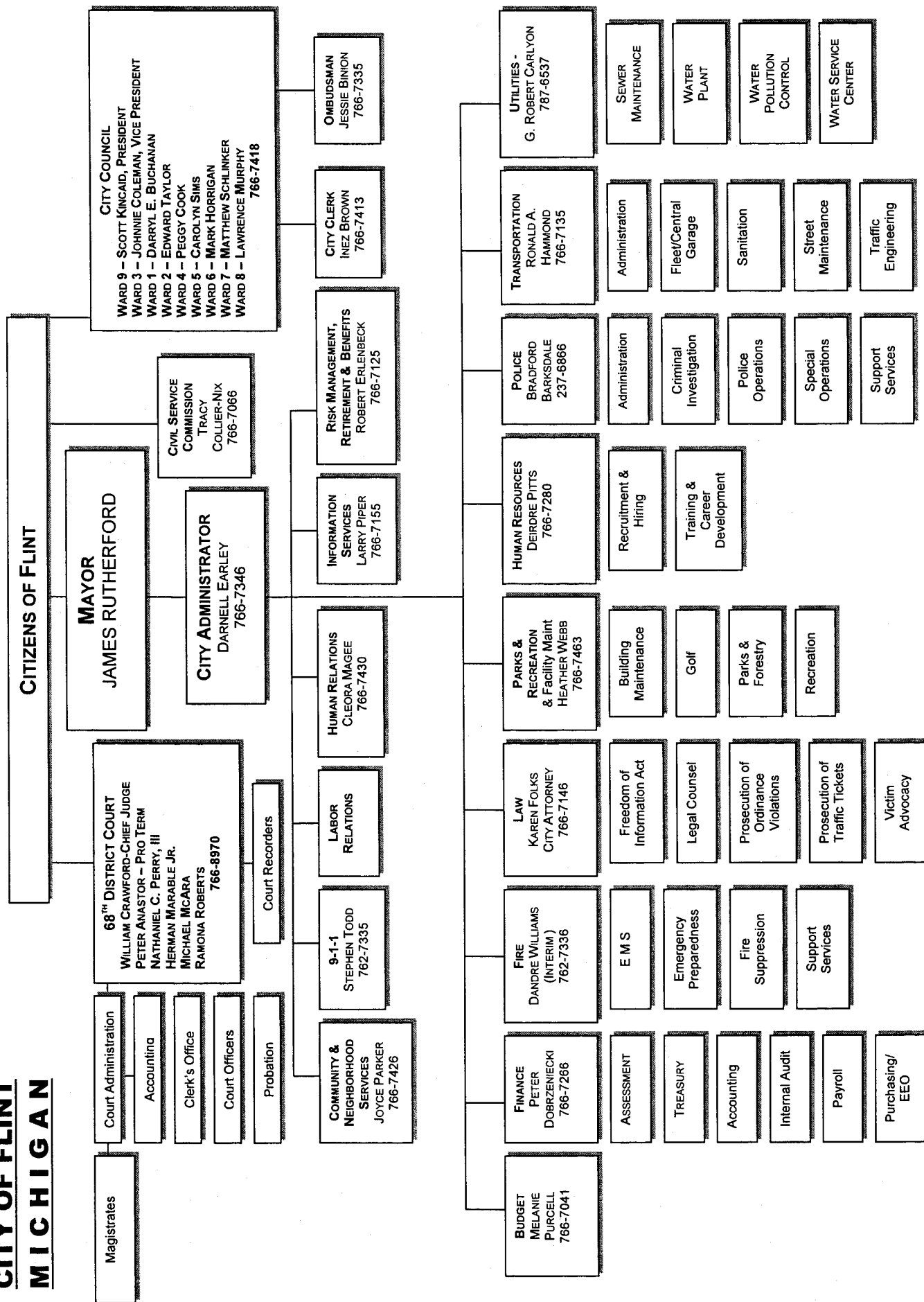
Darnell Earley
City Administrator



Peter Dobrzeniecki
Director of Finance

ORGANIZATIONAL CHART

CITY OF FLINT MICHIGAN



City of Flint, Michigan
List of Elected, Civil Service, and Appointed Officials

| | |
|--------------------------|--|
| Edward J. Kurtz | Emergency Financial Manager |
| James Rutherford | Mayor |
| Darnell Earley | City Administrator |
| Bradford Barksdale | Chief of Police |
| Dandre Williams | Interim Fire Chief |
| Karen L. Folks | Chief Legal Officer |
| G. Robert Carlyon | Director of Water/Sewer Utilities |
| Ronald A. Hammond | Transportation Director (Traffic Engineering, Engineering, Street, Sanitation, Fleet) |
| Deirdre G. Pitts | Human Resources Director |
| Peter Dobrzeniecki | Director of Finance (Finance, Purchasing, Assessor, Treasurer) |
| Heather Webb | Assistance Director of Parks and Recreation and Facility Maintenance |
| Joyce A. Parker | Grants Administrator |
| Melanie Purcell | Director of Budget Management |
| Larry Piper | Information Services Administrator |
| Robert Erlenbeck | Risk Management, Insurance and Benefits Administrator and Clinic/Workers' Comp. |
| Stephen Todd | Emergency 911 Administrator |

Other City Officials

| | |
|------------------------------|---|
| Lynette Ward | 68 th District Court Administrator |
| Inez Brown* | City Clerk |
| Mayor James Rutherford | Acting Director, Downtown Development Authority |
| Tracy Collier-Nix | Director, Civil Service Commission |
| Jessie Binion* | Ombudsman |
| Cleora Magee | Executive Director, Human Relations Commission |
| Marcia Magyar | City Assessor |
| James Goodin, CPA | City Treasurer |

* *Appointed by City Council*

City Council Members (elected November 2001 – terms expire November 2005)

| | |
|--|--------------|
| Darryl E. Buchanan | First Ward |
| Edward L. Taylor, Vice Chair, Finance Committee | Second Ward |
| Johnnie Coleman, Vice President and Special Affairs Committee Chairman | Third Ward |
| Peggy Cook, Vice Chair, Governmental Operations | Fourth Ward |
| Carolyn Sims, Vice Chair, Legislative Committee | Fifth Ward |
| Mark A. Horrigan, Chair, Governmental Operations | Sixth Ward |
| Matthew Schlinker, Chair, Finance Committee | Seventh Ward |
| Lawrence B. Murphy, Chair, Legislative Committee | Eighth Ward |
| Scott Kincaid, President | Ninth Ward |

Flint Employees Retirement Board

Daniel Hall, Chairman (Hurley)
Peter Dobrzeniecki, Secretary and Fund
Administrator (City Finance Director)
Daniel Coffield (Hurley)
Amy Lindman (Fire)
Janice Kehoe (Hurley)
Georgia Steinhoff (Retiree)
Robert Rosenberger (1600/1799/Exempt)
Edward Taylor (City Council)
Darnell Earley (City Administrator)

Vacant (Hurley)

James Goodin (City Treasurer)
Cass Wisniewski (Hurley)
Alvern Locke (Police)
Sandra Kidd (Hurley)
Donald Phillips, Vice Chairman (Retiree)
Lisa DeDolph (1600/1799/Exempt)
Mark Horrigan (City Council)
Robert Erlenbeck (Insurance Risk and Benefits)

Atwood Stadium Board

Honorable Duncan Beagle
Norman Bryant
Dave Doherty
Joe Eufinger
Gail Ganakas
Al Koegel
Theresa Landis

Amy McMillian
Booker Moore
Nathan Murphy
Angelo Panoff
Nick Pappadakis
Cliff Turner

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, 2002

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.



President

Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan (City) as of June 30, 2003, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

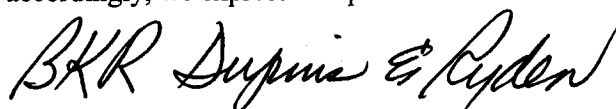
In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan at June 30, 2003, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements have been prepared assuming that the City will continue as a going concern. As shown in the financial statements, the General Fund had an unreserved fund balance deficit of \$14,069,159. As more fully discussed in Note V to the financial statements, the General Fund is the main operating fund for the City, and the significant fund balance deficit at year end raises significant doubt about the ability of the City to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with "*Government Auditing Standards*" we have also issued a report dated December 16, 2003 on our consideration of City of Flint's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The management's discussion and analysis on pages 11 through 22 and the information in the required supplementary information section on pages 90 through 96 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flint's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and the statistical tables 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.

A handwritten signature in cursive script, reading "BKR Dupuis & Ryden".

Certified Public Accountants
Flint Office

December 16, 2003

Management's Discussion & Analysis

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, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this Comprehensive Annual Financial Report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The City's General Fund deficit is less than \$14 million at fiscal year end 2003. The deficit has been reduced by \$12.3 million from the \$26.3 million at fiscal year end 2002.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$288.3 million (net assets). Of this amount, \$96.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$23.5 million. Approximately \$9.9 million is attributable to aggressive cost cutting in the City's General Fund while \$13.6 of this increase is attributable to a one-time infusion of resources from the gain on the sale of the Renal (Kidney) Center by Hurley Medical Center.
- As of the close of the current fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$7.7 million, an increase of \$14.9 million over the prior year deficit of \$7.2 million. Approximately \$2.3 million of this total amount, is available for spending at the government's discretion (unreserved fund balance).
- The City of Flint's total debt including accrued sick increased by \$4.8 million (4%) during this fiscal year. The key factor in this increase was \$5.4 million of new bond money issued by Hurley Medical Center.

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 1 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.

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

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

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

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

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

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

The government-wide financial statements include not only the City of Flint itself (known as the primary government), but also a legally separate Downtown Development Authority and Economic Development Corporation, 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 23-28 of this report.

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

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

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

The City of Flint maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Major and Local Street funds, all of which are considered to be major funds. 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 29-34 of this report.

Proprietary funds. The City of Flint maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Flint uses enterprise funds to account for its Hospital, Water & Sewer System and for its Civic Auditorium, Golf Course, and Parking System. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Flint's various functions. The City of Flint uses internal service funds to account for its Data Processing, Central Stores, DPW, Fringe Benefits, and Self-Insurance functions. Because these services predominantly benefit governmental rather than business-type functions, 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 and the Water & Sewer System, 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 35-44 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 45-46 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 47-89 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 90-96 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 103-149 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Flint, assets exceeded liabilities by \$288.3 million at the close of the most recent fiscal year. (See Table 2)

Table 2

City of Flint's Net Assets
(in Millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|----------------|--------------------------|-----------------|--------------------------|-----------------|
| | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 |
| Current and other assets | \$ 15.5 | \$ 25.4 | \$ 186.3 | \$ 226.5 | \$ 201.8 | \$ 251.9 |
| Capital assets | 47.0 | 38.6 | 216.9 | 210.3 | 263.9 | 248.9 |
| Total assets | <u>62.5</u> | <u>64.0</u> | <u>403.2</u> | <u>436.8</u> | <u>465.7</u> | <u>500.8</u> |
| Long-term liabilities outstanding | 13.5 | 10.1 | 103.6 | 113.0 | 117.1 | 123.1 |
| Other liabilities | 25.1 | 20.2 | 58.7 | 69.3 | 83.8 | 89.5 |
| Total liabilities | <u>38.6</u> | <u>30.3</u> | <u>162.3</u> | <u>182.3</u> | <u>200.9</u> | <u>212.6</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 38.7 | 31.9 | 142.0 | 133.0 | 180.7 | 164.9 |
| Restricted | 21.0 | 22.8 | 3.6 | 3.7 | 24.6 | 26.5 |
| Unrestricted (deficit) | (35.8) | (20.9) | 95.3 | 117.8 | 59.5 | 96.9 |
| Total net assets | <u>\$ 23.9</u> | <u>\$ 33.8</u> | <u>\$ 240.9</u> | <u>\$ 254.5</u> | <u>\$ 264.8</u> | <u>\$ 288.3</u> |

By far the largest portion of the City of Flint's net assets (57%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less 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.

An additional portion of the City of Flint's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$96.9 million (34% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Flint is able to report positive balances in all three categories of net assets, for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The governmental activities' net assets increased by \$9.9 million during the current fiscal year. This increase represents the efforts of the City Administration to reduce the total deficit in the General Fund. Management reduced the deficit by reducing the total number of employees by more than 300 positions and tightly controlling expenditures. There was an increase of \$22.5 million in unrestricted net assets reported in connection with the City of Flint's business-type activities. About 58% of this increase, \$13.6 million, resulted from the sale of the Renal (Kidney) Program by Hurley Hospital.

Governmental Activities. Governmental activities' revenues declined by \$5 million during fiscal year 2003. Nonetheless, the City of Flint's governmental activities' net assets increased by \$9.9 million, accounting for 42% of the total growth in the net assets of the City of Flint (See Table 3). Key elements of this increase are as follows:

- Reduction in Public Safety expenses of \$6.4 million
- Reduction in Public Works expenses of \$5.7 million
- Removal of Golf Course assets from General Fund, \$1.4 million

Business-Type Activities. Business-type activities increased the City of Flint's net assets by \$13.6 million, accounting for 58% of the total growth in the government's net assets. The key element of this increase was the one-time \$13.8 million gain on the sale of the Renal (Kidney) Program by Hurley Hospital.

Financial Analysis of the Government's Funds

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 spendable 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 2003 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$7.7 million, an increase of \$14.9 million in comparison with the prior year. Approximately \$2.3 million constitutes unreserved fund balance (net), which is available for spending at the government's discretion. However the General Fund has a deficit of \$14 million.

The general fund is the chief operating fund of the City of Flint. The deficit in the general fund severely restricts spending. The general fund required an additional \$23.2 million in cash by June 30, 2003 to complete the fiscal year. Cash has been advanced from the Sewer fund equal to the amount of the \$14 million deficit to be paid back over a five-year period. A "due to the sewer fund" from the general fund for \$9.2 million makes up the balance of the general funds' cash requirements.

Table 3

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 13.0 | \$ 11.0 | \$ 329.2 | \$ 379.3 | \$ 342.2 | \$ 390.3 |
| Operating grants and contributions | 21.1 | 22.3 | 0.3 | 2.3 | 21.4 | 24.6 |
| Capital grants and contributions | 1.4 | 1.8 | 4.6 | 0.1 | 6.0 | 1.9 |
| General revenues | | | | | | |
| Income taxes | 24.1 | 21.5 | - | - | 24.1 | 21.5 |
| Property taxes | 21.0 | 24.3 | - | - | 21.0 | 24.3 |
| Grants and contributions not restricted to specific programs | 23.3 | 22.2 | - | - | 23.3 | 22.2 |
| Other | 3.3 | (0.9) | 4.0 | 12.5 | 7.3 | 11.6 |
| Total revenues | <u>107.2</u> | <u>102.2</u> | <u>338.1</u> | <u>394.2</u> | <u>445.3</u> | <u>496.4</u> |
| Expenses | | | | | | |
| Legislative | 1.1 | 0.9 | - | - | 1.1 | 0.9 |
| Judicial | 5.3 | 4.6 | - | - | 5.3 | 4.6 |
| General government | 16.7 | 17.5 | - | - | 16.7 | 17.5 |
| Public safety | 45.8 | 39.4 | - | - | 45.8 | 39.4 |
| Public works | 16.9 | 11.2 | - | - | 16.9 | 11.2 |
| Parks and Recreation | 3.2 | 4.6 | - | - | 3.2 | 4.6 |
| Community development | 9.8 | 9.9 | - | - | 9.8 | 9.9 |
| Interest on long term debt | 0.6 | 0.4 | - | - | 0.6 | 0.4 |
| Hospital | - | - | 310.6 | 332.5 | 310.6 | 332.5 |
| Golf Course | - | - | - | 1.4 | - | 1.4 |
| Parking facilities | - | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Water | - | - | 25.1 | 28.7 | 25.1 | 28.7 |
| Sewer | - | - | 22.0 | 21.8 | 22.0 | 21.8 |
| Civic Arena | - | - | 0.5 | - | 0.5 | - |
| Total Expenses | <u>99.4</u> | <u>88.5</u> | <u>358.3</u> | <u>384.5</u> | <u>457.7</u> | <u>473.0</u> |
| Increase (decrease) in net assets before transfers | <u>7.8</u> | <u>13.7</u> | <u>(20.2)</u> | <u>9.7</u> | <u>(12.4)</u> | <u>23.4</u> |
| Transfers | (0.2) | (3.8) | - | 3.8 | (0.2) | |
| Increase (decrease) in net assets | <u>7.6</u> | <u>9.9</u> | <u>(20.2)</u> | <u>13.5</u> | <u>(12.6)</u> | <u>23.4</u> |
| Net assets beginning of the year | 16.3 | 23.9 | 261.1 | 240.9 | 277.4 | 264.8 |

A surplus of \$12.3 million during the current fiscal year reduced the deficit balance of the City of Flint's general fund. Key factors in this reduction are as follows:

- A reorganization of all departments and the elimination of over 300 positions through attrition and some layoffs resulted in a reduction in wages and fringe benefits of \$9 million.
- Establishing extremely close monitoring of the budget and the professionalism of the department heads and supervisors reduced the cost of contractual services by \$2.8 million.
- The establishment of a separate golf course fund and the subsequent transfer of balances from the general fund resulted in a \$1.4 million deficit reduction in the general fund. The deficit in the golf fund is offset by the net equity in the golf course capital assets.

The remaining governmental funds have an unreserved fund balance of \$16.3 million of which \$11.5 million is available in the street funds. The remainder of fund balance, approximately \$5.3 million is reserved to indicate that it is not available for new spending. The reserved fund balance has been committed: 1) to liquidate contracts and purchase orders of the prior period (\$1.7 million), 2) long-term lease receivable (\$1.3 million), 3) inventory and prepaid expenses (\$.3 million), and 4) designated for future years' expenditures (\$2 million).

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. The total growth in net assets for all proprietary funds was \$13 million.

Unrestricted net assets of the Hurley Medical Center amounted to \$67.6 million. The Hurley Medical Center issued \$35 million in bonds retiring two bond issues while providing about \$10 million for future capital projects. The \$41 million increase in net patient service revenues was due to increased charges for specific line items of business. The volume of patients remained about the same.

Unrestricted net assets of the Water Fund amounted to \$7.6 million. Water revenues increased by \$1.8 million as a result of a rate increase and increased volume. The cost of water purchased from the City of Detroit increased by \$2.9 million; however, the City of Detroit has agreed to a "look-back" adjustment resulting from a review of the peaking factor. The balance of water operating costs remained about the same as last year.

Unrestricted net assets of the Sewer Fund amounted to \$45.5 million. Sewer revenues increased by \$4.2 million from the previous year. The increase was the net difference between a one-time write-off of \$1.7 million in 2002 and a reduction of the reserve by \$1.5 million in 2003. The sewer rates did not increase during 2003. Sewer operating costs remained about the same as last year.

General Fund Budgetary Highlights

The final amended General Fund expenditures budget was \$3.1 million greater than the original budget. The increase in appropriations can be briefly summarized as follows:

- \$1.8 million increase in general government activities
- \$1.0 million increase allocated to the police department
- \$.4 million increase allocated to the fire department

The net increase of \$3.1 million was funded from net budget increases in taxes. The revenues exceeded budgetary estimates for property taxes and income taxes and projected reductions in state shared tax revenues were less than expected. The original General Fund expenditure budget of \$59.6 million compared favorably to the actual total expenditures of \$58.7 million, \$.9 million under budget, a 1.5% positive variance.

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, 2003 amounts to \$248.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). The total decrease in the City of Flint's investment in capital assets for this fiscal year was 6% (an 18% decrease for governmental activities and a 3% decrease for business-type activities). Additional information on the City of Flint's capital assets can be found in note IV. D. on pages 66 to 67 of this report.

Table 4

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------------|-------------------------|----------------|--------------------------|-----------------|--------------------------|-----------------|
| | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> |
| Land | \$ 13.8 | \$ 11.7 | \$ 7.2 | \$ 7.5 | \$ 21.0 | \$ 19.2 |
| Buildings and System | 8.5 | 7.3 | 60.1 | 73.2 | 68.6 | 80.5 |
| Improvements other than buildings | 6.4 | 4.8 | 0.2 | 2.5 | 6.6 | 7.3 |
| Machinery and Equipment | 11.7 | 8.0 | 126.4 | 120.8 | 138.1 | 128.8 |
| Infrastructure | 6.2 | 6.4 | - | - | 6.2 | 6.4 |
| Construction in progress | 0.4 | 0.4 | 23.0 | 6.3 | 23.4 | 6.7 |
| Total | <u>\$ 47.0</u> | <u>\$ 38.6</u> | <u>\$ 216.9</u> | <u>\$ 210.3</u> | <u>\$ 263.9</u> | <u>\$ 248.9</u> |

Major capital asset activity during the current fiscal year included the following:

- The Hurley Medical Center sold the Renal (Kidney) Program for a gain of \$13.8 million.
- The Hurley Medical Center purchased \$8.1 million in medical equipment.
- Water System additions and improvements completed in the Water System amounted to \$9.2 million (phase 1, segment 2), and \$9.7 million (phase 1, segment 3). Segment 4 had \$.8 million of construction in progress at year-end.

- The Water Fund applied to the State and received preliminary approval to issue \$19 million in revenue bonds in September 2003. The bonds will be issued through the Michigan Municipal Bonding Authority's (MMBA) state shared revenue program to acquire and construct improvements to the Flint Water Treatment Plant. The program pledges the City's future state shared revenues. The MMBA disburses the proceeds to reimburse the Water Fund for expenses related to the improvements to the Flint Water Treatment Plant. The Water Fund has submitted about \$1.5 million to the MMBA in fiscal year 2004 for reimbursement through a loan drawdown.

Debt Administration. Debt is administered through three debt service funds; the Hyatt, Windmill and Buick City funds, that accumulate resources and administer debt for those specific projects. In addition, the Water Fund services debt for bonds issued for Water Plant improvements.

Long-term Debt. At year-end the City had \$9.2 million in bonds and notes outstanding for governmental activities and \$104.3 million in bonds and notes outstanding for business-type activities (see Table 5). Total long-term debt increased by \$4.8 million to \$131 million at year end. Annual debt service requirements for governmental activities' debt will decline significantly over the next four years, from \$3.1 million in 2004 to \$.3 million in fiscal 2007. Additional information on the City of Flint's long-term debt can be found in notes IV.F. and IV.G on pages 72-78 of this report.

Table 5

City of Flint's Long-term Debt
(in Millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------|-------------------------|---------|--------------------------|----------|--------------------------|----------|
| | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 |
| General Obligation Bonds | \$ 7.3 | \$ 4.8 | \$ 10.1 | \$ 7.2 | \$ 17.4 | \$ 12.0 |
| Revenue Bonds and Notes | - | - | 86.0 | 96.6 | 86.0 | 96.6 |
| Other Notes | 4.9 | 4.4 | 0.6 | 0.5 | 5.5 | 4.9 |
| Capital Leases | 1.0 | 0.8 | 7.9 | 8.7 | 8.9 | 9.5 |
| Accrued Annual & Sick Pay | 8.4 | 8.0 | - | - | 8.4 | 8.0 |
| Total | \$ 21.6 | \$ 18.0 | \$ 104.6 | \$ 113.0 | \$ 126.2 | \$ 131.0 |

Limitations on Debt. The City Charter 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 \$127.8 million. The amount of debt available to the City (unused portion of the debt limitation) is \$115.7 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. The City's bonding capacity in the program is about \$37 million.

Bond Ratings. Moody's Investors' Service rates the City of Flint's general obligation unlimited bonds at Ba3 and B1 on Flint's general obligation limited tax debt. The Flint Tax Increment Finance Authority's outstanding debt is rated B1 that is secured by the City's GOLT tax pledge. Moody's has assigned a negative outlook to the City of Flint's debt. Existing debt service requirements for governmental activities will drop significantly due to the expiration of debt service obligations over the next four years.

Economic Factors and Next Year's Budgets and Rates

Economic Factors. The unemployment rate for the City of Flint is currently 14.8%, which is an increase from a rate of 14.4% percent a year ago but is below last year's high of 15.6%. The current state average unemployment rate is 7% (November 2003) down from the worst-in-the-nation rate of 7.6% of previous months. The recent decline in the state unemployment rate is thought to be due to people leaving the workforce. Nationwide, the national average rate is 5.9% (November 2003).

The total assessed and taxable value of property at July 1, 2003 in the City of Flint increased by 1% from the previous year. Property values have increased modestly over each of the last three years and are up by 5% over the last ten years.

Budgets. The City has again produced a timely and balanced budget for Fiscal Year 2004. There are no funds available from fund balance for appropriation in the General Fund and all surplus funds are again being dedicated to reducing the deficit. The General Fund budget was adopted with \$66,454,378 in revenues and expenditures including \$2 million in payment against the deficit, an increase of approximately \$1.7 million or 2.7%. The City has been granted a reprieve by the State from additional cuts in state-shared revenue for the life of the financial emergency, allowing the City to adjust its revenue projections and expenditures on a more stable basis. Strict adherence to the proposed deficit elimination plan will provide the City a reasonable ability to realize expenditures under revenues and eliminate the deficit within 4 more years. However, it is imperative to recognize that continued and increasing pressure from rising pension and health care costs can easily jeopardize this balance.

Rates. The engineering firm of Alvord, Burdick, & Howson recently completed a water and sewer rate study for the City of Flint. Based upon that study, the Water System's rates increased for the 2004 fiscal year by 33% while the Sewer System's rates remained the same. The water rate increase was necessary to meet the projected costs of the system and to satisfy funding requirements associated with outstanding revenue bonds. The water rates for fiscal year 2005 should remain the same while the sewer rates should only increase slightly.

The professional consulting firm of Maximus Inc. has recently completed two cost allocation plans for the City of Flint. The first plan is a fiscal year 2004 budget A87 (Federal) City-wide cost allocation plan. The second plan is a full cost City-wide cost allocation plan. The two plans provide methods for identifying and allocating indirect costs. The A87 plan satisfies federal guidelines for cost allocation related to grants while the full-cost plan meets requirements of generally accepted accounting principles.

Deficit Elimination Plan Still in Process

The State of Michigan has approved a one-year Deficit Elimination Plan (DEP), but has not yet approved a definitive long-range plan. The Governor of Michigan appointed an Emergency Financial Manager (EFM) in July 2002, who has considerable financial authority. The EFM plans to eliminate the \$14 million deficit in 5 years through the application of future surplus funds. The new DEP calls for a \$3 million reduction in fiscal years 2004, 2005, 2006, 2007 and a \$2 million reduction in fiscal year 2008.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

City of Flint, Michigan

Statement of Net Assets June 30, 2003

| Primary Government | | | |
|---|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Pooled cash and investments | \$ 22,909,016 | \$ 11,348,392 | \$ 34,257,408 |
| Cash and equivalents | 1,385,342 | 39,937,600 | 41,322,942 |
| Cash with agent | - | - | - |
| Investments | 1,080,414 | - | 1,080,414 |
| Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$41,112,420) | | | |
| Taxes | 428,238 | - | 428,238 |
| Accounts | 3,702,681 | 92,261,582 | 95,964,263 |
| Accrued interest receivable | - | - | - |
| Special assessments | 252,199 | - | 252,199 |
| Notes and leases receivable | 6,238,230 | - | 6,238,230 |
| Due from component units | 1,203,589 | - | 1,203,589 |
| Due from primary government | - | - | - |
| Due from other governments | 12,543,454 | 927,241 | 13,470,695 |
| Internal balances | (24,903,722) | 24,903,722 | - |
| Assets held for resale | 100,000 | - | 100,000 |
| Inventories | 349,667 | 4,565,574 | 4,915,241 |
| Prepaid items | 171,919 | 3,147,921 | 3,319,840 |
| Restricted assets: | | | |
| Pooled cash and investments | - | 2,660,644 | 2,660,644 |
| Cash and equivalents | - | 24,226,671 | 24,226,671 |
| Investments | - | 11,566,664 | 11,566,664 |
| Accrued interest receivable | - | 153,194 | 153,194 |
| Capital assets (net of accumulated depreciation) | 38,554,486 | 210,337,240 | 248,891,726 |
| Other assets | - | 5,662,907 | 5,662,907 |
| Investment in joint ventures | - | 5,115,716 | 5,115,716 |
| Total assets | \$ 64,015,513 | \$ 436,815,068 | \$ 500,830,581 |

See notes to financial statements.

Component Units

| <u>Downtown Development Authority</u> | <u>Economic Development Corporation</u> |
|---|---|
| \$ - | \$ - |
| 380,139 | 138,852 |
| - | 481,939 |
| - | 498,492 |
| 3,572 | - |
| 9,315 | - |
| - | 4,471 |
| - | - |
| 767,837 | 60,653 |
| - | - |
| - | 164,240 |
| 77,716 | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 6,740,271 | 692,969 |
| - | - |
| - | - |
| <u>\$ 7,978,850</u> | <u>\$ 2,041,616</u> |

(continued)

City of Flint, Michigan

Statement of Net Assets (continued) June 30, 2003

| Primary Government | | | |
|---|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| Liabilities and Net Assets | | | |
| Liabilities: | | | |
| Accounts payable | \$ 7,829,655 | \$ 20,750,197 | \$ 28,579,852 |
| Accrued liabilities | 9,269,035 | 47,639,409 | 56,908,444 |
| Deposits and advances | 167,121 | 945,288 | 1,112,409 |
| Accrued interest payable | - | - | - |
| Due to component units | 164,240 | - | 164,240 |
| Due to primary government | - | - | - |
| Unearned revenue | 2,762,209 | - | 2,762,209 |
| Deferred defeasance gain | - | - | - |
| Liabilities payable from restricted assets | - | - | - |
| Noncurrent liabilities: | | | |
| Due within one year | 3,120,805 | 7,680,412 | 10,801,217 |
| Due in more than one year | 6,939,181 | 105,310,496 | 112,249,677 |
| Total liabilities | 30,252,246 | 182,325,802 | 212,578,048 |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 31,886,337 | 132,971,445 | 164,857,782 |
| Restricted for: | | | |
| Streets | 14,284,863 | - | 14,284,863 |
| Public improvement | 4,191,965 | - | 4,191,965 |
| Police | 875,747 | - | 875,747 |
| Parks and Recreation | 1,394,745 | - | 1,394,745 |
| Debt Service | 8,046 | - | 8,046 |
| Economic Development | 1,627,276 | - | 1,627,276 |
| Community Development | 359,465 | - | 359,465 |
| Capital Improvements | - | - | - |
| Other purposes | - | 3,703,231 | 3,703,231 |
| Unrestricted (deficit) | (20,865,177) | 117,814,590 | 96,949,413 |
| Total net assets | \$ 33,763,267 | \$ 254,489,266 | \$ 288,252,533 |

See notes to financial statements.

Component Units

| Downtown Development Authority | Economic Development Corporation |
|---|---|
| \$ 71,520 | \$ 13,866 |
| 2,863 | - |
| 15,260 | 30,658 |
| - | - |
| - | - |
| 767,837 | 435,752 |
| 10,610 | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 868,090 | 480,276 |
| 6,740,271 | 692,969 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | 773,563 |
| - | - |
| 10,570 | - |
| - | - |
| 359,919 | 94,808 |
| \$ 7,110,760 | \$ 1,561,340 |

City of Flint, Michigan

Statement of Activities For the Year Ended June 30, 2003

| Functions/Programs | Program revenues | | |
|---|------------------|----------------------|------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| Primary government | | | |
| Governmental Activities: | | | |
| Legislative | \$ 906,510 | \$ - | \$ - |
| Judicial | 4,589,294 | 458,807 | 350,348 |
| General government | 17,452,487 | 6,594,324 | 723,816 |
| Police | 25,004,770 | 2,658,029 | 1,314,586 |
| Fire | 12,910,010 | 154,755 | 134,566 |
| Building inspection | 1,596,003 | 721,203 | 192,214 |
| Transportation | 7,101,775 | 249,787 | 10,310,483 |
| Public works | 4,063,891 | 12,299 | - |
| Parks and recreation | 4,592,849 | 41,142 | 359,775 |
| Community enrichment and development | 9,925,920 | 92,360 | 8,925,001 |
| Interest on long-term debt | 415,823 | - | - |
| Total governmental activities | 88,559,332 | 10,982,706 | 22,310,789 |
| Business-type Activities | | | |
| Hospital | 332,483,020 | 327,317,704 | 2,276,106 |
| Water | 28,654,431 | 27,205,494 | - |
| Sewer | 21,788,332 | 23,391,287 | - |
| Civic auditorium | 21,056 | 187,500 | - |
| Golf courses | 1,459,851 | 1,151,032 | - |
| Parking | 86,907 | 82,169 | - |
| Total business-type activities | 384,493,597 | 379,335,186 | 2,276,106 |
| Total primary government | \$473,052,929 | \$ 390,317,892 | \$ 24,586,895 |
| Component units: | | | |
| Downtown Development Authority | \$ 1,682,831 | \$ 572,331 | \$ 506,228 |
| Economic Development Authority | 288,463 | 105,559 | 77,500 |
| Total component units | \$ 1,971,294 | \$ 677,890 | \$ 583,728 |
| General Revenues: | | | |
| Income taxes | | | |
| Property taxes | | | |
| Unrestricted grants and contributions | | | |
| Unrestricted investment earnings | | | |
| Unrestricted earnings | | | |
| Gain (loss) on disposal of capital assets | | | |
| Transfers | | | |
| Total general revenues and transfers | | | |
| Change in net assets | | | |
| Net assets - beginning | | | |
| Net assets - ending | | | |
| See notes to financial statements. | | | |

| Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | | |
|----------------------------------|-------------------------|---|--------------|--------------------------------|----------------------------------|
| Capital Grants and Contributions | Primary Government | | | Component Units | |
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority | Economic Development Corporation |
| \$ - | \$ (906,510) | \$ - | \$ (906,510) | \$ - | \$ - |
| - | (3,780,139) | - | (3,780,139) | - | - |
| - | (10,134,347) | - | (10,134,347) | - | - |
| 496,244 | (20,535,911) | - | (20,535,911) | - | - |
| - | (12,620,689) | - | (12,620,689) | - | - |
| - | (682,586) | - | (682,586) | - | - |
| - | 3,458,495 | - | 3,458,495 | - | - |
| - | (4,051,592) | - | (4,051,592) | - | - |
| 1,254,129 | (2,937,803) | - | (2,937,803) | - | - |
| - | (908,559) | - | (908,559) | - | - |
| - | (415,823) | - | (415,823) | - | - |
| 1,750,373 | (53,515,464) | - | (53,515,464) | - | - |
| - | - | (2,889,210) | (2,889,210) | - | - |
| 79,787 | - | (1,369,150) | (1,369,150) | - | - |
| 56,855 | - | 1,659,810 | 1,659,810 | - | - |
| - | - | 166,444 | 166,444 | - | - |
| - | - | (308,819) | (308,819) | - | - |
| - | - | (4,738) | (4,738) | - | - |
| 136,642 | - | (2,745,663) | (2,745,663) | - | - |
| \$ 1,887,015 | (53,515,464) | (2,745,663) | (56,261,127) | - | - |
| \$ - | - | - | - | (604,272) | - |
| - | - | - | - | - | (105,404) |
| \$ - | - | - | - | (604,272) | (105,404) |
| 21,525,330 | - | - | 21,525,330 | - | - |
| 24,347,127 | - | - | 24,347,127 | 63,726 | - |
| 22,229,308 | - | - | 22,229,308 | - | - |
| 810,017 | 3,547,009 | - | 4,357,026 | 5,632 | 23,020 |
| 2,208,620 | - | - | 2,208,620 | 178,151 | - |
| (3,956,437) | 9,000,325 | - | 5,043,888 | - | - |
| (3,826,746) | 3,826,746 | - | - | - | - |
| 63,337,219 | 16,374,080 | - | 79,711,299 | 247,509 | 23,020 |
| 9,821,755 | 13,628,417 | - | 23,450,172 | (356,763) | (82,384) |
| 23,941,512 | 240,860,849 | - | 264,802,361 | 7,467,523 | 1,643,724 |
| \$ 33,763,267 | \$ 254,489,266 | \$ 288,252,533 | \$ 7,110,760 | \$ 1,561,340 | |

Fund Financial Statements

City of Flint, Michigan

Balance Sheet

Governmental Funds

June 30, 2003

With Comparative for June 30, 2003

| | General | Major Streets Special Revenue Fund | Local Streets Special Revenue Fund |
|---|----------------------|--|--|
| Assets | | | |
| Pooled cash and investments | \$ - | \$ 11,090,779 | \$ 1,815,741 |
| Cash and cash equivalents | 10,293 | 60 | - |
| Investments | 518,454 | | - |
| Accounts receivable (net of allowance for estimated uncollectible accounts of \$6,879,515 - 2003; 9,245,026 - 2002) | | | |
| Taxes | 249,354 | - | - |
| Accounts | 3,692,473 | 5,300 | - |
| Special assessments | 252,199 | - | - |
| Notes and leases receivable | | - | - |
| Due from other governments | 7,561,303 | 1,263,222 | 349,837 |
| Due from component units | 183,444 | - | - |
| Assets held for resale | 100,000 | - | - |
| Inventories | 26,579 | 152,175 | - |
| Prepaid items | - | - | - |
| Total assets | <u>\$ 12,594,099</u> | <u>\$ 12,511,536</u> | <u>\$ 2,165,578</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 2,371,961 | \$ 302,189 | \$ 90,062 |
| Matured note payable | - | - | - |
| Due to other funds | 9,217,236 | - | - |
| Advance from other funds | 13,986,724 | - | - |
| Due to component unit | 164,240 | - | - |
| Deposits payable | - | - | - |
| Deferred revenue | 840,662 | - | - |
| Total liabilities | <u>26,580,823</u> | <u>302,189</u> | <u>90,062</u> |
| Fund balances: | | | |
| Reserved for encumbrances | 55,856 | 1,288,141 | 74,996 |
| Reserved for long-term lease receivable | - | - | - |
| Reserved for inventory and prepaids | 26,579 | 152,175 | - |
| Unreserved: | | | |
| Designated for subsequent years' expenditures | - | 1,178,184 | 100,000 |
| Unreserved, undesignated (deficit), reported in: | | | |
| General fund | (14,069,159) | - | - |
| Special revenue funds | - | 9,590,847 | 1,900,520 |
| Debt service funds | - | - | - |
| Capital project funds | - | - | - |
| Total fund balances (deficit) | <u>(13,986,724)</u> | <u>12,209,347</u> | <u>2,075,516</u> |
| Total liabilities and fund balances | <u>\$ 12,594,099</u> | <u>\$ 12,511,536</u> | <u>\$ 2,165,578</u> |

See notes to financial statements.

| Other Governmental Funds | Totals | |
|--------------------------------|----------------------|----------------------|
| | 2003 | 2002 |
| \$ 6,358,076 | \$ 19,264,596 | \$ 17,668,763 |
| 1,188,884 | 1,199,237 | 1,121,526 |
| 561,960 | 1,080,414 | 1,074,884 |
| 178,884 | 428,238 | 1,057,263 |
| 3,242 | 3,701,015 | 5,804,944 |
| - | 252,199 | 541,236 |
| 4,938,230 | 4,938,230 | 4,066,085 |
| 3,261,382 | 12,435,744 | 12,987,573 |
| 1,020,145 | 1,203,589 | 741,024 |
| - | 100,000 | 100,000 |
| 170,913 | 349,667 | 10,000 |
| - | - | 89,812 |
| <u>\$ 17,681,716</u> | <u>\$ 44,952,929</u> | <u>\$ 45,263,110</u> |
| \$ 1,164,246 | \$ 3,928,458 | \$ 7,424,041 |
| - | - | 800,000 |
| 1,699,762 | 10,916,998 | 38,614,021 |
| - | 13,986,724 | - |
| - | 164,240 | 164,240 |
| 167,121 | 167,121 | 89,923 |
| 7,296,751 | 8,137,413 | 5,426,980 |
| <u>10,327,880</u> | <u>37,300,954</u> | <u>52,519,205</u> |
| 290,657 | 1,709,650 | 2,113,340 |
| 1,336,000 | 1,336,000 | 1,336,000 |
| 170,913 | 349,667 | 26,105 |
| 730,295 | 2,008,479 | 130,000 |
| - | (14,069,159) | (26,617,953) |
| 2,206,825 | 13,698,192 | 12,943,046 |
| 573 | 573 | 169,141 |
| 2,618,573 | 2,618,573 | 2,644,226 |
| <u>7,353,836</u> | <u>7,651,975</u> | <u>(7,256,095)</u> |
| <u>\$ 17,681,716</u> | <u>\$ 44,952,929</u> | <u>\$ 45,263,110</u> |

City of Flint, Michigan

Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets June 30, 2003 For the Year Ended June 30, 2003

| | |
|---|----------------------|
| Total Governmental Funds Fund balance as reported in the Balance Sheet | |
| Governmental Funds | \$ 7,651,975 |
| 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, therefore, are not reported in the funds. | 38,554,486 |
| Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 5,375,204 |
| Net assets held in the internal services funds are classified as held for governmental activities on the statement of net assets but are not reported in the funds. This amount is the net assets held by the internal service fund exclusive of capital assets and long term debt which are reported elsewhere in this reconciliation. | 229,975 |
| Long term liabilities, including long term notes payable, are not due and payable in the current period, and therefore, are not reported in the funds. | <u>(18,048,373)</u> |
| Net Assets - Governmental Activities | <u>\$ 33,763,267</u> |

City of Flint, Michigan

Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2003

| | General Fund | Major Streets Special Revenue Fund | Local Streets Special Revenue Fund |
|--|-----------------|--|--|
| Revenues: | | | |
| Property taxes | \$ 12,638,982 | \$ - | \$ - |
| Income taxes | 20,813,829 | - | - |
| Federal revenue | 998,393 | - | - |
| State revenue | 23,083,938 | 7,998,354 | 2,312,129 |
| Licenses and permits | 1,271,907 | - | - |
| Fines and forfeits | 1,969,993 | - | - |
| Charges for services | 6,385,953 | 246,227 | - |
| Local grants | 578,894 | - | - |
| Interest and other | 1,507,657 | 387,525 | 26,575 |
| Total revenues | 69,249,546 | 8,632,106 | 2,338,704 |
| Expenditures: | | | |
| Current: | | | |
| Legislative | 892,569 | - | - |
| Judicial | 4,556,480 | - | - |
| General government | 14,385,628 | 76,265 | 27,368 |
| Police | 21,235,738 | - | - |
| Fire | 12,609,950 | - | - |
| Building inspection | - | - | - |
| Transportation | 1,817,788 | 5,583,858 | 2,371,553 |
| Public works | - | - | - |
| Parks and recreation | 2,885,388 | - | 4 |
| Community enrichment and development | 317,655 | - | - |
| Debt Service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 58,701,196 | 5,660,123 | 2,398,925 |
| Excess (deficiency) of revenues over expenditures | 10,548,350 | 2,971,983 | (60,221) |
| Other financing sources (uses): | | | |
| Bond proceeds | - | - | - |
| Transfers in | 3,299,195 | - | 806,183 |
| Transfers out | (1,551,184) | (806,183) | - |
| Transfers to component units | (27,500) | - | - |
| Total other financing sources (uses) | 1,720,511 | (806,183) | 806,183 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 12,268,861 | 2,165,800 | 745,962 |
| Fund balances (deficit) - beginning of year | (26,255,585) | 10,043,547 | 1,329,554 |
| Fund balances (deficit) - end of year | \$ (13,986,724) | \$ 12,209,347 | \$ 2,075,516 |

See notes to financial statements.

| Other Governmental Funds | Totals | |
|--------------------------------|---------------|----------------|
| | 2003 | 2002 |
| \$ 12,113,983 | \$ 24,752,965 | \$24,187,400 |
| - | 20,813,829 | 24,594,029 |
| 9,881,015 | 10,879,408 | 8,645,009 |
| 866,120 | 34,260,541 | 35,659,912 |
| 721,149 | 1,993,056 | 2,822,141 |
| 536,082 | 2,506,075 | 2,530,780 |
| 923,084 | 7,555,264 | 7,343,059 |
| - | 578,894 | 252,619 |
| 907,035 | 2,828,792 | 4,433,165 |
| 25,948,468 | 106,168,824 | 110,468,114 |
| - | 892,569 | 1,137,913 |
| - | 4,556,480 | 5,242,975 |
| 2,630,079 | 17,119,340 | 17,819,780 |
| 3,339,440 | 24,575,178 | 28,951,704 |
| - | 12,609,950 | 15,811,420 |
| 1,596,003 | 1,596,003 | 1,686,409 |
| - | 9,773,199 | 11,781,591 |
| 4,911,503 | 4,911,503 | 9,288,930 |
| 2,103,919 | 4,989,311 | 4,458,451 |
| 10,285,891 | 10,603,546 | 11,127,446 |
| 2,889,575 | 2,889,575 | 2,717,447 |
| 415,823 | 415,823 | 623,933 |
| 28,172,233 | 94,932,477 | 110,647,999 |
| (2,223,765) | 11,236,347 | (179,885) |
| 1,452,000 | 1,452,000 | 1,172,000 |
| 4,489,511 | 8,594,889 | 6,275,018 |
| (3,940,299) | (6,297,666) | (6,502,240) |
| (50,000) | (77,500) | (174,646) |
| 1,951,212 | 3,671,723 | 770,132 |
| (272,553) | 14,908,070 | 590,247 |
| 7,626,389 | (7,256,095) | (7,846,342) |
| \$ 7,353,836 | \$ 7,651,975 | \$ (7,256,095) |

City of Flint

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2003

Net change in fund balances - total governmental funds \$ 14,908,070

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

Certain amounts were recorded as expenditures in the governmental fund financial statements for monies loaned to third parties on a long term basis. Since the receivables established were long term, the receivable could not be recognized in the governmental fund and expenditures were recorded. Since long term receivables are recognized in the governmental activities portion of the statement of net assets, these disbursements were not expensed. 174,409

Governmental funds report capital outlay as expenditures. However in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation and losses on disposal of capital assets exceeded capital outlays in the current period. (1,093,491)

The issuance of long term debt provides current financial resources to the governmental funds. However, on the statement of net assets, debt proceeds are recorded as a liability when received and do not have any effect on net assets. (1,452,000)

The payment of principal on long term debt consumes the current financial resources of the governmental funds. However, on the statement of net assets, repayments of principal are recorded as a reduction to long term debt payable and do not affect net assets. 2,889,575

On July 1, 2002, the City Golf Courses were established as an Enterprise Fund. Prior to that date, the financial activities, capital assets, and long term debt of that activity were shown as governmental activities. Therefore, during 2003, capital assets and related debt of \$5,411,200 were transferred to the Enterprise Fund. Since the transfer consisted of long term assets and liabilities not recorded in the governmental fund, that transfer is not recorded in the government fund statements. (5,411,200)

Expenses recorded on the statement of changes in net assets for the accrual of compensated absences do not consume the current financial resources of the funds and, therefore, are not reported as expenditures in the governmental funds. 409,733

The activities of the internal service funds are considered part of governmental activities on the statement of changes in net assets but are not reported in the funds. The internal services funds had a net loss of \$603,341 for the year ended June 30, 2003 and that net income is included in the statement of changes in net assets of governmental activities. (603,341)

Changes in net assets of governmental activities \$ 9,821,755

City of Flint, Michigan

**Statement of Net Assets
Proprietary Funds
June 30, 2003**

| | <u>Business-type Activities</u> | |
|--|--------------------------------------|--------------------------------------|
| | <u>Hurley Medical Center</u> | <u>Water Supply Division</u> |
| Assets | | |
| Current assets: | | |
| Pooled cash and investments | \$ - | \$ 878,900 |
| Cash and cash equivalents | 39,930,107 | 2,793 |
| Accounts receivable (net of allowance of \$34,112,943) | 78,246,987 | 7,979,185 |
| Due from other funds | - | - |
| Due from other governments | - | - |
| Inventories | 3,255,819 | 406,541 |
| Prepaid items | 3,147,921 | - |
| Note receivable - current portion | - | - |
| Restricted current assets: | | |
| Pooled cash and investments | - | 2,660,644 |
| Cash and equivalents | 24,226,671 | - |
| Accrued interest receivable | 153,194 | - |
| Total current assets | <u>148,960,699</u> | <u>11,928,063</u> |
| Restricted assets - long term | | |
| Investments | <u>11,566,664</u> | - |
| Receivables - long term | <u>-</u> | <u>-</u> |
| Advance to other funds | <u>-</u> | <u>-</u> |
| Capital assets - net of accumulated depreciation | <u>66,327,700</u> | <u>46,763,127</u> |
| Investment in joint ventures | <u>5,115,716</u> | <u>-</u> |
| Other | <u>4,902,851</u> | <u>-</u> |
| Total assets | <u>\$236,873,630</u> | <u>\$ 58,691,190</u> |

See notes to financial statements.

| Enterprise Funds | | | Governmental Activities Internal Service Funds |
|--------------------------------|------------------------------|------------------------------|---|
| Sewage Disposal Division | Other Enterprise Funds | Total Enterprise Funds | |
| \$ 10,469,492 | \$ - | \$ 11,348,392 | \$ 3,644,420 |
| - | 4,700 | 39,937,600 | 186,105 |
| 6,034,276 | 1,134 | 92,261,582 | 1,666 |
| 14,646,539 | - | 14,646,539 | - |
| - | - | - | 107,710 |
| 870,184 | 33,030 | 4,565,574 | - |
| - | - | 3,147,921 | 171,919 |
| - | - | - | 130,000 |
| - | - | 2,660,644 | - |
| - | - | 24,226,671 | - |
| - | - | 153,194 | - |
| 32,020,491 | 38,864 | 192,948,117 | 4,241,820 |
| - | - | 11,566,664 | - |
| - | - | - | 1,170,000 |
| 13,986,724 | - | 13,986,724 | - |
| 89,664,376 | 7,582,037 | 210,337,240 | 2,295,291 |
| - | - | 5,115,716 | - |
| 760,056 | - | 5,662,907 | - |
| \$ 136,431,647 | \$ 7,620,901 | \$ 439,617,368 | \$ 7,707,111 |

City of Flint, Michigan

**Statement of Net Assets
Proprietary Funds
June 30, 2002**

| | Business-type Activities | |
|--|--------------------------------------|--------------------------------------|
| | Hurley Medical Center | Water Supply Division |
| Current liabilities (payable from current assets): | | |
| Accounts payable | \$ 16,746,094 | \$ 3,159,729 |
| Accrued liabilities | 28,975,317 | 269,489 |
| Deposits and advances | - | 945,288 |
| Due to other funds | - | - |
| Capital lease obligation - current portion | 1,311,215 | 133,787 |
| Note payable - current portion | - | 3,467 |
| General obligation bonds - current portion | - | 944,931 |
| Revenue bonds - current portion | 1,875,000 | 1,016,352 |
| Total current liabilities | 48,907,626 | 6,473,043 |
| Accrued expenses - long term | 17,900,741 | - |
| Capital lease obligation - long term portion | 5,935,240 | 517,925 |
| Note payable - long term portion | - | 29,172 |
| General obligation bonds - long term portion | - | - |
| Revenue bonds - long term portion | 72,390,000 | 21,287,223 |
| Total liabilities | 145,133,607 | 28,307,363 |
| Net Assets | | |
| Invested in capital assets, net of related debt | 20,441,358 | 22,830,270 |
| Restricted for donor restrictions and other | 3,703,231 | - |
| Unrestricted (deficit) | 67,595,434 | 7,553,557 |
| Total net assets | \$ 91,740,023 | \$ 30,383,827 |

See notes to financial statements.

| Enterprise Funds | | | Governmental Activities Internal Service Funds |
|---|---------------------------------------|---------------------------------------|---|
| Sewage Disposal Division | Other Enterprise Funds | Total Enterprise Funds | |
| \$ 814,837 | \$ 29,537 | \$ 20,750,197 | \$ 3,901,197 |
| 429,410 | 64,452 | 29,738,668 | 1,280,648 |
| - | - | 945,288 | - |
| - | 2,802,300 | 2,802,300 | - |
| 133,787 | 129,111 | 1,707,900 | 370,192 |
| 49,164 | 4,640 | 57,271 | - |
| 2,078,958 | - | 3,023,889 | 704,560 |
| - | - | 2,891,352 | - |
| 3,506,156 | 3,030,040 | 61,916,865 | 6,256,597 |
| - | - | 17,900,741 | - |
| 518,164 | - | 6,971,329 | 430,498 |
| 391,242 | 36,995 | 457,409 | - |
| 4,204,535 | - | 4,204,535 | - |
| - | - | 93,677,223 | - |
| 8,620,097 | 3,067,035 | 185,128,102 | 6,687,095 |
| 82,288,526 | 7,411,291 | 132,971,445 | 790,041 |
| - | - | 3,703,231 | - |
| 45,523,024 | (2,857,425) | 117,814,590 | 229,975 |
| \$ 127,811,550 | \$ 4,553,866 | \$ 254,489,266 | \$ 1,020,016 |

City of Flint, Michigan

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2003

| | Business-type Activities | |
|--|--------------------------------------|--------------------------------------|
| | Hurley Medical Center | Water Supply Division |
| Operating revenues - charges for services | \$ 326,831,605 | \$ 27,205,494 |
| Costs of materials or services rendered | - | 13,110,376 |
| Operating expenses: | | |
| Salaries, wages, and fringe benefits | 188,580,529 | 7,111,970 |
| Utilities | 4,395,507 | 399,375 |
| Equipment operation | - | 221,588 |
| Repairs and maintenance | 3,683,251 | 125,170 |
| Supplies | 38,903,343 | 374,884 |
| Insurance | 13,812,409 | 60,315 |
| Depreciation and amortization | 12,339,077 | 3,808,946 |
| Bad debt | 33,320,890 | 535,214 |
| Professional services | 17,058,506 | 1,999,606 |
| Dietary | 1,529,880 | - |
| Claims and settlements | - | - |
| Miscellaneous | 15,275,216 | 324,836 |
| Total operating expenses | 328,898,608 | 14,961,904 |
| Total materials, services, and operating expenses | 328,898,608 | 28,072,280 |
| Operating income (loss) | (2,067,003) | (866,786) |
| Non-operating revenues (expenses): | | |
| Interest and dividend income | 1,604,614 | 831,823 |
| Interest expense | (3,584,412) | (582,151) |
| Net income (loss) from joint ventures | 486,099 | - |
| Grants for capital improvements | - | 79,787 |
| Restricted contributions | 2,276,106 | - |
| Loss on sale of capital assets | - | - |
| Gain on sale of renal program | 13,835,320 | - |
| Total non-operating revenues (expenses) | 14,617,727 | 329,459 |
| Net income (loss) before transfers | 12,550,724 | (537,327) |
| Transfers in | - | - |
| Transfers out | - | - |
| Net income (loss) | 12,550,724 | (537,327) |
| Net assets - beginning of year | 79,189,299 | 30,921,154 |
| Net assets - end of year | \$ 91,740,023 | \$ 30,383,827 |

See notes to financial statements.

| Enterprise Funds | | | Governmental |
|--------------------------------|------------------------------|------------------------------|---|
| Sewage Disposal Division | Other Enterprise Funds | Total Enterprise Funds | Activities Internal Service Funds |
| \$ 23,391,287 | \$ 1,420,701 | \$ 378,849,087 | \$ 43,539,263 |
| - | 17,897 | 13,128,273 | 35,430,630 |
| 8,856,459 | 764,447 | 205,313,405 | 3,393,974 |
| 1,901,010 | 49,650 | 6,745,542 | - |
| 189,070 | 5,330 | 415,988 | - |
| 633,014 | 100,676 | 4,542,111 | 486,594 |
| 755,162 | 37,923 | 40,071,312 | 25,874 |
| 51,379 | 2,739 | 13,926,842 | 445,610 |
| 4,991,257 | 420,765 | 21,560,045 | 1,996,232 |
| 1,210,941 | - | 35,067,045 | - |
| 2,298,746 | 36,982 | 21,393,840 | 1,806,665 |
| - | - | 1,529,880 | - |
| - | - | - | (290,486) |
| 314,034 | 13,000 | 15,927,086 | 139,239 |
| 21,201,072 | 1,431,512 | 366,493,096 | 8,003,702 |
| 21,201,072 | 1,449,409 | 379,621,369 | 43,434,332 |
| 2,190,215 | (28,708) | (772,282) | 104,931 |
| 1,110,572 | - | 3,547,009 | 140,731 |
| (587,260) | (118,405) | (4,872,228) | (130,900) |
| - | - | 486,099 | - |
| 56,855 | - | 136,642 | - |
| - | - | 2,276,106 | - |
| - | (4,834,995) | (4,834,995) | (5,334) |
| - | - | 13,835,320 | - |
| 580,167 | (4,953,400) | 10,573,953 | 4,497 |
| 2,770,382 | (4,982,108) | 9,801,671 | 109,428 |
| - | 5,411,200 | 5,411,200 | 195,238 |
| - | (1,584,454) | (1,584,454) | (908,007) |
| 2,770,382 | (1,155,362) | 13,628,417 | (603,341) |
| 125,041,168 | 5,709,228 | 240,860,849 | 1,623,357 |
| \$ 127,811,550 | \$ 4,553,866 | \$ 254,489,266 | \$ 1,020,016 |

City of Flint, Michigan

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2003

| | Business-type Activities | | |
|--|--------------------------------------|--------------------------------------|---|
| | Hurley Medical Center | Water Supply Division | Sewage Disposal Division |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 324,881,135 | \$ 22,725,159 | \$ 20,269,932 |
| Payments to vendors | (168,370,371) | (18,605,083) | (5,921,492) |
| Refunds of customer deposits | - | - | - |
| Payments to employees | (134,647,728) | (7,039,936) | (8,624,504) |
| Net cash provided by operating activities | 21,863,036 | (2,919,860) | 5,723,936 |
| Cash flows from investing activities: | | | |
| Distributions from joint ventures | 1,765,000 | - | - |
| Disposal (purchases) of investments | 9,604,413 | - | - |
| Additions to notes receivable | - | - | - |
| Interest on investments | 1,684,952 | 831,823 | 1,110,572 |
| Net cash provided by investing activities | 13,054,365 | 831,823 | 1,110,572 |
| Cash flows from non-capital financing activities: | | | |
| Contributions for restricted purposes | 2,276,106 | - | - |
| Pooled cash advanced from (repaid to) other funds | - | - | - |
| Payments on long term note receivable | - | - | - |
| Advance to general fund | - | - | (13,986,724) |
| Pooled cash advances repaid by (advanced to) other funds | - | 5,080,126 | 21,926,373 |
| Operating transfers from other funds | - | - | - |
| Operating transfers to other funds | - | - | - |
| Interest payments | - | (582,151) | - |
| Net cash provided by (used in) non-capital financing activities | 2,276,106 | 4,497,975 | 7,939,649 |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from issuance of bonds | 35,000,000 | 6,143,915 | - |
| Cost of issuing of bonds | (2,596,313) | - | - |
| Repayment of long-term debt | (30,453,294) | (2,520,356) | (2,663,526) |
| Grants received for capital asset purchase | - | 79,787 | - |
| Purchase of capital assets | (7,441,949) | (5,230,291) | (1,256,379) |
| Proceeds from sale of assets | 11,960,609 | - | - |
| Interest payments | (3,583,732) | - | (384,760) |
| Net cash used in capital and related financing activities | 2,885,321 | (1,526,945) | (4,304,665) |

See notes to financial statements.

| Other Enterprise Funds | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|---------------------------------------|---------------------------------------|---|
| \$ 1,650,811 | \$ 369,527,037 | \$ 45,083,048 |
| (314,593) | (193,211,539) | (39,996,624) |
| - | - | (396,644) |
| (699,995) | (151,012,163) | (3,584,733) |
| 636,223 | 25,303,335 | 1,105,047 |
| - | 1,765,000 | - |
| - | 9,604,413 | - |
| - | - | - |
| - | 3,627,347 | 140,731 |
| - | 14,996,760 | 140,731 |
| - | 2,276,106 | - |
| (508,331) | (508,331) | 274,291 |
| - | - | 280,965 |
| - | (13,986,724) | - |
| - | 27,006,499 | - |
| - | - | 195,238 |
| (1,584,454) | (1,584,454) | (908,007) |
| (105,597) | (687,748) | (31,488) |
| (2,198,382) | 12,515,348 | (189,001) |
| - | 41,143,915 | - |
| - | (2,596,313) | - |
| (204,152) | (35,841,328) | (1,039,227) |
| - | 79,787 | - |
| (17,404) | (13,946,023) | (294,915) |
| 1,577,755 | 13,538,364 | - |
| (12,808) | (3,981,300) | (99,412) |
| 1,343,391 | (1,602,898) | (1,433,554) |

(continued)

City of Flint, Michigan

**Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2003**

| | Business-type Activities | | |
|---|--------------------------------------|--------------------------------------|---|
| | Hurley Medical Center | Water Supply Division | Sewage Disposal Division |
| Net increase (decrease) in cash and cash equivalents | 40,078,828 | 882,993 | 10,469,492 |
| Cash and cash equivalents - beginning of year | 24,077,950 | 2,659,344 | - |
| Cash and cash equivalents - end of year | <u>\$ 64,156,778</u> | <u>\$ 3,542,337</u> | <u>\$ 10,469,492</u> |
| Cash flows from operating activities: | | | |
| Operating income (loss) | \$ (2,067,003) | \$ (866,786) | \$ 2,190,215 |
| Adjustments to reconcile operating income (loss) to net cash provided by operations: | | | |
| Depreciation and amortization | 12,339,077 | 3,808,946 | 4,991,257 |
| Amortization of deferred defeasance and bond issuance costs | 1,353,904 | - | - |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (1,950,470) | (4,585,459) | (1,983,633) |
| Inventories | 615,575 | (406,541) | 16,364 |
| Due from other funds | - | - | - |
| Prepaid expenses and other assets | 435,847 | - | - |
| Accounts payable | 584,340 | (966,240) | 277,778 |
| Customer deposits | - | 105,124 | - |
| Accrued liabilities | 10,551,766 | (8,904) | 231,955 |
| Net cash provided by operating activities | <u>\$ 21,863,036</u> | <u>\$ (2,919,860)</u> | <u>\$ 5,723,936</u> |

Noncash transactions:

The Water and Sewer Funds purchased joint equipment through the issuance of debt with a total cost of \$2,549,202. Both the capital assets and the debt were split equally between the two funds.

The sewer fund purchased flow rights to a drain system by issuing debt in the amount of \$868,635.

The Golf Course Enterprise Fund included in the Other Enterprise Funds Column received a contribution of capital assets net of related debt from the capital assets and general long term debt held for governmental activities. A non-cash transfer in of \$5,411,200 was recognized for the net assets transferred into the Golf Enterprise Fund.

See notes to financial statements.

| Other Enterprise Funds | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|---------------------------------------|---------------------------------------|---|
| (218,768) | 51,212,545 | (376,777) |
| 223,468 | 26,960,762 | 4,207,302 |
| <u>\$ 4,700</u> | <u>\$ 78,173,307</u> | <u>\$ 3,830,525</u> |

\$ (28,708) \$ (772,282) \$ 104,931

420,765 21,560,045 1,996,232

- 1,353,904 -

230,110 (8,289,452) 1,149,757

(33,030) 192,368 733,204

- - 482,839

- 435,847 (107,934)

(17,366) (121,488) (2,561,973)

- 105,124 (396,644)

64,452 10,839,269 (295,365)

\$ 636,223 \$ 25,303,335 \$ 1,105,047

City of Flint, Michigan

Statement of Net Assets Fiduciary Funds June 30, 2003

| | Pension Trust Funds | Agency Funds |
|---|------------------------|-----------------|
| Assets | | |
| Pooled cash and investments | \$ 3,092 | \$ 7,433,866 |
| Cash and cash equivalents | 7,391,777 | 1,300,031 |
| Total cash and equivalents | 7,394,869 | 8,733,897 |
| Taxes receivable | - | 4,210,751 |
| Accounts receivable | 26,978 | 201 |
| Accrued interest and dividends | 1,846,605 | - |
| Loans to participants | 236,456 | - |
| Total receivables | 2,110,039 | 4,210,952 |
| Investments at fair value | | |
| U.S. Government obligations | 153,722,644 | - |
| Mutual Funds | 62,070,698 | - |
| Domestic stocks | 384,802,199 | - |
| Domestic corporate bonds | 130,009,790 | - |
| International stocks | 345,882 | - |
| Total investments | 730,951,213 | - |
| Total assets | \$ 740,456,121 | \$ 12,944,849 |
| Liabilities | | |
| Accounts payable | 709,874 | 60,625 |
| Accrued liabilities | 4,936,575 | - |
| Deposits and advances | - | 1,833,136 |
| Deferred compensation payable | - | 36,611 |
| Due to other governments | - | 10,532,538 |
| Due to component unit | - | 481,939 |
| Due to other funds | 927,241 | - |
| Total liabilities | 6,573,690 | 12,944,849 |
| Net Assets | | |
| Held in trust for pension and retiree health care benefit purposes | \$ 733,882,431 | \$ - |

See notes to financial statements.

City of Flint, Michigan

Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2003

| | Pension & Benefit Trust Funds |
|--|--|
| Additions: | |
| Members' contributions | \$ 5,427,437 |
| Employer contributions | 20,819,798 |
| Total contributions | 26,247,235 |
| Net increase (decrease) in fair value of investments | 14,009,650 |
| Interest | 10,053,467 |
| Dividends | 2,380,609 |
| Other income | 290,349 |
| Investment income (loss) | 26,734,075 |
| Less investment expense | 2,354,669 |
| Net investment income (loss) | 24,379,406 |
| Total additions (deductions) | 50,626,641 |
| Deductions: | |
| Benefits | 74,986,570 |
| Refunds of contributions | 1,370,636 |
| Administrative | 787,606 |
| Total deductions | 77,144,812 |
| Change in net assets | (26,518,171) |
| Net assets - beginning of the year | 760,400,602 |
| Net assets - end of the year | \$ 733,882,431 |

See notes to financial statements.

Notes to the Basic Financial Statements

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies

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

A. Reporting entity

The City of Flint is a municipal corporation governed by an elected mayor and a nine member council. Pursuant to Public Act 72 of 1990, the State Treasurer by resolution of the State legislature conducted a preliminary review of the finances of the City of Flint to determine whether or not a serious financial problem existed. As a result of the Flint Financial Review Team's report, it was determined that a local government financial emergency existed which resulted in the Governor's concurrence with the Financial Review Team's findings, and the appointment of an Emergency Financial Manager in July of 2003. All authority related to the financial operations of the City of Flint are now vested in the Emergency Financial Manager.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although they can be legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

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

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

Discretely presented component units:

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

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 Corporation provides loans to start up or expanding businesses and manages rental property that lease space to commercial and light industrial manufacturing companies. The Corporation has an agreement with the Flint - Genesee Growth Alliance to provide administrative support services to the Corporation at no charge to the Corporation. The agreement may be terminated by either the Corporation or the Flint-Genesee Growth Alliance by giving the other party thirty days written notice of such termination. Surplus funds existing at the termination of the Corporation vest to the City.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

A. Reporting entity -- (continued)

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

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

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

During 1998 the City entered into a joint venture with Mt. Morris Charter Township to create the Flint Area Enterprise Community. The Flint Area Enterprise Community was created as a Michigan non-profit corporation under the Urban Cooperative Act to facilitate economic and community development in a region that includes portions of both municipalities.

Financial statements for Flint Area Enterprise Community are not available as of the date of this report.

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 it's 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 H-Corporation of Mid-Michigan) 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. The amount of the income tax provision is \$127,260 and is included in the "payroll taxes and fringes" line item. 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 are no deferred tax assets or tax liabilities at June 30, 2003 as the tax basis of the assets and the liabilities reported in the profit corporation are not materially different from the carrying value.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Hurley Medical Center Enterprise Fund: - (continued)

The Hurley Medical Center Enterprise Fund (Medical Center) participates in six privately held joint ventures, Greater Flint Area Hospital Imaging Center, Inc. (GFAHIC), Flint Health Systems Imaging Center, Inc., (FHSIC), HGH, Inc., (HealthPlus Partners), Hurley PHO of Mid-Michigan, Michigan Lithotripsy Network, and Hurley Cancer Institute.

GFAHIC and FHSIC provide magnetic resonance imaging (MRI) services to the Greater Flint and Genesee County community. The ownership of both Corporations is allocated between Hurley Medical Center, Genesys Regional Medical Center, and McLaren Regional Medical Center. Each corporate joint venture is recorded in the financial statements on the equity method of accounting. The joint venture provides that each participant shares in the annual earnings/loss of the Corporations. The net investment by the Medical Center at June 30, 2003 was \$3,342,496. A total of \$1,500,000 was distributed to the Medical Center during the year ended June 30, 2003.

HGH, Inc. is a joint venture among Hurley Medical Center, HealthPlus of Michigan, Inc., Genesys Regional Medical Center and Memorial Health Care Center. The venture was established during 1995 to provide a methodology to enroll Medicaid patients in the statewide managed care initiative for Medicaid. The Medical Center's net investment was \$(1,395,483) at June 30, 2003. The arrangement provides that the four entities will share in the excess revenues or expenditures of the joint venture.

Hurley PHO of Mid-Michigan is a joint venture between Hurley Medical Center and its medical staff. The venture was established during 1997 to provide vertically integrated continuous care which will facilitate the Medical Center participating in managed care contracts in the future. The Medical Center's net investment at June 30, 2003 was \$616,494. The arrangement provides that the Medical Center will be allocated 50 percent of the excess revenues or expenditures of the joint venture.

Michigan Lithotripsy Network is a joint venture between Hurley Medical Center and six other hospitals. The venture was established during 1999 to provide a mobile lithotripsy unit to be utilized by the participating hospitals. The Medical Center's net investment at June 30, 2003 was \$77,005. The arrangement provides that the seven hospitals will share equally in the excess revenues or expenditures 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 radiation oncology. The Medical Center's net investment at June 30, 2003 was \$709,964. The arrangement provides that the two entities will share equally in the excess revenues or expenditures of the joint venture.

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

The following organization is not part of the City of Flint and is excluded from the accompanying financial statements for the reasons stated. The following disclosures are included to meet state of Michigan reporting requirements.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

A. Reporting entity – (continued)

Flint Housing Commission:

- * City does not guarantee the commission's debts
- * City does not approve the operating budget
- * Governing board is essentially autonomous
- * City has no obligations to fund deficits

The Flint Housing Commission was created by the City of Flint in accordance with the laws of the State of Michigan. Its main purpose is to administer activities that provide sanitary housing facilities for low-income families and the elimination of housing conditions that are detrimental to public peace, health, safety, and welfare. The commission's policy is to prepare its financial statements on the basis prescribed by the Department of Housing and Urban Development. Accordingly, the summary information below (which is required by state regulations), is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Summary financial information for the fiscal year ended June 30, 2002, the date of its latest audited financial report, is as follows:

| | |
|------------------------------|--------------|
| Total Assets | \$29,252,456 |
| Total Liabilities | 2,168,395 |
| Contributed Capital | 32,484,047 |
| Retained Earnings (Deficit) | (5,399,986) |
| Total Revenues | 9,213,599 |
| Total Operating Expenditures | 10,514,324 |
| Non Operating Revenue | 7,905,509 |
| Net Loss | (1,148,831) |

B. Government-wide and fund financial statements

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements - (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.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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.

The Major and Local Street Funds account for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units. State law requires that these taxes be used for street maintenance and construction. The State of Michigan has designated these funds as major governmental funds.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation - (continued)

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

Internal service funds account for data processing, self insurance, and fringe benefits services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Central Stores and the work order project funds were closed during fiscal 2003.

Pension Trust funds account for the activities of the five different funds utilized to pay retirement and health care benefits for City 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 as an agent for individuals, private organizations and other governments.

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

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

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.

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation - (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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 enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits

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

2. Pooled cash and investments:

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

At June 30, 2003, 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 following funds to report the interfund receivable; Sewage Disposal Enterprise Fund, Water Supply Enterprise Fund, and the Self Insurance Internal Service Fund. Accordingly, these funds' pooled cash and investment balances, as reported on the financial statement, have been decreased by the amounts receivable from the other City funds with an overdraft.

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

3. Investments:

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

4. Receivables and payables

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

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

5. Inventories and prepaid items

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

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

6. Restricted assets

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired during the fiscal year ended June 30, 2003. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The City has five years to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to July 1, 2001 and record those assets on the financial statements.

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

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

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Buildings | 50 |
| Building improvements | 20 |
| Public domain infrastructure | 50 |
| System infrastructure | 30 |
| Vehicles | 5 |
| Office equipment | 5 |
| Computer equipment | 5 |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

8. Compensated absences

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

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund equity

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

11. Property tax

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

The City is permitted by the City Charter to levy up to 10 mills on taxable valuation assessments. For the year ended June 30, 2003, the City levied the full 10 mills allowed. The levy consists of 7.5 mills for operating costs and 2.5 mills restricted for public improvement. The City levies 3.0 mills for garbage collection in accordance with State law.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

11. Property tax - (continued)

A special voted assessment of .5 mills is levied for both paramedic services and dedicated funds for the improvement and maintenance of City parks, forestry and recreation services. The park millage is a ten year millage for the period 1997-2006. In addition, the City was authorized by the electorate to levy an additional property tax at the rate of 2.0 mills with all revenue received to be used to fund a city-wide neighborhood police program (a five year millage 2001-2005). Because these additional levies were approved by a special vote, they do not fall under the 10 mill charter limitation.

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.

12. Hurley Medical Center - cost based reimbursement:

Patient accounts receivable at June 30, 2003, 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.

Adjustments made by third-party payors upon settlement of prior-year cost reports are included in the statement of revenues and expenses in the year such adjustments become known. As a result of such adjustments, net patient service revenues were increased by approximately \$435,234 in 2003.

In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$29,900,000 for 2003.

13. Comparative data/reclassifications:

Comparative total data for the prior year have been presented at the fund financial statement level only in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance -total governmental funds* and *net assets -governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

| | |
|---|---------------------|
| Bonds and notes payable | \$ 9,244,218 |
| Capital leases payable | 815,768 |
| Compensated absences | <u>7,988,387</u> |
| Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i> | <u>\$18,048,373</u> |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated use-full lives and reported as depreciation expense." The details of this difference are as follows:

| | |
|--|----------------------|
| Capital outlay | \$ 6,601,771 |
| Depreciation expense | (3,738,825) |
| Loss on disposal of fixed assets | <u>(3,956,437)</u> |
| Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i> | <u>\$(1,093,491)</u> |

III. Stewardship, compliance, and accountability

A. Budgetary information

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

1. At the first meeting in April, the interim Mayor submitted to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget 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).
2. Public hearings were conducted at city hall and throughout the City to obtain taxpayer comments.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

III. Stewardship, compliance, and accountability - (continued)

A. Budgetary information - (continued)

3. At the first City Council meeting in June, the budget was legally enacted at a cost center level (department) through the passage of a resolution in accordance with State law.

Informational summaries of projected revenues 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.

4. The Mayor, or his designee, was 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. Subsequent to the original adoption of the 2003 budget, the State of Michigan appointed an emergency financial manager to act as the chief executive office for the City. All budgetary amendments subsequent to the State appointment were issued by the financial manager.
5. Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets were adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.
7. The original budget was amended during the year.

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

B. Excess of expenditures over appropriations

The following individual cost centers incurred expenditures in excess of appropriations:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over Final Budget</u> |
|------------------------------|-------------------------|---------------|---|
| General Fund: | | | |
| General Government: | | | |
| Human Relations | \$246,797 | \$255,845 | \$ 9,048 |
| Community Development | 312,260 | 317,655 | 5,395 |
| Transfers to component units | - | 27,500 | 27,500 |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

III. Stewardship, compliance, and accountability - (continued)

B. Excess of expenditures over appropriations – (continued)

| | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over Final Budget</u> |
|--------------------------------------|-------------------------|---------------|---|
| Special Revenue Funds: | | | |
| Federal Grants Fund: | | | |
| Operating transfers out | - | 361,617 | 361,617 |
| Neighborhood Police Fund: | | | |
| Operating transfers out | - | 350,805 | 350,805 |
| AutoWold TIFA Fund: | | | |
| Operating transfers out | - | 56,047 | 56,047 |
| EDA Revolving Loan: | | | |
| Community enrichment and development | 21,954 | 107,838 | 85,884 |

C. Deficit fund equity

The City has accumulated an unreserved fund balance deficit in the following fund:

| <u>Fund</u> | <u>Fund Balance Deficit</u> |
|--------------|---------------------------------|
| General Fund | \$(14,069,159) |

The deficit in the general fund was caused by expenditures in excess of revenues. A plan has been filed with the State by the emergency financial manager. See additional information in Note V.G.

IV. Detailed notes on all funds

A. Pooled cash and investments, deposits, and investments

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

The pooled cash and investments account at June 30, 2003 is comprised of the following:

| | |
|---------------|---------------------|
| Cash deposits | \$39,381,417 |
| Investments | <u>4,973,593</u> |
| | <u>\$44,355,010</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds – (continued)

A. Pooled cash and investments, deposits, and investments – (continued)

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the Sewage Disposal Enterprise Fund at June 30, 2003, follows:

| <u>Fund</u> | <u>Pooled Cash and Investments</u> | <u>(Due to)</u> |
|---|--|-----------------|
| General Fund | \$ - | \$ (9,217,236) |
| Special Revenue Funds: | | |
| Major Streets Fund | 11,090,779 | - |
| Local Streets Fund | 1,815,741 | - |
| Federal Grants Fund | - | (1,129,894) |
| Neighborhood Policing Fund | 96,412 | - |
| State Act 251 - Forfeitures Fund | 898,454 | - |
| EDA Revolving Loan Fund | 619,663 | - |
| Atwood Stadium Fund | 5,458 | - |
| Local Law Enforcement Grant | 647,452 | - |
| Parks and Recreation | 1,317,787 | - |
| Central Maintenance Garage | 16,105 | - |
| City Park Fund | 6,752 | - |
| Longway Fund | 7,534 | - |
| Building Fund | 20,173 | - |
| Garbage Fund | 69,741 | - |
| Debt Service Funds: | | |
| Hyatt Debt Service Fund | - | (6,147) |
| Windmill Place Debt Service Fund | 210 | - |
| Buick City Debt Service Fund | - | (561,766) |
| Capital Projects Funds: | | |
| Public Improvement Fund | 2,652,335 | - |
| Atwood Stadium | - | (1,955) |
| Enterprise Funds: | | |
| Water Supply Division Fund | 3,539,544 | - |
| Sewage Disposal Division Fund | 25,116,031 | - |
| Golf Course Fund | - | (1,530,556) |
| Mid-City Parking System Fund | - | (1,271,744) |
| Internal Service Funds: | | |
| Data Processing Fund | 294,160 | - |
| Fringe Benefits Fund | 511,797 | - |
| Self-Insurance Fund | 2,838,463 | - |
| Pension Trust Funds: | | |
| Charter Retirement Fund | - | (2,348) |
| Flint Employees' Retirement System Fund | - | (924,893) |
| Retiree Health Care Fund | 3,092 | - |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

A. Pooled cash and investments, deposits, and investments - (continued)

| <u>Fund</u> | <u>Pooled Cash and Investments</u> | <u>(Due to)</u> |
|--|--|-----------------------|
| Agency Funds: | | |
| Miscellaneous Agency Fund | 7,300,941 | - |
| District Court Fund | 96,314 | - |
| Unqualified Deferred Compensation Fund | 36,611 | - |
| | <u>59,001,549</u> | <u>\$(14,646,539)</u> |
| Total pooled cash and investments | <u>\$44,355,010</u> | |

B. Deposits and investments

At year end, the City's carrying amount of deposits was \$43,744,648, excluding petty cash and cash register funds of \$30,854, and the bank balance was \$49,986,787. Of the bank balance, \$1,555,352 was covered by federal depository insurance and \$3,628,651 is secured by collateral held by the City's agent in the City's name. The remaining balance of deposits of \$44,802,784 is uncollateralized and uninsured. The component units' deposits had a bank balance of \$880,256 of which \$735,155 was covered by federal depository insurance. Certificates of deposits, savings accounts, and money market accounts make up \$31,075,968 of the bank balance at June 30, 2003.

At year end, the City's deposits and investments were reported in the basic financial statements in the following categories:

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Fiduciary Funds</u> | <u>Total Primary Government</u> | <u>Component Units</u> |
|---|------------------------------------|---|----------------------------|---|----------------------------|
| Pooled cash and investments | \$22,909,016 | \$11,348,392 | \$ 7,436,958 | \$ 41,694,366 | \$ - |
| Cash and cash equivalents | 1,385,342 | 39,937,600 | 8,691,808 | 50,014,750 | 1,000,930 |
| Investments | 1,080,414 | - | 730,951,213 | 732,031,627 | 498,492 |
| Restricted pooled cash and investments | - | 2,660,644 | - | 2,660,644 | - |
| Restricted cash and equivalents | - | 24,226,671 | - | 24,226,671 | - |
| Restricted investments | - | 11,566,664 | - | 11,566,664 | - |
| Total | <u>\$25,374,772</u> | <u>\$89,739,971</u> | <u>\$747,079,979</u> | <u>\$862,194,722</u> | <u>\$1,499,422</u> |

The breakdown between deposits and investments is as follows:

| | <u>Primary Government</u> | <u>Component Units</u> |
|--|-------------------------------|----------------------------|
| Bank deposits (checking and savings accounts, certificates of deposits) | \$ 43,744,648 | \$1,157,758 |
| Investments in securities, mutual funds and similar vehicles | 818,419,220 | 341,234 |
| Petty cash and cash on hand | 30,854 | 430 |
| Total | <u>\$862,194,722</u> | <u>\$1,499,422</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At year end, the City's categorized investment balances were as follows:

| | Category | | | Reported Amount/ Fair Value |
|--------------------------|----------------------|---------------|---------------------|-----------------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Commercial paper | \$ 11,888,734 | \$ - | \$ - | \$ 11,888,734 |
| Repurchase agreements | - | - | 37,013,512 | 37,013,512 |
| U.S. Gov't. securities | 167,282,962 | - | - | 167,282,962 |
| Domestic corporate bonds | 130,009,790 | - | - | 130,009,790 |
| Domestic common stock | 384,802,199 | - | - | 384,802,199 |
| International stock | 345,882 | - | - | 345,882 |
| Total categorized | <u>\$694,329,567</u> | <u>\$ -0-</u> | <u>\$37,013,512</u> | <u>731,343,079</u> |

Investments not subject to categorization:

| | |
|--------------------------|----------------------|
| Pooled Gov't. Securities | 4,222,259 |
| Mutual funds | <u>82,853,882</u> |
| Total investments | <u>\$818,419,220</u> |

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

The City was in compliance with all aspects of its investment policy at June 30, 2003.

City Council has not restricted the depositories which the City can use.

The Hurley Medical Center Enterprise Fund's investing is controlled by Hurley Medical Center's Chief Financial Officer. Hurley has adopted the above City investment policy as its policy for investment of unrestricted funds. Hurley also must adhere to donor restrictions on the investing of any restricted funds received.

State statutes authorize the Pension Trust Funds to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A2 by Standard & Poor's Corporation or P2 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, reverse repurchase agreements, corporate stocks, corporate bonds, diversified investment companies, annuity investment contracts, and certain real estate or mortgages.

The City's investments in collateralized mortgage obligations, partnerships, real estate, mutual funds, and pooled governmental securities are not categorized by risk because they are not evidenced by securities that exist in physical or book entry form.

The City's investments in real estate and partnership interests are not categorized by risk because they are not considered investment securities.

The Flint Employees' Retirement System Fund owns approximately 96.3% of the investments in category 1. The Hurley Medical Center Enterprise Fund owns approximately 96.2% of the repurchase agreements held at year end.

The City deals only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines indicate that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement. On no occasion during the year did the market value of the underlying securities for repurchase agreements fall below this required level.

At year end, the component unit's investment balances were as follows:

| | Category | | | Reported Amount/ Fair Value |
|----------------------|----------|----------|-----------|-----------------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Repurchase agreement | \$ -0- | \$ -0- | \$341,234 | \$341,234 |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

C. Receivables

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

Governmental activities and fiduciary funds:

| | <u>General</u> | <u>Major Streets</u> | <u>Local Streets</u> | <u>Nonmajor Internal Service and Other Funds</u> | <u>Total</u> |
|------------------------------------|----------------------|----------------------|----------------------|--|----------------------|
| Receivables: | | | | | |
| Taxes | \$ 1,639,148 | \$ - | \$ - | \$ 178,884 | \$ 1,818,032 |
| Accounts | 17,908,268 | 102,091 | - | 179,134 | 18,189,493 |
| Special assessment | 253,882 | - | - | - | 253,882 |
| Intergovernmental | 7,561,303 | 1,263,222 | 349,837 | 3,369,092 | 12,543,454 |
| Notes and leases | - | - | - | 6,238,230 | 6,238,230 |
| Gross receivables | 27,362,601 | 1,365,313 | 349,837 | 9,965,340 | 39,043,091 |
| Less: allowance for uncollectibles | (15,607,272) | (96,791) | - | (174,226) | (15,878,289) |
| Net total receivables | <u>\$ 11,755,329</u> | <u>\$ 1,268,522</u> | <u>\$ 349,837</u> | <u>\$ 9,791,114</u> | <u>\$ 23,164,802</u> |

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

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|--------------------|--------------------|--------------------|
| Delinquent property taxes receivable (general fund) | \$ 249,354 | \$ - | \$ 249,354 |
| Delinquent property taxes receivable | 172,573 | - | 172,573 |
| Special Assessments not yet due (general fund) | 252,088 | - | 252,088 |
| Long-term other receivables (general fund) | 239,220 | - | 239,220 |
| Long-term notes receivable | 4,361,969 | - | 4,361,969 |
| Other long-term assets held for resale (general fund) | 100,000 | - | 100,000 |
| Grant drawdowns prior to meeting all eligibility requirements | - | 2,762,209 | 2,762,209 |
| Total deferred/unearned revenue for governmental funds | <u>\$5,375,204</u> | <u>\$2,762,209</u> | <u>\$8,137,413</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

C. Receivables - (continued)

Business type activities:

| | <u>Hurley Medical Center</u> | <u>Water Supply</u> | <u>Sewage Disposal</u> | <u>Nonmajor Proprietary</u> | <u>Total</u> |
|---------------------------------------|--------------------------------------|-------------------------|----------------------------|---------------------------------|----------------------|
| Receivables: | | | | | |
| Interest - restricted | \$ 153,194 | \$ - | \$ - | \$ - | \$ 153,194 |
| Accounts | 108,146,987 | 11,432,170 | 6,671,011 | 124,357 | 126,374,525 |
| Gross receivables | 108,300,181 | 11,432,170 | 6,671,011 | 124,357 | 126,527,719 |
| Less: allowance for uncollectibles | (29,900,000) | (3,452,985) | (636,735) | (123,223) | (34,112,943) |
| Net total receivables | <u>\$ 78,400,181</u> | <u>\$ 7,979,185</u> | <u>\$6,034,276</u> | <u>\$ 1,134</u> | <u>\$ 92,414,776</u> |

D. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$13,775,748 | \$ - | \$ 2,066,080 | \$11,709,668 |
| Construction in progress | 384,122 | - | - | 384,122 |
| Total capital assets, not being depreciated | <u>14,159,870</u> | <u>-</u> | <u>2,066,080</u> | <u>12,093,790</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 18,867,001 | 18,630 | 1,766,133 | 17,119,498 |
| Improvements other than buildings | 10,833,004 | 2,357,890 | 5,293,212 | 7,897,682 |
| Machinery and equipment | 37,120,346 | 2,777,377 | 5,225,033 | 34,672,690 |
| Infrastructure | 6,752,550 | 3,944,777 | 3,691,613 | 7,005,714 |
| Total capital assets being depreciated | <u>73,572,901</u> | <u>9,098,674</u> | <u>15,975,991</u> | <u>66,695,584</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 10,370,896 | 471,616 | 1,023,373 | 9,819,139 |
| Improvements other than buildings | 4,434,412 | 350,446 | 1,662,086 | 3,122,772 |
| Machinery and equipment | 25,399,175 | 2,603,659 | 1,354,939 | 26,647,895 |
| Infrastructure | 562,062 | 313,104 | 230,084 | 645,082 |
| Total accumulated depreciation | <u>40,766,545</u> | <u>3,738,825</u> | <u>4,270,482</u> | <u>40,234,888</u> |
| Total capital assets, being depreciated, net | <u>32,806,356</u> | <u>5,359,849</u> | <u>11,705,509</u> | <u>26,460,696</u> |
| Governmental activities capital assets, net | <u>\$46,966,226</u> | <u>\$5,359,849</u> | <u>\$13,771,589</u> | <u>\$38,554,486</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government -- (continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,152,712 | \$ 870,205 | \$ 550,550 | \$ 7,472,367 |
| Construction in progress | 23,012,168 | 13,774,114 | 30,453,196 | 6,333,086 |
| Total capital assets, not being depreciated | 30,164,880 | 14,644,319 | 31,003,746 | 13,805,453 |
| Capital assets, being depreciated: | | | | |
| Buildings and system | 162,021,107 | 26,656,535 | 12,844,209 | 175,833,433 |
| Improvements other than buildings | 624,242 | 4,916,080 | 389,757 | 5,150,565 |
| Machinery and equipment | 333,130,291 | 10,726,048 | 22,795,079 | 321,061,260 |
| Total capital assets, being depreciated | 495,775,640 | 42,298,663 | 36,029,045 | 502,045,258 |
| Less accumulated depreciation for: | | | | |
| Buildings and system | 101,875,113 | 7,356,379 | 6,682,771 | 102,548,721 |
| Improvements other than buildings | 429,167 | 2,439,988 | 208,069 | 2,661,086 |
| Machinery and equipment | 206,772,144 | 15,301,868 | 21,770,348 | 200,303,664 |
| Total accumulated depreciation | 309,076,424 | 25,098,235 | 28,661,188 | 305,513,471 |
| Total capital assets, being depreciated, net | 186,699,216 | 17,200,428 | 7,367,857 | 196,531,787 |
| Business-type activities capital assets, net | <u>\$216,864,096</u> | <u>\$31,844,747</u> | <u>\$38,371,603</u> | <u>\$210,337,240</u> |

The 2003 deletions to governmental activities and additions to business type capital assets include the transfers of capital assets and accumulated depreciation of \$9,432,867 and \$3,646,769, respectively, from governmental activities for the transfer of golf course assets at July 1, 2002.

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

Governmental activities:

Current:

| | |
|--------------------------------------|---------------|
| Legislative | \$ 13,752 |
| Judicial | 75,518 |
| General government | 514,887 |
| Police | 983,329 |
| Fire | 350,384 |
| Transportation | 630,504 |
| Public works | 312,130 |
| Parks and recreation | 821,915 |
| Community enrichment and development | <u>36,406</u> |

Total depreciation expense - governmental activities \$3,738,825

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

Business-type activities:

| | |
|---|----------------|
| Hospital | \$12,339,077 |
| Water | 3,808,946 |
| Sewer - depreciation | 4,882,678 |
| Sewer - amortization of intangible assets | 108,579 |
| Mid-City Parking | 17,989 |
| Golf | <u>402,776</u> |

| | |
|---|----------------------------|
| Total depreciation expense – Business-type activities | <u><u>\$21,560,045</u></u> |
|---|----------------------------|

Construction commitments:

The government has active construction projects as of June 30, 2003. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year end the government's commitments with contractors are as follows:

| <u>Project</u> | <u>Commitment</u> |
|---------------------------------|---------------------------|
| Water plant improvements | \$ 879,365 |
| Residential street construction | 1,936,125 |
| Road and bridge expansion | 1,984,999 |
| Parks facilities | <u>667,076</u> |
| Total | <u><u>\$5,467,565</u></u> |

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners. The public-purpose portion of this same project is being funded by the transfer of existing resources from the general fund. The commitment for road and bridge expansion is being financed entirely from grants from the Federal Highway Administration. The commitment for wastewater treatment facilities is being financed by revenue bonds secured by sewer revenues.

Discretely presented component units fixed asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2003, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Office furniture and equipment | \$ 47,186 | \$ - | \$ - | \$ 47,186 |
| Less accumulated depreciation for: | | | | |
| Office furniture and equipment | <u>36,832</u> | <u>4,337</u> | <u>-</u> | <u>41,169</u> |
| Governmental activities capital total | | | | |
| capital assets, net of depreciation | <u>10,354</u> | <u>(4,337)</u> | <u>-</u> | <u>6,017</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | 5,498,512 | - | - | 5,498,512 |
| Capital assets, being depreciated: | | | | |
| Buildings | 205,049 | 30,288 | - | 235,337 |
| Land improvements | 1,457,327 | - | - | 1,457,327 |
| Leasehold improvements | 5,519,160 | - | - | 5,519,160 |
| Totals, capital assets being depreciated | 7,181,536 | 30,288 | - | 7,211,824 |
| Less accumulated depreciation for: | | | | |
| Buildings | 157,841 | 23,753 | - | 181,594 |
| Land improvements | 1,290,086 | 31,120 | - | 1,321,206 |
| Leasehold improvements | 4,191,748 | 281,534 | - | 4,473,282 |
| Total accumulated depreciation | 5,639,675 | 336,407 | - | 5,976,082 |
| Total business-type activities, total capital assets, net of depreciation | 7,040,373 | (306,119) | - | 6,734,254 |
| Capital assets - net | <u>\$7,050,727</u> | <u>\$(310,456)</u> | <u>\$ -0-</u> | <u>\$6,740,271</u> |

Activity for the Flint Economic Development Corporation for the year ended June 30, 2003, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 93,860 | \$ - | \$ - | \$ 93,860 |
| Capital assets, being depreciated: | | | | |
| Buildings | 514,782 | 2,515 | - | 517,297 |
| Leasehold improvements | 649,917 | - | - | 649,917 |
| Machinery and equipment | 17,046 | - | - | 17,046 |
| Totals, capital assets being depreciated | 1,181,745 | 2,515 | - | 1,184,260 |
| Less accumulated depreciation for: | | | | |
| Buildings | 344,518 | 24,323 | - | 368,841 |
| Leasehold improvements | 172,626 | 28,057 | - | 200,683 |
| Machinery and equipment | 13,700 | 1,927 | - | 15,627 |
| Total accumulated depreciation | 530,844 | 54,307 | - | 585,151 |
| Total capital assets, being depreciated, net | 650,901 | (51,792) | - | 599,109 |
| Capital assets, net | <u>\$ 744,761</u> | <u>\$ (51,792)</u> | <u>\$ -0-</u> | <u>\$692,969</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2003 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------------------|---------------------|
| Sewer Enterprise | General | \$ 9,217,236 |
| | Special Revenue: | |
| | Federal grants | 1,129,894 |
| | Debt Service: | |
| | Windmill Place | 6,147 |
| | Capital Projects: | |
| | Public Improvement | 561,766 |
| | Atwood Stadium Building Authority | 1,955 |
| | Enterprise Funds: | |
| | Golf Course | 1,530,556 |
| | Mid-City Parking | 1,271,744 |
| | Pension Trust Funds: | |
| | Charter Retirement | 2,348 |
| | Flint Employee's Retirement System | <u>924,893</u> |
| | | <u>\$14,646,539</u> |

The receivables in the Sewer Enterprise Fund were created through negative pooled cash in other funds.

Long-term advance:

The Sewer Enterprise Fund advanced \$13,986,724 to the General fund in a formal advance. The General Fund will repay the Sewer Fund in payments of \$3,000,000 per year for the years ending June 30, 2004 to 2007. The remaining advance will be paid during the year ending June 30, 2008. Interest will be charged to the General Fund each year at a variable rate equal to the rate available that year or a one year certificate of deposit.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

E. Interfund receivables, payables, and transfers - (continued)

Due to/from primary government and component units:

| <u>Receivable Entity</u> | <u>Payable Entity</u> | <u>Amount</u> |
|--|--|------------------------|
| Primary Government: General Fund | Component Unit – EDC | \$ 183,444 |
| Primary Government: State Grant Special Revenue fund | Component Unit – DDA | 767,837 |
| Primary Government: Public Improvement Fund Component Unit – EDC | Component Unit - EDC Primary Government General Fund | 252,308 164,240 |
| | | <u>\$1,367,829</u> |

| | <u>Transfer In</u> | | | | <u>Total</u> |
|-----------------------------|-------------------------|--------------------------|----------------------------------|---------------------------------------|--------------------|
| | <u>General Fund</u> | <u>Local Streets</u> | <u>Nonmajor Governmental</u> | <u>Internal Service Funds</u> | |
| Transfer out: | | | | | |
| General fund | \$ - | \$ - | \$1,535,665 | \$ 15,519 | \$1,551,184 |
| Major streets | - | 806,183 | - | - | 806,183 |
| Nonmajor governmental funds | 846,501 | - | 2,953,846 | 139,952 | 3,940,299 |
| Nonmajor proprietary funds | 1,584,454 | - | - | - | 1,584,454 |
| DPW | 49,089 | - | - | 39,767 | 88,856 |
| Fringe benefits | 819,151 | - | - | - | 819,151 |
| Total transfers out | <u>\$3,299,195</u> | <u>\$806,183</u> | <u>\$4,489,511</u> | <u>\$195,238</u> | <u>\$8,790,127</u> |

Transfers between funds were primarily for operating purposes. Other transfers were made to cover operating deficits or close funds.

The Golf Enterprise Fund recognized a transfer in of \$5,411,200 for the transfer of capital assets net of depreciation and related debt from the governmental activities to the newly established golf course enterprise fund at July 1, 2002. The transfer out is recognized only on the Statement of Activities at the government wide financial statement level because it consisted of assets and liabilities not recognized at the fund level prior to July 1, 2002.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

F. Capital and operating leases

The City has entered into agreements for the lease of automobiles, water treatment equipment, office equipment, construction equipment, fire equipment, and a fire station. The terms of each agreement provide options to purchase the fixed assets at any time during the lease terms, which range from three to five years. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases" which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$3,691,668 has been capitalized as equipment.

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, 2003:

| | |
|---|---------------------|
| 2004 | \$ 2,488,003 |
| 2005 | 2,330,432 |
| 2006 | 2,158,433 |
| 2007 | 2,017,716 |
| 2008 | 1,510,243 |
| 2009 and after | <u>75,648</u> |
| Total future minimum payments | 10,580,475 |
| Less amount representing interest | <u>1,085,479</u> |
| Long-term obligation under capital leases | <u>\$ 9,494,996</u> |

Also, the City and Hurley Medical Center lease office space and equipment under operating leases. Certain office space 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, by year, of future minimum rental payments required under noncancelable operating leases as of June 30, 2003:

| | |
|--------------------------------|---------------------|
| 2004 | \$ 1,737,276 |
| 2005 | 1,663,621 |
| 2006 | 1,648,505 |
| 2007 | 1,561,426 |
| 2008 | 1,545,560 |
| 2009 and after | <u>3,912,577</u> |
| Total minimum payment required | <u>\$12,068,965</u> |

Rental expense for all operating leases for the year ended June 30, 2003, was \$5,074,040.

G. Long-term debt

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Long-term liability activity for the year ended June 30, 2003 can be summarized as follows:

| | <u>General Obligation Bonds</u> | <u>Revenue Bonds and Notes</u> | <u>Other Notes</u> | <u>Capital Leases</u> | <u>Accumulated Annual and Sick Pay</u> |
|---|---|------------------------------------|------------------------|---------------------------|--|
| Governmental Activities: | | | | | |
| Debt at July 1, 2002 | \$ 8,145,494 | \$ - | \$ 4,829,201 | \$1,283,408 | \$8,398,120 |
| Transferred from (to) business type activity | (868,634) | - | 39,566 | (226,745) | - |
| | 7,276,860 | - | 4,868,767 | 1,016,663 | 8,398,120 |
| New Debt: | | | | | |
| Section 108 | - | - | 1,452,000 | - | - |
| Capital lease equipment | - | - | - | 174,498 | - |
| Principal payments made | (2,451,723) | - | (1,901,685) | (375,394) | (409,733) |
| Total governmental activities long-term debt | 4,825,137 | - | 4,419,082 | 815,767 | 7,988,387 |

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2003:

| | <u>General Obligation Bonds</u> | <u>Revenue Bonds and Notes</u> | <u>Other Notes</u> | <u>Capital Leases</u> | <u>Accumulated Annual and Sick Pay</u> |
|--|---|------------------------------------|------------------------|---------------------------|--|
| Business type activities: | | | | | |
| Long-term debt payable at July 1, 2002 | \$ 9,263,140 | \$85,994,660 | \$ 670,741 | \$7,622,760 | \$ - |
| Transfer (to) from governmental activities | 868,634 | - | (39,566) | 266,745 | - |
| | 10,131,774 | 85,994,660 | 631,175 | 7,889,505 | - |
| New Debt: | | | | | |
| 2003 MMBA - DWRP Bonds | - | 4,990,650 | - | - | - |
| 2002 MMBA - DWRP Bonds | - | 1,153,265 | - | - | - |
| Medical Center 2003 Revenue Bonds | - | 35,000,000 | - | - | - |
| Medical Center capital lease | - | - | - | 442,765 | - |
| Capital lease - equipment | - | - | - | 2,549,202 | - |
| Principal payments made | (2,903,350) | (30,570,000) | (116,495) | (2,202,243) | - |
| Total business type Activities long-term debt at June 30, 2003 | 7,228,424 | 96,568,575 | 514,680 | 8,679,229 | - |
| Total long-term debt - all activities June 30, 2003 | \$12,053,561 | \$96,568,575 | \$ 4,933,762 | \$9,494,996 | \$7,988,387 |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

A summary of long-term liability transactions for the year ended June 30, 2003, and the composition of the June 30, 2003, long-term debt balance follows:

| | Final Payment <u>Due</u> | Interest Rate or <u>Range</u> | Original Amount of <u>Issue</u> | Balance at June 30, <u>2002</u> | Issuances (Retirements) <u>During Year</u> |
|---|--------------------------------|-------------------------------------|---------------------------------------|--|--|
| Governmental Activities: | | | | | |
| MEDC Economic Development loan | 4/16 | 6% | \$ 767,837 | \$ 767,837 | \$ - |
| 1991 Refunding bonds | 6/05 | 5.0-6.4 | 4,000,000 | 730,000 | (345,000) |
| 1993 Tax Increment Financing Authority Refunding Bonds | 6/06 | 5.8 | 16,640,000 | 5,030,000 | (1,340,000) |
| 1993 Downtown Development Refunding Bonds | 6/03 | 5.4 | 515,000 | 45,000 | (45,000) |
| Section 108 loan | | | 2,624,000 | 1,172,000 | 1,452,000 |
| Settlement - General Motors Tax Appeal | 7/02 | N/A | 7,187,544 | 1,687,544 | (1,687,544) |
| 2001 MMBA bonds | 5/04 | 3.15-3.85 | 213,470 | 89,427 | (43,850) |
| Purchase contract - equipment | 7/02 | 5.25 | 754,032 | 14,911 | (14,911) |
| Capital lease obligation - equipment | 9/03 | 7.4 | 65,698 | 29,117 | (14,040) |
| Purchase contract | 9/05 | 5.59 | 659,425 | 480,309 | (127,910) |
| Purchase contract | 9/10 | 5.39 | 895,009 | 746,166 | (71,320) |
| 2001 MMBA bonds | 5/04 | 3.15-3.85 | 3,299,959 | 1,382,433 | (677,873) |
| Capital lease | 9/10 | 5.0 | 1,213,000 | 883,519 | (235,287) |
| Capital lease | 8/04 | 4.954 | 114,314 | 41,285 | (24,361) |
| Capital lease | 1/03 | 5.651 | 570,505 | 32,505 | (32,505) |
| Capital lease | 6/03 | 6.5 | 70,645 | 30,237 | (14,590) |
| Capital lease | 11/04 | 6.10 | 174,498 | - | 174,498 |
| | | | | | (54,611) |
| Accrued annual and sick pay | | | | 8,398,120 | (409,733) |
| Total governmental activities | | | | <u>\$21,560,410</u> | <u>\$(3,512,037)</u> |

| Balance at June 30, <u>2003</u> | Due Within One <u>Year</u> |
|--|---|
| \$ 767,837 | \$ 33,260 |
| 385,000 | 335,000 |
| 3,690,000 | 1,285,000 |
| - | - |
| 2,624,000 | 126,000 |
| - | - |
| 45,577 | 45,577 |
| - | - |
| 15,077 | 15,077 |
| 352,399 | 135,160 |
| 674,846 | 70,979 |
| 704,560 | 704,560 |
| 648,232 | 248,624 |
| 16,924 | 16,924 |
| - | - |
| 15,647 | 15,647 |
| 119,887 | 88,997 |
| 7,988,387 | N/A |
| <u>\$18,048,373</u> | <u>\$3,120,805</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

| | <u>Final Payment Due</u> | <u>Interest Rate or Range</u> | <u>Original Amount of Issue</u> | <u>Balance at June 30, 2002</u> | <u>Issuances (Retirements) During Year</u> |
|---------------------------------------|----------------------------------|---------------------------------------|---|---|--|
| Business - Type Activities: | | | | | |
| Enterprise Funds: | | | | | |
| 2001 MMBA Drinking Water | | | | | |
| Revolving Fund Revenue bonds | 4/20 | 2.5 | \$ 7,168,994 | \$ 6,593,994 | \$ (295,000) |
| 2001 MMBA Bonds | 5/04 | 3.15-3.85 | 8,851,570 | 3,708,140 | (1,818,278) |
| 2002 MMBA Drinking Water | | | | | |
| Revolving Fund Revenue Bonds | 4/21 | 2.5 | 8,035,000 | 6,566,735 | 1,153,265 (320,000) |
| 2003 MMBA Drinking Water | | | | | |
| Revolving Fund Revenue Bonds | 4/22 | 2.5 | 8,974,581 | 3,983,931 | 4,990,650 (370,000) |
| Capital lease obligation | | 4.7 | 8,000,000 | 7,622,760 | (819,072) |
| 1995B Medical Center | | | | | |
| Revenue Rental Bonds | 7/20 | Variable | 20,000,000 | 16,400,000 | (16,400,000) |
| 1995A Medical Center | | | | | |
| Revenue Refunding Bonds | 7/07 | 6.0-7.0 | 16,445,000 | 5,060,000 | (900,000) |
| 1997A Medical Center | | | | | |
| Revenue Refunding Bonds | 7/06 | Variable | 14,000,000 | 11,400,000 | (11,400,000) |
| Sewage Disposal | 11/06 | 4.0-5.0 | 8,455,000 | 5,555,000 | (1,000,000) |
| 1998A Medical Center | | | | | |
| Revenue Refunding Bonds | 7/21 | 4.0-5.375 | 18,560,000 | 16,380,000 | (535,000) |
| 1998B Medical Center | | | | | |
| Revenue Refunding Bonds | 7/29 | 4.0-5.375 | 20,570,000 | 19,610,000 | (350,000) |
| 2003 Medical Center | | | | | |
| Revenue Refunding Bonds | 7/21 | 6.0-6.5 | 35,000,000 | - | 35,000,000 |
| Purchase contract | 9/01 | 5.39 | 596,672 | 569,055 | (54,375) |
| Purchase contract - bridges | 7/02 | 5.25 | 900,000 | 17,798 | (17,798) |
| Purchase contract - equipment | 9/00 | 4.626 | 186,055 | 44,322 | (44,322) |
| McCollum Avenue Drain Contract | 5/10 | 5.10 | 1,500,000 | 868,634 | (85,072) |
| Capital lease obligations - equipment | 11/07 | 4.5 | 2,549,202 | - | 2,549,202 (1,245,538) |
| Capital lease obligations | 2008 | | 490,015 | - | 442,765 |
| Capital lease obligations | 3/04 | 6.12 | 654,419 | 266,745 | (137,633) |
| Total Business - Type Activities | | | | <u>\$104,647,114</u> | <u>\$8,343,794</u> |

| Balance at June 30, <u>2003</u> | Due Within One <u>Year</u> |
|--|---|
| \$ 6,298,994 | \$ 305,000 |
| 1,889,862 | 1,889,862 |
| 7,400,000 | 330,000 |
| 8,604,581 | 381,352 |
| 6,803,688 | 1,219,890 |
| - | - |
| 4,160,000 | 955,000 |
| - | - |
| 4,555,000 | 1,040,000 |
| 15,845,000 | 555,000 |
| 19,260,000 | 365,000 |
| 35,000,000 | - |
| 514,680 | 57,271 |
| - | - |
| - | - |
| 783,562 | 94,027 |
| 1,303,664 | 267,573 |
| 442,765 | 91,325 |
| 129,112 | 129,112 |
| <u>\$112,990,908</u> | <u>\$7,680,412</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

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

| Year End June 30, | Governmental Activities | | Business Type Activities | |
|----------------------|-------------------------|------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2004 | \$3,120,805 | \$407,998 | \$ 7,680,412 | \$ 5,458,015 |
| 2005 | 1,956,093 | 258,893 | 5,984,619 | 5,071,272 |
| 2006 | 3,448,130 | 132,099 | 6,303,314 | 4,783,325 |
| 2007 | 265,353 | 38,909 | 8,216,900 | 4,484,680 |
| 2008 | 273,297 | 29,509 | 5,643,539 | 4,115,219 |
| 2009-2013 | 687,517 | 56,975 | 23,461,376 | 17,174,660 |
| 2014-2018 | 308,791 | 9,551 | 29,212,607 | 10,781,354 |
| 2019-2023 | - | - | 19,523,141 | 3,445,777 |
| 2024-2028 | - | - | 5,645,000 | 993,032 |
| 2029 | - | - | 1,320,000 | - |
| Total | <u>\$10,059,986</u> | <u>\$933,934</u> | <u>\$112,990,908</u> | <u>\$56,307,334</u> |

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

| | |
|--|------------------------|
| Assessed valuation at December 31, 2002 | <u>\$1,825,161,532</u> |
| Legal debt limit - (7% of assessed valuation) | \$ 127,761,307 |
| Total Bonded Debt at June 30, 2003 | \$108,622,135 |
| Less debt not subject to limitation under City charter and state statute: | |
| Revenue bonds and notes | <u>96,568,575</u> |
| Debt subject to limitation | <u>12,053,560</u> |
| Unused debt limitation | <u>\$115,707,747</u> |

Drinking Water Revolving Fund revenue bonds:

The Drinking Water Revolving Fund Revenue Bonds issued by the Water Enterprise Fund were issued by the State of Michigan and are secured by future State Revenue Sharing payments to be received by the City's General Fund.

Section 108 loan:

The Section 108 loan is an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). 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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Advance refundings and defeasances:

The City Council, in 1985, approved the defeasance of the 1984 Tax Increment Finance Authority - Buick City Bonds. Sufficient assets to retire the debt were placed in escrow with a trustee, First of America Bank - Detroit, Michigan. The agreement between the City and the trustee stipulates that liability will be liquidated at the original maturity dates through June 1, 2006, with the balance of outstanding liability redeemed at that time. In accordance with SFAS #76, the fund liability was eliminated. The outstanding balance of the extinguished bond issue at June 30, 2003, was \$3,675,000.

In December 1985, Hurley Medical Center purchased U.S. Government securities and deposited them in an irrevocable trust. The principal and interest from these securities is sufficient to fund the scheduled principal and interest payments on the \$30,055,000 outstanding balance of the 1977 Revenue Rental Bonds and 1977 General Obligations Bonds. Accordingly, these bonds have been considered to be extinguished in an in-substance defeasance, and the securities and bonds do not appear in the balance sheet at June 30, 2003. The outstanding balance on the 1977 revenue rental and general obligation bonds was \$8,630,000 at June 30, 2003.

On March 14, 1989, the City Council approved the advance refunding of the 1983 Tax Increment Finance Authority AutoWorld bonds. A \$6.0 million grant received from the Mott Foundation and the proceeds of the sale of \$3.3 million revenue bonds (secured by the AutoWorld facility sale proceeds and parking revenues) were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of providing resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2003, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability was removed from the general long-term debt account group at June 30, 1989. The outstanding balance of the defeased bonds at June 30, 2003, is \$1,600,000.

During 1985 the City Council approved the advance refunding on the 1978 Sewer Bonds. The net proceeds of the 1998 Refunding Bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 30, 2007, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2003. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2003, is \$4,550,000.

During 1992, the City Council approved the advance refunding of the 1981 Tax Increment Finance Authority Riverfront Center Parking Structure Bonds. The net proceeds of the sale of \$4.0 million 1991 Tax Increment Revenue Refunding Bonds were used to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2005, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2003. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2003 is \$375,000.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

IV. Detailed notes on all funds - (continued).

G. Long-term debt - (continued)

Advance refundings and defeasances: - (continued)

During 1993, the City Council approved the advance refunding of the 1985 Tax Increment Finance Authority Buick City Refunding Bonds. The net proceeds of the sale of \$16.64 million 1993 Tax Increment Revenue Refunding Bonds were used to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2006, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2003. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2003, is \$623,349.

Total defeased debt still outstanding at June 30, 2003:

| | |
|--------------------------|----------------------------|
| Governmental activities | \$ 6,273,349 |
| Business type activities | <u>13,180,000</u> |
| | <u><u>\$19,453,349</u></u> |

H. Restricted assets

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

| | |
|--|----------------------------|
| Hurley Medical Center: | |
| Equipment replacement and improvement | \$ 6,052,730 |
| Self insurance | 6,360,648 |
| Revenue Bond Indenture – held by trustee | 23,357,753 |
| Children's Miracle Network | 175,398 |
| Sewage Disposal Fund: | |
| Revenue bond equipment replacement account | <u>2,660,644</u> |
| Total restricted assets | <u><u>\$38,607,173</u></u> |

V. Other information

A. Economic dependency

General Motors Corporation is the largest employer in the City and holds approximately 15.3% of the City's total taxable real and personal property.

B. Deferred compensation

a. Deferred compensation - 457A Plans:

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information – (continued)

B. Deferred compensation – (continued)

a. Deferred compensation - 457A Plans: - (continued)

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

Participants' rights created under the plan are equivalent to those of general creditors and only in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

It is the opinion of legal counsel that the employers have no liability for losses under the plans, but do have the duty of care that would be required of an ordinary prudent investor.

b. Unqualified Deferred Compensation Plan:

The City Council approved, on June 10, 1985, the creation of a separate deferred compensation plan for those employees that participate in the I.C.M.A. 401A Retirement Plan. The plan is adopted in accordance with the I.R.C. Section 457C. See Note C.4 for relevant information regarding participants' rights, ownership of plan assets, and other disclosures. The City acts as the trustee of the plan. Contributions made by the City are intended to create equality between the contributions allowed under the General Retirement Plan and the I.C.M.A. 401A Retirement Plan. The transactions are recorded in the Unqualified Deferred Compensation Agency Fund. Contributions made to the plan during the year, distributions, and plan assets as of June 30, 2003, amounted to \$2,180, \$39,234, and \$36,611, respectively.

C. Retirement plans and other post-employment benefits

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

1. 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, including Hurley Medical Center, except certain firemen and policemen covered by the Charter Retirement Plan, and those employees that elect to participate in the Employees Defined Contribution - 401A Plan. The Retirement System is a blended component unit of the City of Flint. The plan was established by City ordinance and applicable state law, and is administered by a board of trustees. Investments of the plan are made through Bank One 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 2.4% to 2.6% of the participant's final average compensation based on the last three years (5 years for certain Hurley Medical Center employees) of credited service multiplied by the years of credit service depending on date of hire, and is payable monthly for life. Benefits fully vest on reaching 10 years of service with the benefit payable at age 55. The plan also provides death and disability benefits.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

C. Retirement plans and other post-employment benefits - (continued)

1. Flint Employees' Retirement System: - (continued)

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

The Retirement System is in the process of obtaining a stand alone audited financial statement.

Membership in the plan at December 31, 2002, the date of the latest actuarial valuation, was comprised of 3,426 active plan members 272 inactive vested members and 2,921 retirees and beneficiaries receiving payments.

The Plan provides that the City and employees contribute amounts necessary to fund the actuarially determined benefits. Employees become members of FERS and are required to deposit amounts into the system based on rates determined by bargaining unit contracts of all compensation, including overtime. The employee contribution rates ranged from 2.0% to 7.0% in 2003. 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.

The City forwarded \$6,588,897 of pension contributions withheld from employees during the plan year ended December 31, 2002. During 2003 employer contributions rates ranged from 0% to 24.87% of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

Actuarial assumptions:

| | |
|-------------------------------|--------------------------------|
| Valuation date | December 31, 2002 |
| Actuarial cost method | Hurley – projected unit credit |
| | City – individual entry age |
| Amortization method | Level percent |
| Remaining amortization period | 17 years closed |
| Asset valuation method | 4 year smoothed market |
| Investment rate of return | 7.75% |
| Projected salary increases | 3.75% to 7.55% |
| Includes inflation at | 3.75% |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

C. Retirement plans and other post-employment benefits - (continued)

1. Flint Employees' Retirement System: - (continued)

Annual pension cost:

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

| <u>Fiscal Year End</u> | <u>Actuarial Valuation Date</u> | <u>Annual Pension Cost (APC)</u> | <u>% of APC Contributed</u> | <u>Net Pension Obligation (Asset) at June 30</u> |
|--------------------------------|---|--|-------------------------------------|--|
| 6/30/01 | 12/31/98 | \$14,569,092 | 100% | \$ - |
| 6/30/02 | 12/31/99 | 11,496,879 | 100 | - |
| 6/30/03 | 12/31/00 | 6,588,897 | 100 | - |

The December 31, 2002 actuarial valuation is still in draft form and has not been approved by the pension board.

2. Charter Retirement Plan:

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a benefit of \$7,000 a year. The current membership of the plan at June 30, 2003, is 22 members. The City intends to pay retirement benefits as they become due from future years' General Fund revenues. The City's contribution to the plan for the year ended June 30, 2003, was \$298,352 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, 2003 were \$2,348.

3. I.C.M.A. 401A Plan:

The City has made available to appointed officials an alternative retirement plan to the general retirement pension plan. The plan is a non-contributory defined contribution plan adopted under City ordinance. The City contributes an amount equal to the lesser of 25% of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100% immediately. Total contributions required and made by the City during the year ended June 30, 2003, were \$433,596, which represented 25% of current year covered payroll. The plan trustee is the International City Management Association. Financial transactions for the plan are accounted for in the I.C.M.A. 401A Plan Pension Trust Fund. Investments are stated at market which approximates cost. Total payroll and covered payroll for the year ended June 30, 2003, were \$48,460,489 and \$1,734,384, respectively.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

C. Retirement plans and other post-employment benefits - (continued)

4. 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, 2003, employer contributions of \$22,989 were made to the plan and benefits of \$31,005 were paid out.

No actuarially computation of the pension benefit obligation has been performed.

5. Retiree Death Benefits Plan:

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

The benefits are funded in advance by employee withholdings and a matching employer contribution. The employee contributions are calculated at a set amount for each hour worked by union members during the biweekly pay period. The employee withholdings and matching employer contributions are deposited into a separate account for investment purposes. The investments are administered by a seven member board appointed by the two unions and the mayor. Financial transactions are accounted for in the Flint Employees' Retirement System Pension Fund.

As of year end, there were 687 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2003, were both \$25,368. Net assets available for benefits, reported at fair value were \$2,235,793 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2003, death benefits of \$49,500 were paid.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

C. Retirement plans and other post-employment benefits - (continued)

6. Post-retirement health care benefits:

Hurley Medical Center:

Effective for retirements on or after July 1, 1983, Hurley Medical Center provides a portion of health insurance premiums for retired employees. The insurance premium for retired non-exempt employees is \$144 to \$1,323 per month to age 65 and a Medicare supplement after age 65. Retired exempt employees receive full coverage. No payment is made if the retired employee is covered under other employment. The estimated cost of such benefits is accrued based on a level percent of payroll. Accrued costs charged to expense were \$3,048,779 in the year ended June 30, 2003. The number of participants eligible to receive benefits were 664 in the year ended June 30, 2003. The Medical Center maintains a trust to be used for payment of the Medical Center's portion of health insurance premiums for retired employees.

City of Flint excluding Hurley Medical Center:

The City provides post-employment health care benefits to its retirees as required by bargaining unit contract or city ordinance. The benefits are paid by the City on a "pay as you go basis" and are not prefunded. No actuarial determination has been performed on the post-employment health care benefits liability. The benefits are paid through the Retiree Health Care Benefits Trust Fund. The City is self insured for these health care benefits as described in the risk management footnote. For the year ended June 30, 2003, the City paid out \$13,476,182 in retiree health care costs. As of year end, 1,820 retirees were eligible to receive these health care benefits.

D. Building department fund revenues and expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. A separate fund has been established to account for the construction code activity. The City chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended June 30, 2003 is as follows:

| | |
|-----------------------------------|---------------------|
| Revenue: | |
| Building permits | \$ 721,149 |
| Federal grant revenue | <u>192,214</u> |
| | 913,363 |
| Expenditures | <u>1,596,003</u> |
| Revenue over (under) expenditures | <u>\$ (682,640)</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

E. Summary disclosures of significant contingent liabilities

Federal, state, and local grants:

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

F. Risk management

Risk Management - primary government:

The City is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and workman's compensation benefits provided to employees. The City has purchased commercial insurance for fleet equipment and tort claims, boiler and machinery, certain property and equipment damage and theft, employee theft, and limited tort claims for specific City facilities or events. See separate disclosures below for Hurley Medical Center Enterprise Fund.

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

The City is self insured for workmen's compensation on a pay as you go basis for claims up to \$500,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self insurance program is administered by a third party administrator. All workman's compensation benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2003 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, 2003 was not material.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

F. Risk management - (continued)

The City pays unemployment claims on a reimbursement basis.

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, 2003, the City paid out \$4,136,366 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 \$16,392,980 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, 2003 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, 2003, there were 1,820 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 \$250,000 deductible per occurrence and a \$3,000,000 aggregate claim annually. The commercial policy covers public officials, employment practices, employee benefits, law enforcement, and commercial auto.

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

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

| | <u>Fiscal Year Ended June 30,</u> | |
|---|-----------------------------------|---------------------|
| | <u>2003</u> | <u>2002</u> |
| Estimated liability, beginning of year | \$ 6,617,432 | \$ 3,388,244 |
| Estimated claims incurred, including changes in estimates | (3,266,410) | 4,381,105 |
| Claims payments | <u>(741,000)</u> | <u>(1,151,917)</u> |
| Estimated liability, end of year | <u>\$ 2,610,022</u> | <u>\$ 6,617,432</u> |

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

F. Risk management – (continued)

Hurley Medical Center Enterprise Fund:

Hurley Medical Center is self insured for its hospital professional and patient general liability exposures separate from other City risk management programs. The Medical Center has established a Self-insurance Trust to assist in accumulating resources to fund excess-insurance premiums and to pay claims.

The Medical Center's self insured retention is \$2 million per occurrence/\$11 million annual aggregate with excess claims made coverage of \$14 million per occurrence/\$14 million annual aggregate. The Medical Center is also self insured for worker's compensation claims.

There were no significant reductions in the amount of excess-insurance coverage for hospital professional and patient general liability exposures. Also, there were no settlements that exceeded insurance coverage for the past three years. 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.

The carrying amount of liabilities for unpaid claims amounted to \$19,553,190 June 30, 2003.

The following represents the change in the aggregate liabilities for claims and defense costs payable for the years ended June 30, 2003

| | Claims and Defense Costs Payable |
|--|-------------------------------------|
| Balance - beginning of year | \$10,621,356 |
| Claims paid | (1,505,693) |
| Defense costs and other fund expenses | (2,369,834) |
| Excess insurance premium payments | (1,291,934) |
| Increase in claims liability | <u>14,099,295</u> |
| Balance - end of year | <u>\$19,553,190</u> |
| Insurance Trust assets (at cost) - end of year | <u>\$ 1,975,065</u> |

The Medical Center is self insured for workers' compensation claims. The Medical Center is on a pay-as-you-go basis. Current claims expense for the year ended June 30, 2003 was \$1,180,986.

Malpractice claims have been asserted against the Medical Center by various claimants. The claims are in various stages of processing, 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 occurring through June 30, 2003 that may result in the assertion of additional claims. Management is of the opinion that the settlement of those claims probable of unfavorable outcome, as well as the settlement, if any, of such other asserted and unasserted claims, are within the self-insurance limits. 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 has a stop loss insurance policy relating to malpractice claims which limits the claims that are paid from the irrevocable trust.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2003

V. Other information - (continued)

F. 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, 2003.

The Downtown Development Authority is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Authority has purchased commercial insurance coverage through various policies for general liability on all Authority-owned property and workmen's compensation. There were no reductions in coverage during the current year.

G. Going concern

As shown in the fund financial statements, General Fund liabilities exceed General Fund assets by \$13,986,724, and the General Fund has an unreserved fund balance deficit of \$14,069,159. In addition, the General Fund has a deficit position in the pooled cash and investment account of \$9,217,236. The General Fund is the main operating fund for City operations with its revenues being unrestricted as to the purpose for which they can be spent. The resources of other funds are restricted as to purpose, and cannot be used to fund the programs and activities recorded in the General Fund. These conditions raise significant doubt about the City's ability to continue as a going concern.

Management has devised a plan to eliminate the deficit in the General Fund. The plan was submitted to the State of Michigan. The initiatives in the plan will be implemented over the next five fiscal years, and the ability of the City to continue as a going concern is dependent on the success of this plan.

H. IFT/CFT contingency

The City collects industrial facility taxes (IFT) and commercial facility taxes (CFT) on behalf of all taxing jurisdictions. For the tax years 1995 through 2000 the IFT and CFT's were distributed to the various taxing jurisdictions based on guidance from the State of Michigan. During fiscal 2003, the State of Michigan finalized their audit of the distribution of the 1995 through 2000 IFT and CFT taxes. Their audit showed the taxes had been over distributed to the City of Flint School District, Genesee Intermediate School District, Michigan Educational Trust and under paid to the Michigan Department of Treasury. How to pay the Michigan Department of Treasury and correct the distribution of these taxes is currently under negotiation.

Required Supplementary Information

City of Flint, Michigan
Required Supplementary Information
Analysis of Funding Progress
June 30, 2003

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability Attained 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) |
|--------------------------------|-------------------------------------|--|---|--------------------------|---------------------------|---|
| 12-31-97 | \$744,457 | \$781,300 | \$ 36,843 | 95.28% | \$139,817 | 26.35% |
| 12-31-98 | 806,153 | 820,142 | 13,989 | 98.29 | 153,425 | 9.12 |
| 12-31-99 | 849,487 | 837,540 | (11,947) | 101.4 | 165,430 | (7.22) |
| 12-31-00 | 880,406 | 887,022 | 6,616 | 99.25 | 160,047 | 4.13 |
| 12-31-01 | 906,960 | 892,262 | (14,698) | 101.65 | 151,507 | (9.70) |
| 12-31-02 | 801,984 | 915,949 | 113,965 | 87.56 | 146,558 | 77.76 |

The actuarial methods used to determine the Actuarial Accrued Liability was the individual entry age actuarial and the projected unit credit funding methods. Unfunded actuarial accrued liabilities are being amortized as a level percent of projected payroll over 17 years for general police, and fire. The Medical Center's over funding is being amortized over 4 years. 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 7.75% per year compounded annually, (2) projected salary increases of 3.75% to 7.55% per year compounded annually, and 3.75% inflation.

The Actuarial Value of Assets was computed on the cost of plan assets, receivables, and liabilities.

City of Flint, Michigan
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2003

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

| <u>Fiscal</u> <u>Year</u> <u>End</u> | <u>Actuarial</u> <u>Valuation</u> <u>Date</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>% of</u> <u>APC</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> <u>(Asset) at</u> <u>June 30</u> |
|--|---|--|---|--|
| 6/30/98 | 12/31/95 | \$25,575,336 | 100% | \$ - |
| 6/30/99 | 12/31/96 | 24,209,289 | 100 | - |
| 6/30/00 | 12/31/97 | 28,292,827 | 100 | - |
| 6/30/01 | 12/31/98 | 14,569,092 | 100 | - |
| 6/30/02 | 12/31/99 | 11,496,879 | 100 | - |
| 6/30/03 | 12/31/00 | 6,588,897 | 100 | - |

City of Flint, Michigan

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budgeted | | Actual | Variance With Final Budget - Favorable (Unfavorable) |
|---|---------------|---------------|---------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property taxes | \$ 11,637,587 | \$ 12,361,197 | \$ 12,638,982 | \$ 277,785 |
| Income taxes | 18,561,000 | 20,200,000 | 20,813,829 | 613,829 |
| Intergovernmental: | | | | |
| Federal revenue | - | 864,179 | 998,393 | 134,214 |
| State revenue | 23,223,497 | 22,773,805 | 23,083,938 | 310,133 |
| Licenses and permits | 1,301,360 | 1,206,852 | 1,271,907 | 65,055 |
| Fines and forfeits | 2,015,000 | 2,048,330 | 1,969,993 | (78,337) |
| Charges for services | 3,152,800 | 5,542,503 | 6,385,953 | 843,450 |
| Local grant revenue | - | 574,418 | 578,894 | 4,476 |
| Interest and other | 1,380,138 | 2,097,819 | 1,507,657 | (590,162) |
| Total revenues | 61,271,382 | 67,669,103 | 69,249,546 | 1,580,443 |
| Expenditures: | | | | |
| Current: | | | | |
| Legislative - City Council | 902,795 | 945,080 | 892,569 | 52,511 |
| Judicial-68th District Court | 5,076,767 | 4,739,767 | 4,556,480 | 183,287 |
| General government: | | | | |
| Contributions to agencies and others | 417,500 | 417,500 | 417,500 | - |
| Civil Service | 213,476 | 213,476 | 191,281 | 22,195 |
| Human Relations | - | 246,797 | 255,845 | (9,048) |
| Mayor's office | 326,841 | 282,031 | 237,102 | 44,929 |
| Finance | 5,093,959 | 5,224,024 | 4,631,617 | 592,407 |
| Budget Management | 393,062 | 308,923 | 294,778 | 14,145 |
| City Clerk | 1,188,524 | 1,028,574 | 935,255 | 93,319 |
| Human Resources | 450,485 | 610,941 | 600,516 | 10,425 |
| Office of the Ombudsman | 389,487 | 263,165 | 160,418 | 102,747 |
| City Administrator | 4,001,847 | 5,395,539 | 4,847,681 | 547,858 |
| Union Representatives | - | 290,133 | 256,633 | 33,500 |
| Capital accounts | 612,998 | 612,998 | 451,600 | 161,398 |
| Law office | 821,824 | 1,254,871 | 1,105,402 | 149,469 |
| Total General Government | 13,910,003 | 16,148,972 | 14,385,628 | 1,763,344 |

(continued)

City of Flint, Michigan

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (continued) For the Year Ended June 30, 2003

| | Budgeted | | Actual | Variance With Final Budget - Favorable (Unfavorable) |
|--|-----------------|-----------------|-----------------|--|
| | Original | Final | | |
| Police department | 21,105,959 | 22,252,147 | 21,235,738 | 1,016,409 |
| Fire department | 12,861,766 | 13,009,850 | 12,609,950 | 399,900 |
| Transportation | 1,938,000 | 1,958,000 | 1,817,788 | 140,212 |
| Parks and Recreation | 3,812,498 | 3,310,254 | 2,885,388 | 424,866 |
| Community Development | - | 312,260 | 317,655 | (5,395) |
| Total expenditures | 59,607,788 | 62,676,330 | 58,701,196 | 3,975,134 |
| Excess (deficiency) of revenues over expenditures | 1,663,594 | 4,992,773 | 10,548,350 | 5,555,577 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 1,767,507 | 6,503,616 | 3,299,195 | (3,204,421) |
| Operating transfers out | (1,137,020) | (5,714,341) | (1,551,184) | 4,163,157 |
| Operating transfers to component units | - | - | (27,500) | (27,500) |
| Total other financing sources (uses) | 630,487 | 789,275 | 1,720,511 | 931,236 |
| Excess (deficiency) of revenues and other sources over expend- tures and other uses | 2,294,081 | 5,782,048 | 12,268,861 | 6,486,813 |
| Fund balance (deficit) - beginning of year | (26,255,585) | (26,255,585) | (26,255,585) | - |
| Fund balance (deficit) - end of year | \$ (23,961,504) | \$ (20,473,537) | \$ (13,986,724) | \$ 6,486,813 |

City of Flint, Michigan

Major Streets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|---------------|--------------|---------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| State revenue | \$ 7,702,870 | \$ 8,464,800 | \$ 7,998,354 | \$ (466,446) |
| Charges for services | - | 246,227 | 246,227 | - |
| Interest and other | 168,434 | 348,917 | 387,525 | 38,608 |
| Total revenues | 7,871,304 | 9,059,944 | 8,632,106 | (427,838) |
| Expenditures - current: | | | | |
| General government: | | | | |
| Finance | 69,380 | 69,380 | 54,091 | 15,289 |
| Budget management and grants | - | 22,757 | 22,174 | 583 |
| Law office | 1,500 | 1,500 | - | 1,500 |
| Total general government | 70,880 | 93,637 | 76,265 | 17,372 |
| Transportation | 6,230,694 | 8,946,345 | 5,583,858 | 3,362,487 |
| Parks and recreation | 191,389 | 191,389 | - | 191,389 |
| Total expenditures | 6,492,963 | 9,231,371 | 5,660,123 | 3,571,248 |
| Excess (deficiency) of revenues over expenditures | 1,378,341 | (171,427) | 2,971,983 | 3,143,410 |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | 1,339,499 | - | (1,339,499) |
| Operating transfers out | (895,921) | (1,043,663) | (806,183) | 237,480 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 482,420 | (1,215,090) | 2,165,800 | 3,380,890 |
| Fund balance - beginning of year | 10,043,547 | 10,043,547 | 10,043,547 | - |
| Fund balance - end of year | \$ 10,525,967 | \$ 8,828,457 | \$ 12,209,347 | \$ 3,380,890 |

City of Flint, Michigan

Local Streets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|--------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| State revenue | \$ 2,053,000 | \$ 2,053,047 | \$ 2,312,129 | \$ 259,082 |
| Interest and other | 248 | 22,270 | 26,575 | 4,305 |
| Total revenues | 2,053,248 | 2,075,317 | 2,338,704 | 263,387 |
| Expenditures - current: | | | | |
| General government: | | | | |
| Finance | 33,470 | 33,470 | 27,368 | 6,102 |
| Law office | 1,500 | - | - | - |
| Total general government | 34,970 | 33,470 | 27,368 | 6,102 |
| Transportation | 2,741,453 | 3,138,435 | 2,371,553 | 766,882 |
| Parks and recreation | 18,008 | 6 | 4 | 2 |
| Total expenditures | 2,794,431 | 3,171,911 | 2,398,925 | 772,986 |
| Excess of revenues over expenditures | (741,183) | (1,096,594) | (60,221) | 1,036,373 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 820,921 | 1,043,663 | 806,183 | (237,480) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 79,738 | (52,931) | 745,962 | 798,893 |
| Fund balance - beginning of year | 1,329,554 | 1,329,554 | 1,329,554 | - |
| Fund balance - end of year | \$ 1,409,292 | \$ 1,276,623 | \$ 2,075,516 | \$ 798,893 |

City of Flint, Michigan
Notes to Required Supplementary Information
June 30, 2003

Summary of Significant Accounting Policies – Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

The budgets for the General Fund and the Major Streets and Local Streets Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Combining Fund Statements and Fund Descriptions

**City of Flint, Michigan
Non-Major Governmental Funds
Summary Descriptions
June 30, 2003**

Special Revenue Funds

The Federal Grants Fund accounts for entitlement grants received from the U.S. Department of Housing and Urban Development including Community Development Block Grants, Enterprise Community Grants, HOME Grants, and Emergency Shelter Grants.

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 AutoWorld TIFA Fund is used to account for Tax Increment Finance Authority (TIFA) tax revenues restricted for capital improvements within the AutoWorld TIFA district.

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

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

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

The Local Law Enforcement Grant Fund was established to account for the federal block grant received for law enforcement activities.

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 tax levy is for a period of 10 years 1997 through 2006.

The Central Maintenance Garage Fund accounts for the operational costs of vehicles and equipment provided to City Funds. Replacement equipment is the responsibility of each fund.

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

(continued)

City of Flint, Michigan
Non-Major Governmental Funds
Summary Descriptions – (continued)
June 30, 2003

Special Revenue Funds – (continued)

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

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

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

Debt Service Funds

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

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

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

(continued)

**City of Flint, Michigan
Non-Major Governmental Funds
Summary Descriptions – (continued)
June 30, 2003**

Capital Projects Funds

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.

Atwood Stadium Building Authority was created to account for contributions and grants received to make improvements to Atwood Stadium.

City of Flint, Michigan
Non-Major Proprietary Funds
Summary Descriptions
June 30, 2003

The Civic Auditorium Fund is used to account for the activities of the Civic Auditorium. Most revenues are derived from rental of the auditorium for various functions. Operations were managed by City employees. The facility was closed and sold in 2003.

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

The Mid-City Parking System Fund is used to account for the operations of the City's parking system. Revenues are received from parking meters and from the operation of various lots. Lot operations are managed by the Downtown Development Authority on behalf of the City.

**City of Flint, Michigan
Internal Service Funds
Summary Descriptions
June 30, 2003**

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

The Central Stores Fund centrally assembled materials and supplies for redistribution to other departments. The user departments were billed for the cost of the requisitioned supplies and for the cost of operating the central stores. The fund was closed in 2003.

The DPW Fund accounted for the costs of various construction, repair, and maintenance activities. The fund was reimbursed as the accumulated costs were distributed to specific work orders or projects and billed to the appropriate fund. The fund was closed in 2003.

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

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

**City of Flint, Michigan
Fiduciary Funds
Summary Descriptions
June 30, 2003**

Pension Trust Funds

The Charter Retirement Fund is used to account for the financial operations of a retirement plan for certain firemen and policemen employed prior to July 1, 1947.

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

The I.C.M.A. 401 Retirement Fund is used to account for the assets of a third retirement fund. City appointed officials may elect to be involved in this retirement fund rather than the Flint Employees' Retirement System. This plan follows the regulations of the Internal Revenue Code Section 401, and is administered by the International City Managers Association (I.C.M.A.).

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 District Court Fund is used to account for cash receipts and disbursements made by the City as an agent for the 68th District Court.

The Unqualified Deferred Compensation Fund is used to account for the assets of an unqualified deferred compensation plan set up to equalize benefits of those City employees electing the 401 retirement plan with those employees covered under the Flint Employees' Retirement System.

City of Flint, Michigan

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003
With Comparative Totals for June 30, 2002

| Assets | Special Revenue | | |
|---|---------------------|--------------------------|----------------------------------|
| | Federal Grants | Neighborhood Policing | State Act 251- Forfeitures |
| Pooled cash and investments | \$ - | \$ 96,412 | \$ 898,454 |
| Cash and cash equivalents | 771,444 | - | - |
| Investments | - | - | - |
| Taxes receivable | - | 63,470 | - |
| Accounts receivable (net of allowance for estimated uncollectible accounts of \$174,226 - 2003; \$176,990 - 2002) | - | - | - |
| Notes receivable | 2,991,563 | - | - |
| Inventory | - | - | - |
| Due from other governments | 3,158,217 | - | - |
| Due from component unit | - | - | - |
| Prepaid items | - | - | - |
| Total assets | <u>\$ 6,921,224</u> | <u>\$ 159,882</u> | <u>\$ 898,454</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 678,666 | \$ 8,737 | \$ 6,731 |
| Deposits payable | - | - | 167,121 |
| Due to other funds | 1,129,894 | - | - |
| Deferred revenue | 5,112,664 | 63,472 | - |
| Total liabilities | <u>6,921,224</u> | <u>72,209</u> | <u>173,852</u> |
| Fund balances: | | | |
| Reserved for encumbrances | - | - | - |
| Reserved for long term receivable | - | - | - |
| Unreserved: | | | |
| Designated for subsequent years' expenditures | - | - | 433,105 |
| Undesignated | - | 87,673 | 291,497 |
| Total fund balances | <u>-</u> | <u>87,673</u> | <u>724,602</u> |
| Total liabilities and fund balances | <u>\$ 6,921,224</u> | <u>\$ 159,882</u> | <u>\$ 898,454</u> |

Special Revenue

| AutoWorld TIFA | State Grants | EDA Revolving Loan | Atwood Stadium | Local Law Enforcement Grant | Parks & Recreation Fund |
|---------------------------|-------------------------|-----------------------------------|---------------------------|--|--|
| \$ - | \$ - | \$ 619,663 | \$ 5,458 | \$ 647,452 | \$ 1,317,787 |
| - | - | 398,925 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 17,168 |
| - | - | - | - | - | - |
| - | - | 610,667 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 103,165 |
| - | 767,837 | - | - | - | - |
| - | - | - | - | - | - |
| \$ - 0 - | \$ 767,837 | \$ 1,629,255 | \$ 5,458 | \$ 647,452 | \$ 1,438,120 |
| \$ - | \$ - | \$ 1,979 | \$ - | \$ 14,442 | \$ 71,622 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 767,837 | 610,667 | - | 633,010 | 17,168 |
| - | 767,837 | 612,646 | - | 647,452 | 88,790 |
| - | - | - | - | - | 125,058 |
| - | - | - | - | - | - |
| - | - | - | - | - | 294,497 |
| - | - | 1,016,609 | 5,458 | - | 929,775 |
| - | - | 1,016,609 | 5,458 | - | 1,349,330 |
| \$ - 0 - | \$ 767,837 | \$ 1,629,255 | \$ 5,458 | \$ 647,452 | \$ 1,438,120 |

(continued)

City of Flint, Michigan

Combining Balance Sheet

Nonmajor Governmental Funds (continued)

June 30, 2003

With Comparative Totals for June 30, 2002

| Assets | Special Revenue | | |
|---|----------------------------------|-----------------|-----------------|
| | Central Maintenance Garage | City Park | Longway Park |
| Pooled cash and investments | \$ 16,105 | \$ 6,752 | \$ 7,534 |
| Cash and cash equivalents | 100 | - | - |
| Investments | - | - | - |
| Taxes receivable | - | - | - |
| Accounts receivable (net of allowance for estimated uncollectible accounts of \$174,226 - 2003; \$176,990 - 2002) | 3,242 | - | - |
| Notes receivable | - | - | - |
| Inventory | 170,913 | - | - |
| Due from other governments | - | - | - |
| Due from component unit | - | - | - |
| Prepaid items | - | - | - |
| Total assets | <u>\$ 190,360</u> | <u>\$ 6,752</u> | <u>\$ 7,534</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 151,063 | \$ - | \$ 6,857 |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>151,063</u> | <u>-</u> | <u>6,857</u> |
| Fund balances: | | | |
| Reserved for encumbrances | 170,913 | - | - |
| Reserved for long term receivable | - | - | - |
| Unreserved: | | | |
| Designated for subsequent years' expenditures | - | - | - |
| Undesignated | (131,616) | 6,752 | 677 |
| Total fund balances | <u>39,297</u> | <u>6,752</u> | <u>677</u> |
| Total liabilities and fund balances | <u>\$ 190,360</u> | <u>\$ 6,752</u> | <u>\$ 7,534</u> |

| | | Debt Service | | | Capital Projects |
|---------------------|--------------------|--------------------|-----------------------------|-------------------------|---------------------|
| Building Department | Garbage Collection | Hyatt Debt Service | Windmill Place Debt Service | Buick City Debt Service | Public Improvement |
| \$ 20,173 | \$ 69,741 | \$ - | \$ 210 | \$ - | \$ 2,652,335 |
| - | - | - | - | - | - |
| - | - | - | - | 561,960 | - |
| - | - | 6,316 | 4,117 | 3,356 | 84,457 |
| - | - | - | - | - | - |
| - | - | - | - | - | 1,336,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | 252,308 |
| - | - | - | - | - | - |
| <u>\$ 20,173</u> | <u>\$ 69,741</u> | <u>\$ 6,316</u> | <u>\$ 4,327</u> | <u>\$ 565,316</u> | <u>\$ 4,325,100</u> |
| 20,173 | 69,741 | \$ - | \$ - | \$ - | \$ 133,135 |
| - | - | - | - | - | - |
| - | - | 6,147 | - | 561,766 | - |
| - | - | - | 4,117 | 3,356 | 84,460 |
| 20,173 | 69,741 | 6,147 | 4,117 | 565,122 | 217,595 |
| - | - | - | - | - | 165,599 |
| - | - | - | - | - | 1,336,000 |
| - | - | - | - | - | 2,693 |
| - | - | 169 | 210 | 194 | 2,603,213 |
| - | - | 169 | 210 | 194 | 4,107,505 |
| <u>\$ 20,173</u> | <u>\$ 69,741</u> | <u>\$ 6,316</u> | <u>\$ 4,327</u> | <u>\$ 565,316</u> | <u>\$ 4,325,100</u> |

(continued)

City of Flint, Michigan

Combining Balance Sheet

Nonmajor Governmental Funds (continued)

June 30, 2003

With Comparative Totals for June 30, 2002

| Assets | Capital Projects | Totals | |
|---|--|---------------|---------------|
| | Atwood Stadium Building Authority | 2003 | 2002 |
| | | | |
| Pooled cash and investments | \$ - | \$ 6,358,076 | \$ 7,131,550 |
| Cash and cash equivalents | 18,415 | 1,188,884 | 1,043,336 |
| Investments | - | 561,960 | 561,960 |
| Taxes receivable | - | 178,884 | 173,265 |
| Accounts receivable (net of allowance for estimated uncollectible accounts of \$174,226 - 2003; \$176,990 - 2002) | - | 3,242 | 31,024 |
| Notes receivable | - | 4,938,230 | 3,877,085 |
| Inventory | - | 170,913 | - |
| Due from other governments | - | 3,261,382 | 4,005,006 |
| Due from component unit | - | 1,020,145 | 252,308 |
| Prepaid items | - | - | 73,707 |
| Total assets | \$ 18,415 | \$ 17,681,716 | \$ 17,149,241 |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,100 | \$ 1,164,246 | \$ 2,779,206 |
| Deposits payable | - | 167,121 | 89,923 |
| Due to other funds | 1,955 | 1,699,762 | 3,319,504 |
| Deferred revenue | - | 7,296,751 | 3,334,219 |
| Total liabilities | 3,055 | 10,327,880 | 9,522,852 |
| Fund balances: | | | |
| Reserved for encumbrances | - | 461,570 | 595,161 |
| Reserved for long term receivable | - | 1,336,000 | 1,336,000 |
| Unreserved: | | | |
| Designated for subsequent years' expenditures | - | 730,295 | - |
| Undesignated | 15,360 | 4,825,971 | 5,695,228 |
| Total fund balances | 15,360 | 7,353,836 | 7,626,389 |
| Total liabilities and fund balances | \$ 18,415 | \$ 17,681,716 | \$ 17,149,241 |

City of Flint, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2003 With Comparative for June 30, 2002

| | Special Revenue | | |
|--|-------------------|--------------------------|----------------------------------|
| | Federal Grants | Neighborhood Policing | State Act 251- Forfeitures |
| Revenues: | | | |
| Property Taxes | \$ - | \$ 3,021,495 | \$ - |
| Federal revenue | 8,804,548 | - | - |
| State revenue | - | - | - |
| Licenses and fees | - | - | - |
| Fines and forfeits | - | - | 536,082 |
| Charges for services | - | - | - |
| Interest and other | 283,122 | 29,081 | 21,739 |
| Total revenues | 9,087,670 | 3,050,576 | 557,821 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Police | - | 2,612,098 | 184,230 |
| Building inspection | - | - | - |
| Public works | - | - | - |
| Parks and recreation | - | - | - |
| Community enrichment and development | 10,178,053 | - | - |
| Debt Service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 10,178,053 | 2,612,098 | 184,230 |
| Excess (deficiency) of revenues over expenditures | (1,090,383) | 438,478 | 373,591 |
| Other financing sources (uses): | | | |
| Bond proceeds | 1,452,000 | - | - |
| Transfers in | - | - | - |
| Transfers out | (361,617) | (350,805) | (134,078) |
| Transfers to component unit | - | - | - |
| Total other financing sources (uses) | 1,090,383 | (350,805) | (134,078) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | - | 87,673 | 239,513 |
| Fund balances (deficit) - beginning of year | - | - | 485,089 |
| Fund balances - end of year | \$ - 0 - | \$ 87,673 | \$ 724,602 |

Special Revenue

| AutoWorld TIFA | State Grants | EDA Revolving Loan | Atwood Stadium | Local Law Enforcement Grant | Parks & Recreation Fund |
|---------------------------|-------------------------|-----------------------------------|---------------------------|--|--|
| \$ 16 | \$ - | \$ - | \$ - | \$ - | \$ 752,338 |
| - | - | - | - | 496,244 | 388,009 |
| - | - | - | - | - | 866,120 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,588 | - | 187,004 | 155 | 46,868 | 36,346 |
| 1,604 | - | 187,004 | 155 | 543,112 | 2,042,813 |
| - | - | - | - | - | - |
| - | - | - | - | 543,112 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 1,937,863 |
| - | - | 107,838 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 107,838 | - | 543,112 | 1,937,863 |
| 1,604 | - | 79,166 | 155 | - | 104,950 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| (56,047) | - | - | - | - | - |
| - | - | - | - | - | - |
| (56,047) | - | - | - | - | - |
| (54,443) | - | 79,166 | 155 | - | 104,950 |
| 54,443 | - | 937,443 | 5,303 | - | 1,244,380 |
| \$ - 0 - | \$ - 0 - | \$ 1,016,609 | \$ 5,458 | \$ - 0 - | \$ 1,349,330 |

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2003 With Comparative for June 30, 2002

| | Special Revenue | | |
|--|----------------------------------|--------------|-----------------|
| | Central Maintenance Garage | City Park | Longway Park |
| Revenues: | | | |
| Property Taxes | \$ - | \$ - | \$ - |
| Federal revenue | - | - | - |
| State revenue | - | - | - |
| Licenses and fees | - | - | - |
| Fines and forfeits | - | - | - |
| Charges for services | 910,785 | - | - |
| Interest and other | 95,370 | 6,752 | 677 |
| Total revenues | 1,006,155 | 6,752 | 677 |
| Expenditures: | | | |
| Current: | | | |
| General government | 2,630,079 | - | - |
| Police | - | - | - |
| Building inspection | - | - | - |
| Public works | - | - | - |
| Parks and recreation | 130,560 | - | - |
| Community enrichment and development | - | - | - |
| Debt Service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 2,760,639 | - | - |
| Excess (deficiency) of revenues over expenditures | (1,754,484) | 6,752 | 677 |
| Other financing sources (uses): | | | |
| Bond proceeds | - | - | - |
| Transfers in | 1,454,289 | - | - |
| Transfers out | - | - | - |
| Transfers to component unit | - | - | - |
| Total other financing sources (uses) | 1,454,289 | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (300,195) | 6,752 | 677 |
| Fund balances (deficit) - beginning of year | 339,492 | - | - |
| Fund balances - end of year | \$ 39,297 | \$ 6,752 | \$ 677 |

| Special Revenue | | Debt Service | | | Capital Projects |
|---------------------|--------------------|--------------------|-----------------------------|-------------------------|--------------------|
| Building Department | Garbage Collection | Hyatt Debt Service | Windmill Place Debt Service | Buick City Debt Service | Public Improvement |
| \$ - | \$ 4,537,925 | \$ 6,317 | \$ 33,967 | \$ - | \$ 3,761,925 |
| 192,214 | - | - | - | - | - |
| - | - | - | - | - | - |
| 721,149 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 12,299 | - | - | - | - |
| - | - | 4,057 | 2,665 | - | 143,611 |
| 913,363 | 4,550,224 | 10,374 | 36,632 | - | 3,905,536 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,596,003 | - | - | - | - | - |
| - | 3,948,959 | - | - | - | 962,544 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 345,000 | 45,000 | 1,340,000 | 1,159,575 |
| - | - | 46,504 | 3,205 | 316,665 | 49,449 |
| 1,596,003 | 3,948,959 | 391,504 | 48,205 | 1,656,665 | 2,171,568 |
| (682,640) | 601,265 | (381,130) | (11,573) | (1,656,665) | 1,733,968 |
| - | - | - | - | - | - |
| 682,640 | 148,735 | 312,200 | - | 1,627,600 | 264,047 |
| - | (750,000) | - | (59,000) | - | (2,228,752) |
| - | - | - | - | - | (50,000) |
| 682,640 | (601,265) | 312,200 | (59,000) | 1,627,600 | (2,014,705) |
| - | - | (68,930) | (70,573) | (29,065) | (280,737) |
| - | - | 69,099 | 70,783 | 29,259 | 4,388,242 |
| \$ - 0 - | \$ - 0 - | \$ 169 | \$ 210 | \$ 194 | \$ 4,107,505 |

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2003 With Comparative for June 30, 2002

| | Capital Projects | Totals | |
|--|--|---------------|--------------|
| | Atwood Stadium Building Authority | 2003 | 2002 |
| Revenues: | | | |
| Property Taxes | \$ - | \$ 12,113,983 | \$ 7,624,957 |
| Federal revenue | - | 9,881,015 | 7,401,233 |
| State revenue | - | 866,120 | 1,462,903 |
| Licenses and fees | - | 721,149 | - |
| Fines and forfeits | - | 536,082 | 382,779 |
| Charges for services | - | 923,084 | 1,219,677 |
| Interest and other | 48,000 | 907,035 | 1,146,114 |
| Total revenues | 48,000 | 25,948,468 | 19,237,663 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | 2,630,079 | 2,764,842 |
| Police | - | 3,339,440 | 4,524,706 |
| Building inspection | - | 1,596,003 | - |
| Public works | - | 4,911,503 | 692,730 |
| Parks and recreation | 35,496 | 2,103,919 | 412,161 |
| Community enrichment and development | - | 10,285,891 | 10,015,248 |
| Debt Service: | | | |
| Principal retirement | - | 2,889,575 | 2,351,850 |
| Interest and fiscal charges | - | 415,823 | 590,352 |
| Total expenditures | 35,496 | 28,172,233 | 21,351,889 |
| Excess (deficiency) of revenues over expenditures | 12,504 | (2,223,765) | (2,114,226) |
| Other financing sources (uses): | | | |
| Bond proceeds | - | 1,452,000 | 1,172,000 |
| Transfers in | - | 4,489,511 | 4,275,018 |
| Transfers out | - | (3,940,299) | (1,272,330) |
| Transfers to component unit | - | (50,000) | - |
| Total other financing sources (uses) | - | 1,951,212 | 4,174,688 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 12,504 | (272,553) | 2,060,462 |
| Fund balances (deficit) - beginning of year | 2,856 | 7,626,389 | 5,565,927 |
| Fund balances - end of year | \$ 15,360 | \$ 7,353,836 | \$ 7,626,389 |

City of Flint, Michigan

Federal Grants Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|--------------|---------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Federal grants | \$ 1,402,100 | \$ 27,318,701 | \$ 8,804,548 | \$(18,514,153) |
| Interest and other | - | - | 283,122 | 283,122 |
| Total revenues | 1,402,100 | 27,318,701 | 9,087,670 | (18,231,031) |
| Expenditures - current: | | | | |
| Community enrichment and development | 1,402,100 | 26,828,049 | 10,178,053 | 16,649,996 |
| Deficiency of revenues over expenditures | - | 490,652 | (1,090,383) | (1,581,035) |
| Other financing sources (uses): | | | | |
| Bond proceeds | - | - | 1,452,000 | 1,452,000 |
| Operating transfers out | - | - | (361,617) | (361,617) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | - | 490,652 | - | (490,652) |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - 0 - | \$ 490,652 | \$ - 0 - | \$ (490,652) |

City of Flint, Michigan

Neighborhood Policing Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|---|--------------|-----------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 2,921,474 | 2,926,562 | \$ 3,021,495 | \$ 94,933 |
| Interest and other | - | 28,002 | 29,081 | 1,079 |
| Total revenues | 2,921,474 | 2,954,564 | 3,050,576 | 96,012 |
| Expenditures - current: | | | | |
| Police department | 2,921,474 | 2,864,673 | 2,612,098 | 252,575 |
| Excess of revenues over expenditures | - | 89,891 | 438,478 | 348,587 |
| Other financing uses: | | | | |
| Operating transfers out | - | - | (350,805) | (350,805) |
| Excess (deficiency) of revenues over expenditures and other uses | - | 89,891 | 87,673 | (2,218) |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - 0 - | \$ 89,891 | \$ 87,673 | \$ (2,218) |

City of Flint, Michigan

State Act 251 - Forfeitures Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|---|------------|------------|------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and forfeits | \$ 250,000 | \$ 507,404 | \$ 536,082 | \$ 28,678 |
| Interest and other | 6,982 | 18,496 | 21,739 | 3,243 |
| Total revenues | 256,982 | 525,900 | 557,821 | 31,921 |
| Expenditures - current: | | | | |
| Police department | 189,131 | 189,131 | 184,230 | 4,901 |
| Excess (deficiency) of revenues over expenditures | 67,851 | 336,769 | 373,591 | 36,822 |
| Other financing uses: | | | | |
| Operating transfers out | - | (162,316) | (134,078) | 28,238 |
| Excess (deficiency) of revenues over expenditures and other uses | 67,851 | 174,453 | 239,513 | 65,060 |
| Fund balance - beginning of year | 485,089 | 485,089 | 485,089 | - |
| Fund balance - end of year | \$ 552,940 | \$ 659,542 | \$ 724,602 | \$ 65,060 |

City of Flint, Michigan

Autoworld TIFA Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|-----------|-----------|----------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ - | \$ 16 | \$ 16 | \$ - |
| Interest and other | 870 | 1,403 | 1,588 | 185 |
| Total revenues | 870 | 1,419 | 1,604 | 185 |
| Other financing uses: | | | | |
| Operating transfers out | - | - | (56,047) | (56,047) |
| Excess (deficiency) of revenues over other uses | 870 | 1,419 | (54,443) | (55,862) |
| Fund balance - beginning of year | 54,443 | 54,443 | 54,443 | - |
| Fund balance - end of year | \$ 55,313 | \$ 55,862 | \$ - 0 - | \$ (55,862) |

City of Flint, Michigan

EDA Revolving Loan Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Interest and other | \$ - | \$ 150,498 | \$ 187,004 | \$ 36,506 |
| Expenditures - current: | | | | |
| Community development and enrichment | 21,954 | 21,954 | 107,838 | (85,884) |
| Excess (deficiency) of revenues over expenditures | (21,954) | 128,544 | 79,166 | (49,378) |
| Fund balance - beginning of year | 937,443 | 937,443 | 937,443 | - |
| Fund balance - end of year | \$ 915,489 | \$ 1,065,987 | \$ 1,016,609 | \$ (49,378) |

City of Flint, Michigan

Atwood Stadium Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--------------------------------------|----------|----------|----------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Interest and other | \$ 94 | \$ 137 | \$ 155 | \$ 18 |
| Expenditures - current: | | | | |
| Parks and recreation | - | - | - | - |
| Excess of revenues over expenditures | 94 | 137 | 155 | 18 |
| Fund balance - beginning of year | 5,303 | 5,303 | 5,303 | - |
| Fund balance - end of year | \$ 5,397 | \$ 5,440 | \$ 5,458 | \$ 18 |

City of Flint, Michigan

Local Law Enforcement Grant Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|-----------|--------------|------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Federal revenue | \$ - | \$ 1,126,193 | \$ 496,244 | \$ (629,949) |
| Interest and other | 24,432 | 24,432 | 46,868 | 22,436 |
| Total revenues | 24,432 | 1,150,625 | 543,112 | (607,513) |
| Expenditures - current: | | | | |
| Police department | - | 1,150,625 | 543,112 | 607,513 |
| Excess (deficiency) of revenues over expenditures | 24,432 | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ 24,432 | \$ - 0 - | \$ - 0 - | \$ - 0 - |

City of Flint, Michigan

Parks & Recreation Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|--------------|------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 730,470 | \$ 731,630 | \$ 752,338 | \$ 20,708 |
| State revenue | - | 1,655,480 | 1,254,129 | (401,351) |
| Interest and other | 20,169 | 157,145 | 36,346 | (120,799) |
| Total revenues | 750,639 | 2,544,255 | 2,042,813 | (501,442) |
| Expenditures - current: | | | | |
| Parks and Recreation Department: | 694,894 | 3,229,680 | 1,937,863 | 1,291,817 |
| Excess (deficiency) of revenues over expenditures | 55,745 | (685,425) | 104,950 | 790,375 |
| Fund balance - beginning of year | 1,244,380 | 1,244,380 | 1,244,380 | - |
| Fund balance - end of year | \$ 1,300,125 | \$ 558,955 | \$ 1,349,330 | \$ 790,375 |

City of Flint, Michigan

Central Maintenance Garage Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|-------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | 1,464,000 | 1,317,574 | 1,006,155 | (311,419) |
| Expenditures - current: | | | | |
| Transportation | 3,566,365 | 2,809,731 | 2,630,079 | 179,652 |
| Parks and Recreation Department: | 132,736 | 132,736 | 130,560 | 2,176 |
| Total expenditures | 3,699,101 | 2,942,467 | 2,760,639 | 181,828 |
| Deficiency of revenues over expenditures | (2,235,101) | (1,624,893) | (1,754,484) | (129,591) |
| Other financing sources (uses): | | | | |
| Operating transfers in | 2,306,101 | 1,837,763 | 1,454,289 | (383,474) |
| Operating transfers out | (61,000) | (101,000) | - | 101,000 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 10,000 | 111,870 | (300,195) | (412,065) |
| Fund balance - beginning of year | 339,492 | 339,492 | 339,492 | - |
| Fund balance - end of year | \$ 349,492 | \$ 451,362 | \$ 39,297 | \$ (412,065) |

City of Flint, Michigan

City Park Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|---|----------|--------|----------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Interest and other | \$ 112 | \$ 169 | \$ 6,752 | \$ 6,583 |
| Expenditures - current: | | | | |
| Parks and recreation | - | - | - | - |
| Excess of revenues over expenditures | 112 | 169 | 6,752 | 6,583 |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ 112 | \$ 169 | \$ 6,752 | \$ 6,583 |

City of Flint, Michigan

Longway Park Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|---|----------|----------|--------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Interest and other | \$ 1,116 | \$ 1,116 | \$ 677 | \$ (439) |
| Expenditures - current: | | | | |
| Parks and recreations | - | - | - | - |
| Excess of revenues over expenditures | 1,116 | 1,116 | 677 | (439) |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ 1,116 | \$ 1,116 | \$ 677 | \$ (439) |

City of Flint, Michigan

Building Department Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|---|-----------|------------|------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Federal revenue | \$ - | \$ 354,721 | \$ 192,214 | \$ (162,507) |
| Licenses and fees | 1,073,917 | 1,239,424 | 721,149 | (518,275) |
| Total revenues | 1,073,917 | 1,594,145 | 913,363 | (680,782) |
| Expenditures - current: | | | | |
| Building inspection | | | | |
| Community development | - | 1,038,013 | 819,648 | 218,365 |
| Budget management and grants | 1,073,917 | 800,682 | 776,355 | 24,327 |
| Total expenditures | 1,073,917 | 1,838,695 | 1,596,003 | 242,692 |
| Deficiency of revenues over expenditures | - | (244,550) | (682,640) | (438,090) |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | 305,000 | 682,640 | 377,640 |
| Deficiency of revenues and other sources over expenditures and other uses | - | 60,450 | - | (60,450) |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - 0 - | \$ 60,450 | \$ - 0 - | \$ (60,450) |

City of Flint, Michigan

Garbage Collection Special Revenue Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2003

| | Budget | | Actual | Variance- Favorable (Unfavorable) |
|--|--------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 4,382,090 | \$ 4,382,090 | \$ 4,537,925 | \$ 155,835 |
| Charges for services | 22,500 | 22,500 | 12,299 | (10,201) |
| Total revenues | 4,404,590 | 4,404,590 | 4,550,224 | 145,634 |
| Expenditures - current: | | | | |
| Transportation | 2,930,919 | 4,084,372 | 3,948,959 | 135,413 |
| Excess of revenues over expenditures | 1,473,671 | 320,218 | 601,265 | 281,047 |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | 579,782 | 148,735 | (431,047) |
| Operating transfers out | (1,169,081) | (900,000) | (750,000) | 150,000 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 304,590 | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ 304,590 | \$ - 0 - | \$ - 0 - | \$ - 0 - |

City of Flint, Michigan

**Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2003
With Comparative for June 30, 2002**

| | Civic Auditorium | Golf Courses | Mid-City Parking System |
|---|-----------------------------|-------------------------|--|
| <hr/> | | | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | \$ 4,700 | \$ - |
| Accounts receivable (net of estimated uncollectible accounts of 2003-\$3,261 & 2002- \$188,005) | - | - | 1,134 |
| Inventory | - | 33,030 | - |
| Capital assets - net of accumulated depreciation | - | 5,400,726 | 2,181,311 |
| | <hr/> | | |
| Total assets | \$ - 0 - | \$ 5,438,456 | \$ 2,182,445 |
| | <hr/> | | |
| Current liabilities | | | |
| Accounts payable | \$ - | \$ 29,537 | \$ - |
| Accrued liabilities | - | 64,452 | - |
| Due to other funds | - | 1,530,556 | 1,271,744 |
| Capital lease obligation - current portion | - | 129,111 | - |
| Note payable- current portion | - | 4,640 | - |
| | <hr/> | | |
| Total current liabilities | - | 1,758,296 | 1,271,744 |
| Note payable- long term portion | - | 36,995 | - |
| | <hr/> | | |
| Total liabilities | - | 1,795,291 | 1,271,744 |
| | <hr/> | | |
| Net assets | | | |
| Investment in capital assets, net of related debt | - | 5,229,980 | 2,181,311 |
| Unrestricted | - | (1,586,815) | (1,270,610) |
| | <hr/> | | |
| Total net assets | \$ - 0 - | \$ 3,643,165 | \$ 910,701 |
| | <hr/> | | |

| Totals | |
|--------|------|
| 2003 | 2002 |

\$ 4,700 \$ 223,468

| | |
|-----------|-----------|
| 1,134 | 231,244 |
| 33,030 | - |
| 7,582,037 | 8,759,785 |

\$ 7,620,901 \$ 9,214,497

| | |
|-----------|-----------|
| \$ 29,537 | \$ 46,903 |
| 64,452 | - |
| 2,802,300 | 3,310,631 |
| 129,111 | - |
| 4,640 | 14,078 |

3,030,040 3,371,612

36,995 133,657

3,067,035 3,505,269

| | |
|-------------|-------------|
| 7,411,291 | 8,759,785 |
| (2,857,425) | (3,050,557) |

\$ 4,553,866 \$ 5,709,228

City of Flint, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Proprietary Funds For the Year Ended June 30, 2003 With Comparative for June 30, 2002

| | Civic Auditorium | Golf Courses | Mid-City Parking System |
|---|---------------------|-----------------|-------------------------------|
| Operating revenues - charges for services | \$ 187,500 | \$ 1,151,032 | \$ 82,169 |
| Cost of materials purchased for resale | - | 17,897 | - |
| Operating expenses: | | | |
| Salaries, wages, and fringe benefits | - | 732,475 | 31,972 |
| Utilities | - | 49,650 | - |
| Equipment operation | - | 4,609 | 721 |
| Repairs and maintenance | - | 100,676 | - |
| Supplies | - | 37,923 | - |
| Insurance | - | 2,739 | - |
| Depreciation and amortization | - | 402,776 | 17,989 |
| Professional services | - | 36,982 | - |
| Miscellaneous | - | 13,000 | - |
| Total operating expenses | - | 1,380,830 | 50,682 |
| Total materials and operating expenses | - | 1,398,727 | 50,682 |
| Operating income (loss) | 187,500 | (247,695) | 31,487 |
| Non-operating revenues (expenses): | | | |
| Interest expense | (21,056) | (61,124) | (36,225) |
| Loss on sale of fixed assets | (4,834,995) | - | - |
| Total non operating expenses | (4,856,051) | (61,124) | (36,225) |
| Net loss before transfers | (4,668,551) | (308,819) | (4,738) |
| Transfers in | - | 5,411,200 | - |
| Transfers out | (125,238) | (1,459,216) | - |
| Change in net assets | (4,793,789) | 3,643,165 | (4,738) |
| Net assets - beginning of year | 4,793,789 | - | 915,439 |
| Net assets - end of year | \$ - 0 - | \$ 3,643,165 | \$ 910,701 |

| Totals | |
|--------------|--------------|
| 2003 | 2002 |
| \$ 1,420,701 | \$ 333,180 |
| 17,897 | - |
| 764,447 | 13,876 |
| 49,650 | - |
| 5,330 | 5,436 |
| 100,676 | - |
| 37,923 | - |
| 2,739 | - |
| 420,765 | 400,920 |
| 36,982 | 72,455 |
| 13,000 | - |
| 1,431,512 | 492,687 |
| 1,449,409 | 492,687 |
| (28,708) | (159,507) |
| (118,405) | (164,273) |
| (4,834,995) | - |
| (4,953,400) | (164,273) |
| (4,982,108) | (323,780) |
| 5,411,200 | - |
| (1,584,454) | - |
| (1,155,362) | (323,780) |
| 5,709,228 | 6,033,008 |
| \$ 4,553,866 | \$ 5,709,228 |

City of Flint, Michigan

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2003
With Comparative for June 30, 2002**

| | Civic Auditorium | Golf Courses | Mid-City Parking System |
|--|-----------------------------|-------------------------|--|
| Cash flows from operating activities: | | | |
| Receipts from customers and lessors | \$ 417,610 | \$ 1,151,032 | \$ 82,169 |
| Payments to vendors | (46,903) | (266,969) | (721) |
| Payments to employees | - | (668,023) | (31,972) |
| Net cash provided by operating activities | 370,707 | 216,040 | 49,476 |
| Cash flows from non-capital financing activities: | | | |
| Pooled cash advanced from (repaid to) other funds | (1,802,168) | 1,530,556 | (236,719) |
| Interest paid | (21,056) | (48,316) | (36,225) |
| Transfers to other funds | (125,238) | (1,459,216) | - |
| Net cash used in non-capital financing activities | (1,948,462) | 23,024 | (272,944) |
| Cash flows from capital and related financing activities: | | | |
| Purchases of capital assets | - | (17,404) | - |
| Principal payments on long term debt | - | (204,152) | - |
| Interest payments | - | (12,808) | - |
| Proceeds from sale of capital assets | 1,577,755 | - | - |
| Net cash provided by (used in) capital and related financing activities | 1,577,755 | (234,364) | - |
| Net increase (decrease) in cash and cash equivalents | - | 4,700 | (223,468) |
| Cash and cash equivalents - beginning of year | - | - | 223,468 |
| Cash and cash equivalents - end of year | \$ - 0 - | \$ 4,700 | \$ - 0 - |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income | \$ 187,500 | \$ (247,695) | \$ 31,487 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation expense | - | 402,776 | 17,989 |
| Change in assets and liabilities: | | | |
| Receivables, net | 230,110 | - | - |
| Inventories | - | (33,030) | - |
| Accounts payable and accrued liabilities | (46,903) | 93,989 | - |
| Net cash provided by operating activities | \$ 370,707 | \$ 216,040 | \$ 49,476 |

Fiscal Year 2003 Non-Cash Activities:

Capital assets net of related debt totaling \$5,411,200 were transferred from Capital Assets Used in Governmental Operations and General Long Term Debt into the Golf Enterprise Fund established at July 1, 2002. An operating transfer in was recognized in 2003 for this transfer of net assets.

| Totals | |
|--------------|------------|
| 2003 | 2002 |
| \$ 1,650,811 | \$ 254,081 |
| (314,593) | (33,556) |
| (699,995) | (13,876) |
| 636,223 | 206,649 |
| (508,331) | 122,984 |
| (105,597) | (155,766) |
| (1,584,454) | - |
| (2,198,382) | (32,782) |
| (17,404) | - |
| (204,152) | (13,387) |
| (12,808) | (8,507) |
| 1,577,755 | - |
| 1,343,391 | (21,894) |
| (218,768) | 151,973 |
| 223,468 | 71,495 |
| \$ 4,700 | \$ 223,468 |

| | |
|-------------|--------------|
| \$ (28,708) | \$ (159,507) |
| 420,765 | 400,920 |
| 230,110 | (79,100) |
| (33,030) | 7,637 |
| 47,086 | 36,699 |
| \$ 636,223 | \$ 206,649 |

City of Flint, Michigan

Internal Service Funds

Combining Statement of Net Assets

June 30, 2003

With Comparative for June 30, 2002

| Assets | Data Processing | Central Stores | DPW |
|--|--------------------|-------------------|----------|
| Current assets: | | | |
| Pooled cash and investments | \$ 294,160 | \$ - | \$ - |
| Cash and cash equivalents | - | - | - |
| Receivables (net of allowance for estimated uncollectible amounts of \$119,962 - 2003, and \$236,712 - 2002) | - | - | - |
| Due from other governments | - | - | - |
| Note receivable - current portion | - | - | - |
| Due from other funds | - | - | - |
| Inventories | - | - | - |
| Prepaid items | - | - | - |
| Total current assets | 294,160 | - | - |
| Note receivable - long term | - | - | - |
| Due from other funds - long term | - | - | - |
| Equipment, net of allowance for depreciation | 2,295,291 | - | - |
| Total assets | \$ 2,589,451 | \$ - 0 - | \$ - 0 - |

| Fringe Benefits | Self- Insurance | Totals | |
|--------------------|--------------------|--------------|---------------|
| | | 2003 | 2002 |
| \$ 511,797 | \$ 2,838,463 | \$ 3,644,420 | \$ 4,086,104 |
| 186,105 | - | 186,105 | 121,198 |
| 565 | 1,101 | 1,666 | 1,259,133 |
| - | 107,710 | 107,710 | - |
| 130,000 | - | 130,000 | 280,965 |
| - | - | - | 482,839 |
| - | - | - | 733,204 |
| - | 171,919 | 171,919 | 63,985 |
| 828,467 | 3,119,193 | 4,241,820 | 7,027,428 |
| 1,170,000 | - | 1,170,000 | 1,300,000 |
| - | - | - | 1,511,420 |
| - | - | 2,295,291 | 3,827,443 |
| \$ 1,998,467 | \$ 3,119,193 | \$ 7,707,111 | \$ 13,666,291 |

City of Flint, Michigan

Internal Service Funds

Combining Statement of Net Assets

June 30, 2003

With Comparative for June 30, 2002

| | Data Processing | Central Stores | DPW |
|---|--------------------|-------------------|----------|
| Liabilities and Net Assets | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 37,602 | \$ - | \$ - |
| Accrued liabilities | 134,293 | - | - |
| Deposits and advances | - | - | - |
| Due to other funds | - | - | - |
| Capital lease payable - current portion | 370,192 | - | - |
| Bonds payable - current portion | 704,560 | - | - |
| Total current liabilities | 1,246,647 | - | - |
| Long-term capital lease payable | 430,498 | - | - |
| Long-term bonds payable | - | - | - |
| Total liabilities | 1,677,145 | - | - |
| Invested in capital assets, net of related debt | 790,041 | - | - |
| Unrestricted (deficit) | 122,265 | - | - |
| Total net assets | \$ 912,306 | \$ - 0 - | \$ - 0 - |

| Fringe Benefits | Self- Insurance | Totals | |
|--------------------|--------------------|--------------|--------------|
| | | 2003 | 2002 |
| \$ 852,112 | \$ 3,011,483 | \$ 3,901,197 | \$ 6,463,170 |
| 1,146,355 | - | 1,280,648 | 1,576,012 |
| - | - | - | 396,644 |
| - | - | - | 1,237,129 |
| - | - | 370,192 | 306,900 |
| - | - | 704,560 | 653,854 |
| 1,998,467 | 3,011,483 | 6,256,597 | 10,633,709 |
| - | - | 430,498 | 680,646 |
| - | - | - | 728,579 |
| 1,998,467 | 3,011,483 | 6,687,095 | 12,042,934 |
| - | - | 790,041 | 1,457,464 |
| - | 107,710 | 229,975 | 165,893 |
| \$ - 0 - | \$ 107,710 | \$ 1,020,016 | \$ 1,623,357 |

City of Flint, Michigan

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2003

With Comparative for the Year Ended June 30, 2002

| | Data Processing | Central Stores | DPW |
|--|--------------------|-------------------|-----------|
| Operating revenues | \$ 4,935,943 | \$ 823,133 | \$ - |
| Costs of materials or services rendered | - | 698,895 | - |
| Operating expenses: | | | |
| Salaries, wages, and fringe benefits | 1,696,653 | 22,131 | - |
| Equipment operation | - | - | - |
| Repair and maintenance | 486,594 | - | - |
| Supplies | 25,152 | - | - |
| Insurance | 3,960 | - | - |
| Depreciation | 1,980,871 | 15,361 | - |
| Professional services | 407,710 | 76,532 | - |
| Rentals | 190 | - | - |
| Claims and settlements | - | - | - |
| Miscellaneous | 9,139 | - | 88,811 |
| Total operating expenses | 4,610,269 | 114,024 | 88,811 |
| Total materials, services, and operating expenses | 4,610,269 | 812,919 | 88,811 |
| Operating income (loss) | 325,674 | 10,214 | (88,811) |
| Non-operating revenues (expenses): | | | |
| Loss on disposal of fixed assets | - | (5,334) | - |
| Interest income | - | - | - |
| Interest expense | (110,771) | (20,129) | - |
| Total non-operating revenues (expenses) | (110,771) | (25,463) | - |
| Income (loss) before transfers | 214,903 | (15,249) | (88,811) |
| Operating transfers in | 140,222 | 15,249 | 39,767 |
| Operating transfers out | - | - | (88,856) |
| Net income (loss) | 355,125 | - | (137,900) |
| Net assets - beginning of year | 557,181 | - | 137,900 |
| Net assets - end of year | \$ 912,306 | \$ - 0 - | \$ - 0 - |

| Fringe Benefits | Self- Insurance | Totals | |
|--------------------|--------------------|---------------|---------------|
| | | 2003 | 2002 |
| \$ 36,824,695 | \$ 955,492 | \$ 43,539,263 | \$ 60,176,710 |
| 34,731,735 | - | 35,430,630 | 46,175,502 |
| 1,675,190 | - | 3,393,974 | 7,293,865 |
| - | - | - | 1,870 |
| - | - | 486,594 | 385,780 |
| 636 | 86 | 25,874 | 107,734 |
| - | 441,650 | 445,610 | 270,382 |
| - | - | 1,996,232 | 1,080,906 |
| 163,103 | 1,159,320 | 1,806,665 | 2,798,709 |
| - | - | 190 | 947 |
| - | (290,486) | (290,486) | 1,830,460 |
| 40,978 | 121 | 139,049 | 42,270 |
| 1,879,907 | 1,310,691 | 8,003,702 | 13,812,923 |
| 36,611,642 | 1,310,691 | 43,434,332 | 59,988,425 |
| 213,053 | (355,199) | 104,931 | 188,285 |
| - | - | (5,334) | - |
| 51,499 | 89,232 | 140,731 | 291,132 |
| - | - | (130,900) | (208,343) |
| 51,499 | 89,232 | 4,497 | 82,789 |
| 264,552 | (265,967) | 109,428 | 271,074 |
| - | - | 195,238 | 227,222 |
| (819,151) | - | (908,007) | - |
| (554,599) | (265,967) | (603,341) | 498,296 |
| 554,599 | 373,677 | 1,623,357 | 1,125,061 |
| \$ - 0 - | \$ 107,710 | \$ 1,020,016 | \$ 1,623,357 |

City of Flint, Michigan

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2003

With Comparative for the Year Ended June 30, 2002

| | Data Processing | Central Stores | DPW |
|---|--------------------|-------------------|-----------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 4,935,943 | \$ 833,525 | \$ 58,857 |
| Payments to vendors | (1,010,473) | (161,854) | - |
| Refunds of customer deposits | - | - | (396,644) |
| Payments to and on behalf of employees | (1,718,588) | (37,693) | - |
| Net cash provided by (used in) operating activities | 2,206,882 | 633,978 | (337,787) |
| Cash flows from noncapital financing activities: | | | |
| Operating transfer from other funds | - | 15,249 | 39,767 |
| Operating transfer to other funds | - | - | (88,856) |
| Payments received on long term note receivable | - | - | - |
| Interest payments on pooled cash advances | (11,359) | (20,129) | - |
| Pooled cash repaid by (advanced to) other funds | - | - | - |
| Pooled cash advances from (repayments to) other funds | (608,031) | (629,098) | - |
| Net cash provided by (used in) noncapital financing activities: | (619,390) | (633,978) | (49,089) |
| Cash flows from capital and related financing activities: | | | |
| Purchase of capital assets | (294,915) | - | - |
| Repayment of debt | (1,039,227) | - | - |
| Interest payments | (99,412) | - | - |
| Net cash used by capital and related financing activities | (1,433,554) | - | - |
| Cash flows from investing activities: | | | |
| Interest received | - | - | - |
| Net increase in cash and cash equivalents | 153,938 | - | (386,876) |
| Cash and cash equivalents - beginning of year | - | - | 386,876 |
| Cash and cash equivalents - end of year | \$ 153,938 | \$ - 0 - | \$ - 0 - |

| Fringe Benefits | Self- Insurance | Totals | |
|--------------------|--------------------|---------------|---------------|
| | | 2003 | 2002 |
| \$ 37,408,042 | \$ 1,846,681 | \$ 45,083,048 | \$ 57,627,001 |
| (34,886,189) | (3,938,108) | (39,996,624) | (50,284,092) |
| - | - | (396,644) | - |
| (1,828,452) | - | (3,584,733) | (7,340,977) |
| 693,401 | (2,091,427) | 1,105,047 | 1,932 |
| - | - | 55,016 | 227,222 |
| (819,151) | - | (908,007) | - |
| 280,965 | - | 280,965 | - |
| - | - | (31,488) | (61,608) |
| - | - | - | 4,577,182 |
| - | 1,511,420 | 274,291 | 34,789 |
| (538,186) | 1,511,420 | (329,223) | 4,777,585 |
| - | - | (294,915) | - |
| - | - | (1,039,227) | (1,044,864) |
| - | - | (99,412) | (146,735) |
| - | - | (1,433,554) | (1,191,599) |
| 51,499 | 89,232 | 140,731 | 291,132 |
| 206,714 | (490,775) | (516,999) | 3,879,050 |
| 491,188 | 3,329,238 | 4,207,302 | 328,252 |
| \$ 697,902 | \$ 2,838,463 | \$ 3,690,303 | \$ 4,207,302 |

(continued)

City of Flint, Michigan

Internal Service Funds

Combining Statement of Cash Flows (continued)

For the Year Ended June 30, 2003

With Comparative for the Year Ended June 30, 2002

| | Data Processing | Central Stores | DPW |
|---|--------------------|-------------------|--------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | 325,674 | 10,214 | (88,811) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation expense | 1,980,871 | 15,361 | - |
| Changes in operating assets and liabilities: | | | |
| Due from other funds | - | - | - |
| Accounts receivable | - | 10,392 | 147,668 |
| Inventory | - | 733,204 | - |
| Prepaid items | - | - | - |
| Accounts payable | (77,728) | (119,631) | - |
| Accrued liabilities | (21,935) | (15,562) | - |
| Customer deposits | - | - | (396,644) |
| Net cash provided by (used in) operating activities | \$ 2,206,882 | \$ 633,978 | \$ (337,787) |

2003 Fiscal Year Noncash transactions:

During 2003, the data processing fund purchased equipment through a capital lease costing \$174,498.

| Fringe Benefits | Self- Insurance | Totals | |
|--------------------|--------------------|--------------|-------------|
| | | 2003 | 2002 |
| 213,053 | (355,199) | 104,931 | 188,285 |
| - | - | 1,996,232 | 1,080,906 |
| 482,839 | - | 482,839 | - |
| 100,508 | 891,189 | 1,149,757 | (2,593,810) |
| - | - | 733,204 | 235,151 |
| | (107,934) | (107,934) | 1,055,397 |
| 50,263 | (2,414,877) | (2,561,973) | 36,003 |
| (153,262) | (104,606) | (295,365) | - |
| - | - | (396,644) | - |
| \$ 693,401 | \$ (2,091,427) | \$ 1,105,047 | \$ 1,932 |

City of Flint, Michigan

Combining Statement of Net Assets Pension and Benefit Trust Funds June 30, 2003 With Comparative Totals for 2002

| Pension and Benefit | | | |
|--|-----------------------|--|------------------------------|
| | Charter Retirement | Flint Employee's Retirement System | Excess Pension Benefit |
| Assets | | | |
| Pooled cash and investments | \$ - | \$ - | \$ - |
| Cash and cash equivalents | 2,348 | 7,389,429 | - |
| Total cash and equivalents | 2,348 | 7,389,429 | - |
| Accounts receivable | - | 26,978 | - |
| Accrued interest and dividends | - | 1,846,605 | - |
| Loans to participants | - | - | - |
| Total receivables | - | 1,873,583 | - |
| Investments at fair value | | | |
| U.S. Government obligations | - | 153,722,644 | - |
| Mutual funds | - | 54,606,435 | - |
| Domestic stocks | - | 384,802,199 | - |
| Collateralized mortgage obligations | - | - | - |
| Domestic corporate bonds | - | 130,009,790 | - |
| Real estate | - | - | - |
| Partnership investment | - | - | - |
| International bonds | - | - | - |
| International stocks | - | 345,882 | - |
| Total investments | - | 723,486,950 | - |
| Total assets | 2,348 | 732,749,962 | - |
| Liabilities | | | |
| Accounts payable | - | 706,782 | - |
| Accrued liabilities | - | 4,936,575 | - |
| Due to other funds | 2,348 | 924,893 | - |
| Total liabilities | 2,348 | 6,568,250 | - |
| Net Assets | | | |
| Held in trust for pension benefits and other purposes | \$ - | \$726,181,712 | \$ - |

Trust Funds

| Retiree Health Care | I.C.M.A. 401 Retirement | Totals | |
|---------------------------|----------------------------|----------------|----------------|
| | | 2003 | 2002 |
| \$ 3,092 | \$ - | \$ 3,092 | \$ 282,565 |
| - | - | 7,391,777 | 22,374 |
| 3,092 | - | 7,394,869 | 304,939 |
| - | - | 26,978 | 220,965 |
| - | - | 1,846,605 | 4,629,842 |
| - | 236,456 | 236,456 | 267,612 |
| - | 236,456 | 2,110,039 | 5,118,419 |
| - | - | 153,722,644 | 233,691,228 |
| - | 7,464,263 | 62,070,698 | 58,814,210 |
| - | - | 384,802,199 | 348,090,679 |
| - | - | - | 32,868 |
| - | - | 130,009,790 | 80,168,778 |
| - | - | - | 15,694,069 |
| - | - | - | 33,376 |
| - | - | - | 12,640,872 |
| - | - | 345,882 | 7,275,857 |
| - | 7,464,263 | 730,951,213 | 756,441,937 |
| 3,092 | 7,700,719 | 740,456,121 | 761,865,295 |
| 3,092 | - | 709,874 | 978,350 |
| - | - | 4,936,575 | 827 |
| - | - | 927,241 | 485,516 |
| 3,092 | - | 6,573,690 | 1,464,693 |
| \$ - | \$ 7,700,719 | \$ 733,882,431 | \$ 760,400,602 |

City of Flint, Michigan

Combining Statement of Changes in Fiduciary Net Assets Pension and Benefit Trust Funds For the Year Ended June 30, 2003 With Comparative Totals for June 30, 2002

| | Pension and Benefit | | |
|--|-----------------------|--|------------------------------|
| | Charter Retirement | Flint Employee's Retirement System | Excess Pension Benefit |
| Additions: | | | |
| Members' contributions | \$ - | \$ 5,427,437 | \$ - |
| Employer contributions | 298,133 | 6,588,897 | 22,989 |
| Total contributions | 298,133 | 12,016,334 | 22,989 |
| Net increase (decrease) in fair value of investments | - | 14,069,345 | - |
| Interest | 218 | 9,949,123 | - |
| Dividends | - | 2,380,609 | - |
| Other income | - | 290,349 | - |
| Investment income (loss) | 218 | 26,689,426 | - |
| Less investment expense | - | (2,354,669) | - |
| Net investment income (loss) | 218 | 24,334,757 | - |
| Total additions (deductions) | 298,351 | 36,351,091 | 22,989 |
| Deductions: | | | |
| Benefits | 298,351 | 60,460,560 | 31,005 |
| Refunds of contributions | - | 1,370,636 | - |
| Administrative | - | 783,517 | - |
| Total deductions | 298,351 | 62,614,713 | 31,005 |
| Change in net assets | - | (26,263,622) | (8,016) |
| Net assets - beginning of the year | - | 752,445,334 | 8,016 |
| Net assets - end of the year | \$ - 0 - | \$ 726,181,712 | \$ - 0 - |

Trust Funds

| Retiree Health Care | I.C.M.A. 401 Retirement | Totals | |
|---------------------------|----------------------------|----------------|----------------|
| | | 2003 | 2002 |
| \$ - | \$ - | \$ 5,427,437 | \$ 6,197,824 |
| 13,476,183 | 433,596 | 20,819,798 | 12,534,798 |
| 13,476,183 | 433,596 | 26,247,235 | 18,732,622 |
| - | (59,695) | 14,009,650 | (84,649,856) |
| - | 104,126 | 10,053,467 | 19,547,403 |
| - | - | 2,380,609 | 3,321,227 |
| - | - | 290,349 | 386,704 |
| - | 44,431 | 26,734,075 | (61,394,522) |
| - | - | (2,354,669) | (3,582,140) |
| - | 44,431 | 24,379,406 | (64,976,662) |
| 13,476,183 | 478,027 | 50,626,641 | (46,244,040) |
| 13,476,183 | 720,471 | 74,986,570 | 61,532,646 |
| - | - | 1,370,636 | 1,029,315 |
| - | 4,089 | 787,606 | 383,435 |
| 13,476,183 | 724,560 | 77,144,812 | 62,945,396 |
| - | (246,533) | (26,518,171) | (109,189,436) |
| - | 7,947,252 | 760,400,602 | 869,590,038 |
| \$ - 0 - | \$ 7,700,719 | \$ 733,882,431 | \$ 760,400,602 |

City of Flint, Michigan

Combining Balance Sheet

Agency Funds

June 30, 2003

With Comparative for June 30, 2002

| | | Agency Funds | | |
|-------------------------------|----|-------------------------|-------------------|---|
| | | Miscellaneous Agency | District Court | Unqualified Deferred Compensation |
| Assets | | | | |
| Pooled cash and investments | \$ | 7,300,941 | \$ 96,314 | \$ 36,611 |
| Cash and cash equivalents | | 994,461 | 305,570 | - |
| Total cash and equivalents | | 8,295,402 | 401,884 | 36,611 |
| Taxes receivable | | 4,210,751 | - | - |
| Accounts receivable | | 201 | - | - |
| Total receivables | | 4,210,952 | - | - |
| Total assets | \$ | 12,506,354 | \$ 401,884 | \$ 36,611 |
| Liabilities | | | | |
| Accounts payable | | 60,625 | \$ - | - |
| Deposits and advances | | 1,431,252 | 401,884 | - |
| Deferred compensation payable | | - | - | 36,611 |
| Due to other governments | | 10,532,538 | - | - |
| Due to component unit | | 481,939 | - | - |
| Total liabilities | \$ | 12,506,354 | \$ 401,884 | \$ 36,611 |

| Totals | |
|---------------|---------------|
| 2003 | 2002 |
| \$ 7,433,866 | \$ 17,127,792 |
| 1,300,031 | 329,598 |
| 8,733,897 | 17,457,390 |
| 4,210,751 | 3,242,071 |
| 201 | 338 |
| 4,210,952 | 3,242,409 |
| \$ 12,944,849 | \$ 20,699,799 |

| | |
|---------------|---------------|
| 60,625 | 26,201 |
| 1,833,136 | 2,471,555 |
| 36,611 | 73,665 |
| 10,532,538 | 18,019,533 |
| 481,939 | 108,845 |
| \$ 12,944,849 | \$ 20,699,799 |

City of Flint, Michigan

Combining Statement of Changes in Assets and Liabilities - All Agency Funds For the Year Ended June 30, 2003

| | Balance July 1, 2002 | Additions | Deductions | Balance June 30, 2003 |
|------------------------------------|----------------------------|----------------|----------------|-----------------------------|
| <u>Miscellaneous Agency</u> | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 16,945,421 | \$ 89,534,995 | \$ 99,179,475 | \$ 7,300,941 |
| Cash and cash equivalents | 53,377 | 953,061 | 11,977 | 994,461 |
| Taxes receivable | 3,242,071 | 12,919,106 | 11,950,426 | 4,210,751 |
| Accounts receivable | 338 | 6,802 | 6,939 | 201 |
| Total assets | \$ 20,241,207 | \$ 103,413,964 | \$ 111,148,817 | \$ 12,506,354 |
| Liabilities | | | | |
| Accounts payable | \$ 26,201 | \$ 1,006,674 | \$ 972,250 | \$ 60,625 |
| Deposits and advances | 2,086,628 | 1,395,467 | 2,050,843 | 1,431,252 |
| Due to other governments | 18,019,533 | 53,751,038 | 61,238,033 | 10,532,538 |
| Due to component unit | 108,845 | 373,094 | - | 481,939 |
| Total liabilities | \$ 20,241,207 | \$ 56,526,273 | \$ 64,261,126 | \$ 12,506,354 |
| <u>District Court</u> | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 108,706 | \$ 108,062 | \$ 120,454 | \$ 96,314 |
| Cash and cash equivalents | 276,221 | 780,370 | 751,021 | 305,570 |
| Total assets | \$ 384,927 | \$ 888,432 | \$ 871,475 | \$ 401,884 |
| Liabilities | | | | |
| Deposits and advances | \$ 384,927 | \$ 3,164,793 | \$ 3,147,836 | \$ 401,884 |

City of Flint, Michigan

Combining Statement of Changes in Assets and Liabilities - All Agency Funds For the Year Ended June 30, 2003

| | Balance July 1, 2002 | Additions | Deductions | Balance June 30, 2003 |
|---|----------------------------|----------------|----------------|-----------------------------|
| <u>Unqualified Deferred Comp</u> | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 73,665 | \$ 2,180 | \$ 39,234 | \$ 36,611 |
| Liabilities | | | | |
| Deferred compensatin payable | \$ 73,665 | \$ 2,180 | \$ 39,234 | \$ 36,611 |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 17,127,792 | \$ 89,645,237 | \$ 99,339,163 | \$ 7,433,866 |
| Cash and cash equivalents | 329,598 | 1,733,431 | 762,998 | 1,300,031 |
| Taxes receivable | 3,242,071 | 12,919,106 | 11,950,426 | 4,210,751 |
| Accounts receivable | 338 | 6,802 | 6,939 | 201 |
| Total assets | \$ 20,699,799 | \$ 104,304,576 | \$ 112,059,526 | \$ 12,944,849 |
| Liabilities | | | | |
| Accounts payable | \$ 26,201 | \$ 1,006,674 | \$ 972,250 | \$ 60,625 |
| Deposits and advances | 2,471,555 | 4,560,260 | 5,198,679 | 1,833,136 |
| Due to other governments | 18,019,533 | 53,751,038 | 61,238,033 | 10,532,538 |
| Deferred compensation payable | 73,665 | 2,180 | 39,234 | 36,611 |
| Due to component unit | 108,845 | 373,094 | - | 481,939 |
| Total liabilities | \$ 20,699,799 | \$ 59,693,246 | \$ 67,448,196 | \$ 12,944,849 |

Capital Assets Used in the Operation of Governmental Funds

City of Flint, Michigan

Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity June 30, 2003

| Function and Activity | Land | Construction in Progress | Buildings | Improvements other than Buildings |
|---|---------------|--------------------------------|---------------|---|
| Legislative | \$ - | \$ - | \$ - | \$ - |
| Judicial | - | - | - | - |
| General government: | | | | |
| Municipal services | 3,353,505 | - | 4,563,763 | 61,210 |
| Boards and commissions | - | - | - | - |
| Department of finance | - | - | - | - |
| Department of budget | - | - | - | - |
| Office of the City Clerk | - | - | - | - |
| Department of purchases and supplies | - | - | - | - |
| Personnel office | - | - | - | - |
| Office of the ombudsman | - | - | - | - |
| Human services | - | - | - | - |
| City administrator\mayor | - | - | - | - |
| Law office | - | - | - | - |
| Central garage | - | - | - | - |
| Total general government | 3,353,505 | - | 4,563,763 | 61,210 |
| Public safety: | | | | |
| Police department | 328,338 | - | 2,692,427 | 74,000 |
| Fire department | 177,779 | - | 2,168,980 | - |
| Total public safety | 506,117 | - | 4,861,407 | 74,000 |
| Public works and utilities | 554,308 | 384,122 | 578,420 | 15,515 |
| Parks and recreation department | 7,134,880 | - | 6,367,861 | 7,746,957 |
| Community enrichment and development | 160,858 | - | 748,047 | - |
| Total governmental funds capital assets | \$ 11,709,668 | \$ 384,122 | \$ 17,119,498 | \$ 7,897,682 |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

NOTE: A schedule of the investment in general fixed assets by source is not available at June 30, 2003.

| Machinery and Equipment | Infrastructure | Total |
|--|-----------------------|---------------|
| \$ 24,453 | \$ - | \$ 24,453 |
| 382,457 | - | 382,457 |
| - | - | 7,978,478 |
| 4,328 | - | 4,328 |
| 68,328 | - | 68,328 |
| 28,148 | - | 28,148 |
| 31,620 | - | 31,620 |
| 14,554 | - | 14,554 |
| 281,475 | - | 281,475 |
| 19,332 | - | 19,332 |
| 11,935 | - | 11,935 |
| 79,237 | - | 79,237 |
| 16,290 | - | 16,290 |
| 15,560,759 | - | 15,560,759 |
| 16,116,006 | - | 24,094,484 |
| 2,088,079 | - | 5,182,844 |
| 5,608,294 | - | 7,955,053 |
| 7,696,373 | - | 13,137,897 |
| - | 7,005,714 | 8,538,079 |
| 1,547,026 | - | 22,796,724 |
| 138,902 | - | 1,047,807 |
| \$ 25,905,217 | \$ 7,005,714 | \$ 70,021,901 |

City of Flint, Michigan

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity For the Year Ended June 30, 2003

| | June 30, 2002 | Additions | Deletions | June 30, 2003 |
|---|------------------|--------------|---------------|------------------|
| Legislative | \$ 81,150 | \$ - | \$ 56,697 | \$ 24,453 |
| Judicial | 559,354 | - | 176,897 | 382,457 |
| General government: | | | | |
| Municipal services | 8,073,125 | - | 94,647 | 7,978,478 |
| Boards and commissions | 31,639 | - | 27,311 | 4,328 |
| Department of finance | 247,939 | 7,142 | 186,753 | 68,328 |
| Department of budget | 71,060 | - | 42,912 | 28,148 |
| Office of the City Clerk | 74,889 | - | 43,269 | 31,620 |
| Department of purchases and supplies | 217,945 | - | 203,391 | 14,554 |
| Personnel office | 281,475 | - | - | 281,475 |
| Office of the ombudsman | 28,013 | - | 8,681 | 19,332 |
| Human services | 11,935 | - | - | 11,935 |
| City administrator\mayor | 133,459 | - | 54,222 | 79,237 |
| Law office | 62,871 | - | 46,581 | 16,290 |
| Central garage | 15,760,501 | 1,359,472 | 1,559,214 | 15,560,759 |
| Total general government | 24,994,851 | 1,366,614 | 2,266,981 | 24,094,484 |
| Public safety: | | | | |
| Police department | 5,480,389 | 13,689 | 311,234 | 5,182,844 |
| Fire department | 7,685,710 | 616,587 | 347,244 | 7,955,053 |
| Total public safety | 13,166,099 | 630,276 | 658,478 | 13,137,897 |
| Public works and utilities | 9,320,847 | 3,243,156 | 4,025,924 | 8,538,079 |
| Parks and recreation department | 30,920,840 | 2,064,776 | 10,188,892 | 22,796,724 |
| Community enrichment and development | 1,110,765 | 13,535 | 76,493 | 1,047,807 |
| Total governmental funds capital assets | \$ 80,153,906 | \$ 7,318,357 | \$ 17,450,362 | \$ 70,021,901 |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

STATISTICAL SECTION
(Unaudited)

CITY OF FLINT, MICHIGAN
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST 15 FISCAL YEARS
(amounts expressed in thousands)

TABLE 1

| Fiscal Year | Total Expenditures | Legislative | Judicial | General Government | Public Safety | Public Works | Parks & Recreation | Community Enrichment and Development | Capital Outlay | Debt Service |
|-------------|-----------------------|-------------|----------|--------------------|---------------|--------------|--------------------|--------------------------------------|----------------|-----------------------|
| 1989 | \$ 90,201 | \$ 668 | \$ 3,110 | \$ 9,270 | \$ 36,734 | \$ 14,007 | \$ 4,410 | \$ 11,109 | \$ 3,774 | \$ 7,119 |
| 1990 | 94,067 | 725 | 3,574 | 10,873 | 39,602 | 15,751 | 4,699 | 6,710 | 5,117 | 7,016 |
| 1991 | 102,710 | 884 | 4,908 | 12,731 | 41,738 | 17,833 | 5,116 | 7,786 | 4,467 | 7,247 |
| 1992 | 102,636 | 822 | 4,394 | 11,913 | 41,115 | 18,334 | 5,085 | 8,114 | 4,150 | 8,709 |
| 1993 | 105,634 | 901 | 4,515 | 9,291 | 42,138 | 17,553 | 5,125 | 6,841 | 2,950 | 16,320 ⁽²⁾ |
| 1994 | 98,232 | 908 | 4,903 | 9,553 | 43,182 | 17,824 | 5,101 | 6,094 | 2,212 | 8,455 |
| 1995 | 97,147 | 830 | 4,887 | 12,762 | 44,437 | 14,150 | 4,247 | 7,025 | 4,012 | 4,797 |
| 1996 | 107,952 | 1,019 | 5,196 | 12,352 | 49,635 | 15,122 | 5,362 | 10,098 | 5,055 | 4,113 |
| 1997 | 107,032 | 864 | 4,998 | 12,038 | 47,201 | 15,203 | 6,548 | 9,507 | 6,849 | 3,824 |
| 1998 | 112,825 | 1,007 | 5,495 | 14,765 | 50,383 | 17,746 | 6,928 | 7,402 | 5,858 | 3,242 |
| 1999 | 130,075 | 1,034 | 5,428 | 19,149 | 53,122 | 19,661 | 7,824 | 11,577 | 7,074 | 5,205 |
| 2000 | 135,182 | 1,078 | 5,503 | 20,912 | 56,325 | 22,044 | 7,841 | 11,783 | 6,058 | 3,637 |
| 2001 | 117,598 | 1,132 | 5,160 | 20,789 | 48,006 | 21,827 | 6,452 | 8,373 | 2,522 | 3,337 |
| 2002 | 110,648 | 1,138 | 5,243 | 17,820 | 44,763 | 22,757 | 4,459 | 11,127 | --- | 3,341 |
| 2003 | 94,932 ⁽³⁾ | 893 | 4,556 | 17,119 | 37,185 | 16,281 | 4,989 | 10,604 | --- | 3,305 |

⁽¹⁾ Includes general, special revenue, debt service, and capital projects funds.

⁽²⁾ Includes \$10,309,714 grant expenditures used to pay off revenue bonds.

⁽³⁾ In 2003, the Golf Course Fund was separated from the General Fund and reported as an Enterprise Fund.

CITY OF FLINT, MICHIGAN
GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
LAST 15 FISCAL YEARS
(amounts expressed in thousands)

TABLE 2

| Fiscal Year | Total Revenue | Property Taxes | Income Taxes | Federal Revenue | State Revenue | Licenses & Permits | Fines & Forfeits | Charges for Services | Local Grant Revenue | Interest and Other |
|-------------|---------------|----------------|--------------|-----------------|---------------|--------------------|------------------|----------------------|-----------------------|--------------------|
| 1989 | \$ 95,709 | \$ 30,825 | \$ 22,050 | \$ 6,330 | \$ 20,991 | \$ 1,237 | \$ 2,234 | \$ 3,718 | \$ 2,865 | \$ 5,459 |
| 1990 | 93,869 | 26,129 | 23,262 | 3,540 | 25,447 | 1,377 | 2,693 | 4,938 | 1,359 | 5,124 |
| 1991 | 92,858 | 24,522 | 22,656 | 3,834 | 23,172 | 1,326 | 2,773 | 5,407 | 2,137 | 7,031 |
| 1992 | 90,876 | 23,455 | 23,074 | 5,451 | 23,685 | 1,385 | 2,479 | 4,939 | 1,659 | 4,749 |
| 1993 | 100,840 | 27,891 | 21,141 | 4,466 | 23,325 | 1,259 | 2,739 | 5,413 | 11,070 ⁽²⁾ | 3,536 |
| 1994 | 94,989 | 27,122 | 23,553 | 6,528 | 25,736 | 1,359 | 2,170 | 5,802 | 670 | 2,049 |
| 1995 | 97,798 | 24,903 | 25,679 | 4,578 | 27,341 | 1,311 | 2,161 | 6,766 | 907 | 4,152 |
| 1996 | 106,700 | 27,009 | 25,729 | 7,792 | 29,308 | 1,473 | 2,420 | 6,862 | 654 | 5,453 |
| 1997 | 109,981 | 28,463 | 24,855 | 9,090 | 31,334 | 1,430 | 2,740 | 8,326 | 805 | 2,938 |
| 1998 | 108,439 | 27,751 | 24,009 | 6,865 | 32,507 | 1,526 | 2,092 | 9,947 | 280 | 3,461 |
| 1999 | 116,739 | 29,316 | 25,087 | 11,394 | 32,699 | 1,800 | 2,511 | 8,524 | 821 | 4,589 |
| 2000 | 117,363 | 26,387 | 23,297 | 12,432 | 34,510 | 2,285 | 2,800 | 11,058 | 190 | 4,405 |
| 2001 | 109,583 | 25,062 | 19,937 | 9,171 | 35,045 | 2,571 | 2,640 | 10,303 | 914 | 3,941 |
| 2002 | 110,468 | 24,661 | 24,120 | 8,645 | 35,660 | 2,822 | 2,531 | 7,343 | 253 | 4,433 |
| 2003 | 106,169 | 24,753 | 20,814 | 10,880 | 34,260 | 1,993 | 2,506 | 7,555 | 579 | 2,829 |

⁽¹⁾ Includes general, special revenue, debt service, and capital projects funds. The capital projects funds are included because the Public Improvement Fund receives a portion of the City's operating millage each year.

⁽²⁾ Includes one-time local grant of \$10,309,000 to pay off revenue bonds.

**CITY OF FLINT, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST 15 FISCAL YEARS^(a)**

TABLE 3

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Current Taxes Collected ^(b) | Delinquent Tax Collections ^(c) | Ratio of Total Tax | | Outstanding Delinquent Taxes ^(d) | Ratio of Delinquent Taxes to Total Tax Levy |
|----------------|----------------|----------------------------|---|---|--------------------------|----------------------------------|---|--|
| | | | | | Total Tax Collections | Collections to Total Tax Levy | | |
| 1989 | 25,489,435 | 24,142,287 | 94.71% | 1,494,331 | 25,636,618 | 100.58% | 364,133 | 1.43% |
| 1990 | 26,260,666 | 24,468,450 | 93.18% | 1,660,489 | 26,128,939 | 99.50% | 495,860 | 1.89% |
| 1991 | 24,517,353 | 22,923,112 | 93.50% | 2,126,892 | 25,050,004 | 102.17% | 541,552 | 2.21% |
| 1992 | 23,837,733 | 21,927,987 | 91.99% | 1,526,849 | 23,454,836 | 98.39% | 529,870 | 2.22% |
| 1993 | 27,909,104 | 25,900,614 | 92.80% | 1,989,920 | 27,890,534 | 99.93% | 477,943 | 1.71% |
| 1994 | 27,146,839 | 25,050,068 | 92.28% | 2,072,049 | 27,122,127 | 99.91% | 759,849 | 2.80% |
| 1995 | 25,891,891 | 22,989,652 | 88.79% | 1,913,464 | 24,903,116 | 96.18% | 706,119 | 2.73% |
| 1996 | 28,095,181 | 24,744,660 | 88.07% | 2,029,724 | 26,774,384 | 95.30% | 483,880 | 1.72% |
| 1997 | 28,656,629 | 26,524,082 | 92.56% | 1,501,735 | 28,025,817 | 97.80% | 242,284 | 0.85% |
| 1998 | 26,233,903 | 24,061,214 | 91.72% | 1,686,046 | 25,747,260 | 98.14% | 339,876 | 1.30% |
| 1999 | 27,174,398 | 24,674,656 | 90.80% | 2,190,832 | 26,865,488 | 98.86% | 308,910 | 1.14% |
| 2000 | 26,766,043 | 23,432,022 | 87.54% | 2,123,634 | 25,555,656 | 95.48% | 1,093,582 | 4.09% |
| 2001 | 25,446,591 | 22,338,786 | 87.79% | 2,721,703 | 25,060,489 | 98.48% | 902,528 | 3.55% |
| 2002 | 24,516,058 | 21,395,879 | 87.27% | 2,344,978 | 23,740,857 | 96.84% | 751,999 | 3.07% |
| 2003 | 25,848,083 | 22,817,811 | 88.28% | 2,403,504 | 25,221,314 | 97.58% | 626,769 | 2.42% |

^(a) Does not include Flint Downtown Development Authority levies.

^(b) This column reflects the percent of the levy for a given year which was collected during that year.

^(c) Delinquent taxes from any previous years which were collected in the given year plus payments of delinquent taxes by Genesee County, see (e), are recorded here.

^(d) This total represents the accumulation of delinquent taxes for previous years as of June 30 of the given year; does not reflect reserve for uncollectible taxes.

^(e) 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.

CITY OF FLINT, MICHIGAN
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY⁽¹⁾
LAST 15 FISCAL YEARS
(amounts expressed in thousands)

TABLE 4

| Fiscal Year | Real Property | | Personal Property | | Total | | Ratio of Total Assessed Value to Actual Estimated Value |
|----------------|----------------|---------------------------|-------------------|---------------------------|----------------|---------------------------|--|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| | | | | | | | |
| 1989 | 1,175,024 | 2,350,048 | 548,578 | 1,097,156 | 1,723,602 | 3,447,204 | 50.0% |
| 1990 | 1,179,146 | 2,358,292 | 727,375 | 1,454,750 | 1,906,521 | 3,813,042 | 50.0% |
| 1991 | 1,123,979 | 2,247,958 | 507,452 | 1,014,904 | 1,631,431 | 3,262,862 | 50.0% |
| 1992 | 1,123,599 | 2,247,198 | 490,654 | 981,308 | 1,614,253 | 3,228,506 | 50.0% |
| 1993 | 1,024,259 | 2,048,518 | 497,320 | 994,640 | 1,521,579 | 3,043,158 | 50.0% |
| 1994 | 1,031,809 | 2,063,618 | 476,511 | 953,022 | 1,508,320 | 3,016,640 | 50.0% |
| 1995 | 1,046,140 | 2,092,280 | 672,396 | 1,344,792 | 1,718,536 | 3,437,072 | 50.0% |
| 1996 | 1,056,140 | 2,112,280 | 535,005 | 1,070,010 | 1,591,145 | 3,182,290 | 50.0% |
| 1997 | 1,037,342 | 2,074,684 | 705,213 | 1,410,426 | 1,742,555 | 3,485,110 | 50.0% |
| 1998 | 1,186,029 | 2,372,058 | 548,726 | 1,097,451 | 1,734,755 | 3,469,509 | 50.0% |
| 1999 | 1,268,153 | 2,536,306 | 546,736 | 1,093,472 | 1,814,889 | 3,629,778 | 50.0% |
| 2000 | 1,319,639 | 2,639,278 | 459,971 | 919,942 | 1,779,610 | 3,559,220 | 50.0% |
| 2001 | 1,360,575 | 2,721,150 | 395,387 | 790,774 | 1,755,962 | 3,511,924 | 50.0% |
| 2002 | 1,416,348 | 2,832,696 | 387,325 | 774,650 | 1,803,673 | 3,607,346 | 50.0% |
| 2003 | 1,459,734 | 2,919,468 | 365,427 | 730,855 | 1,825,161 | 3,650,323 | 50.0% |

⁽¹⁾ Total assessed value based on approximately 50 percent of estimated actual value.

CITY OF FLINT, MICHIGAN
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST 15 FISCAL YEARS

TABLE 5

| Fiscal Year | Operating ^(a) | City of Flint | | | | Genesee County | Parks and Recreation |
|--------------------------|--------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------|----------------|----------------------|
| | | Public Improve-ment ^(a) | Neighor-hood Police ^(a) | Waste Collection ^(a) | Paramedic Service | | |
| <u>TAX RATES (MILLS)</u> | | | | | | | |
| 1989 | 7.50 | 2.50 | 2.00 | - | 0.50 | 5.68 | 0.50 |
| 1990 | 7.50 | 2.50 | 2.00 | - | 0.50 | 5.68 | 0.50 |
| 1991 | 7.50 | 2.50 | 2.00 | - | 0.50 | 5.68 | 0.50 |
| 1992 | 7.50 | 2.50 | 2.00 | - | 0.50 | 5.68 | 0.50 |
| 1993 | 7.50 | 2.50 | 2.00 | 3.00 | 0.50 | 5.68 | 0.50 |
| 1994 | 7.50 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 0.50 |
| 1995 | 7.50 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 0.50 |
| 1996 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 0.50 |
| 1997 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 1998 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 1999 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 2000 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 2001 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 2002 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |
| 2003 | 8.10 | 2.50 | 2.00 | 3.00 | 0.50 | 5.60 | 1.00 |

TAX LEVIES (amounts expressed in thousands)

| | | | | | | | |
|------|-----------|----------|----------|-------|--------|----------|--------|
| 1989 | \$ 12,911 | \$ 4,304 | \$ 3,443 | \$ - | \$ 861 | \$ 9,778 | \$ 861 |
| 1990 | 13,437 | 4,479 | 3,583 | - | 894 | 10,174 | 894 |
| 1991 | 12,239 | 4,080 | 3,264 | - | 816 | 9,269 | 816 |
| 1992 | 12,112 | 4,037 | 3,230 | - | 807 | 9,173 | 807 |
| 1993 | 11,412 | 3,804 | 3,043 | 4,565 | 761 | 8,643 | 761 |
| 1994 | 11,312 | 3,771 | 3,017 | 4,525 | 744 | 8,438 | 744 |
| 1995 | 12,111 | 4,037 | 3,230 | 4,844 | 795 | 9,034 | 796 |
| 1996 | 13,398 | 4,135 | 3,306 | 4,962 | 814 | 9,248 | 815 |
| 1997 | 13,504 | 4,168 | 3,334 | 5,001 | 819 | 9,295 | 1,653 |
| 1998 | 11,792 | 3,930 | 3,145 | 4,717 | 777 | 9,594 | 786 |
| 1999 | 11,879 | 3,960 | 3,168 | 4,751 | 781 | 9,643 | 792 |
| 2000 | 12,178 | 4,059 | 3,247 | 4,871 | 812 | 9,854 | 797 |
| 2001 | 11,914 | 3,971 | 3,177 | 4,765 | 779 | 9,640 | 794 |
| 2002 | 11,478 | 3,826 | 3,061 | 4,591 | 751 | 9,280 | 765 |
| 2003 | 11,728 | 3,909 | 3,127 | 4,691 | 764 | 9,445 | 782 |

^(a) These taxes are payable in three equal installments due July 31, October 31, and February 28.

TABLE 5

| Airport Authority | MTA | District Library | Michigan S.E.T. | Mott Community College ^(a) | Inter- mediate School ^(a) | Flint School District ^(a) | Total |
|--------------------------|------|---------------------|--------------------|---|--|---|-------|
| <u>TAX RATES (MILLS)</u> | | | | | | | |
| 0.50 | - | 0.70 | - | 1.90 | 2.67 | 41.30 | 65.75 |
| 0.50 | - | 0.70 | - | 1.90 | 3.67 | 41.30 | 66.75 |
| 0.50 | - | 0.70 | - | 1.90 | 3.67 | 41.30 | 66.75 |
| 0.50 | 0.60 | 0.70 | - | 1.90 | 3.67 | 41.30 | 67.35 |
| 0.50 | 0.60 | 0.70 | - | 1.90 | 3.67 | 41.30 | 70.35 |
| 0.50 | 0.60 | 0.70 | - | 1.90 | 3.60 | 42.45 | 71.35 |
| 0.50 | 0.60 | 0.70 | 6.00 | 1.90 | 2.60 | 18.00 | 51.90 |
| 0.50 | 0.40 | 0.70 | 6.00 | 1.90 | 2.60 | 18.00 | 52.30 |
| 0.50 | 0.40 | - | 6.00 | 1.90 | 2.60 | 18.00 | 52.10 |
| 0.50 | 0.40 | - | 6.00 | 1.90 | 2.60 | 18.00 | 52.10 |
| 0.50 | 0.40 | - | 6.00 | 1.90 | 2.60 | 18.00 | 52.10 |
| 0.50 | 0.40 | 2.90 | 6.00 | 1.90 | 2.60 | 18.00 | 55.00 |
| 0.50 | 0.40 | 2.90 | 6.00 | 2.90 | 3.60 | 18.00 | 57.00 |
| 0.50 | 0.40 | 2.90 | 6.00 | 2.90 | 3.60 | 18.00 | 57.00 |
| 0.50 | 0.40 | 2.90 | 6.00 | 2.80 | 3.60 | 18.00 | 56.90 |

TAX LEVIES (amounts expressed in thousands)

| | | | | | | | |
|--------|-------|----------|-------|----------|----------|-----------|------------|
| \$ 861 | \$ - | \$ 1,205 | \$ - | \$ 3,271 | \$ 4,596 | \$ 60,332 | \$ 102,423 |
| 894 | - | 1,254 | - | 3,404 | 5,052 | 62,908 | 106,973 |
| 816 | - | 1,142 | - | 3,101 | 4,605 | 57,180 | 97,328 |
| 807 | 969 | 1,130 | - | 3,068 | 4,548 | 56,936 | 97,624 |
| 761 | 913 | 1,065 | - | 2,891 | 4,262 | 54,624 | 97,505 |
| 744 | 905 | 1,041 | - | 2,825 | 4,144 | 55,783 | 97,993 |
| 796 | 968 | 1,114 | 9,065 | 3,027 | 3,469 | 18,397 | 71,683 |
| 815 | 661 | 1,140 | 9,545 | 3,101 | 4,576 | 22,678 | 79,194 |
| 819 | 665 | - | 9,723 | 3,126 | 4,610 | 18,349 | 75,066 |
| - | 1,574 | - | 8,903 | 2,994 | 4,228 | 16,370 | 68,810 |
| 781 | 1,584 | - | 9,022 | 3,018 | 4,259 | 16,547 | 70,185 |
| 797 | 1,622 | - | 9,144 | 3,080 | 4,307 | 17,331 | 72,099 |
| 780 | 1,587 | 4,607 | 9,196 | 3,000 | 4,175 | 15,268 | 73,653 |
| 751 | 1,530 | 4,438 | 8,869 | 4,442 | 5,306 | 14,281 | 73,369 |
| 764 | 1,561 | 4,535 | 9,066 | 4,472 | 5,399 | 14,445 | 74,688 |

CITY OF FLINT, MICHIGAN
PRINCIPAL AD VALOREM TAXPAYERS
June 30, 2003

TABLE 6

| Principal Ad Valorem Taxpayers | 2003 State Equalized Value (SEV) ^(a) | | | Percentage of Total City SEV |
|---------------------------------------|---|---------------------------|-----------------------------|---------------------------------|
| | Real Estate | Personal Property | Total | |
| General Motors Corporation | \$ 128,614,100 | \$ 150,419,800 | \$ 279,033,900 | 15.29% |
| Delphi Automotive Systems | 29,170,600 | 65,428,000 | 94,598,600 | 5.18% |
| Consumers Power Company | 5,101,100 | 51,657,500 | 56,758,600 | 3.11% |
| Great Lakes Technology Centre | 14,989,400 | 2,800 | 14,992,200 | 0.82% |
| PPG Industries, Inc. | 1,401,800 | 6,086,800 | 7,488,600 | 0.41% |
| Citizens Bank | 6,067,200 | - | 6,067,200 | 0.33% |
| The Herald Company, Inc. | 3,524,500 | 1,862,000 | 5,386,500 | 0.30% |
| Comcast Cablevision | 443,500 | 4,244,900 | 4,688,400 | 0.26% |
| E.D.S. Corporation | 0 | 4,502,200 | 4,502,200 | 0.25% |
| Plastics Research Corporation | 3,918,500 | 4,046,600 | 7,965,100 | 0.44% |
| McDonald Dairy/Country Fresh | 850,000 | 4,053,300 | 4,903,300 | 0.27% |
| Ramco-Gershenson Properties | 5,409,000 | 0 | 5,409,000 | 0.30% |
| Dayton-Hudson | 3,547,900 | 857,000 | 4,404,900 | 0.24% |
| Saginaw & Court Associates | 3,657,800 | 0 | 3,657,800 | 0.20% |
| I C X Corporation | 0 | 343,300 | 3,433,000 | 0.19% |
| Michigan Coca-Cola Bottling | 1,415,100 | 2,075,000 | 3,490,100 | 0.19% |
| Heller Financial Services | 0 | 2,893,000 | 2,893,000 | 0.16% |
| WJRT, Inc. | 1,007,200 | 2,007,200 | 3,014,400 | 0.17% |
| Schottenstein Stores | 3,942,000 | 0 | 3,942,000 | 0.22% |
| Kasle Steel Corporation | 1,500,000 | 1,600,200 | 3,100,200 | 0.17% |
| TOTALS | \$ 214,559,700 | \$ 305,169,300 | \$ 519,729,000 | 28.48% |
| Total, City of Flint | <u>\$ 1,459,734,232</u> | <u>\$ 365,427,300</u> | <u>\$ 1,825,161,532</u> | |
| Percent of each type and of total | <u>14.70%</u> | <u>83.51%</u> | <u>28.48%</u> | |

^(a) The State Equalized Valuation for 2002 calendar year provides the tax base for the City's fiscal year ended June 30, 2003.

CITY OF FLINT, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

TABLE 7

| | | |
|--|-------------------|------------------------|
| Assessed Valuation at December 31, 2002 | | <u>\$1,825,161,532</u> |
| Legal debt limit (7% of assessed valuation) ^(a) | | \$ 127,761,307 |
| Total Bonded Debt at June 30, 2003 | \$ 108,622,135 | |
| Less debt not subject to limitation under City Charter and State Statute: | | |
| Revenue bonds and notes | <u>96,568,575</u> | |
| Debt subject to limitation (net debt) | | <u>12,053,560</u> |
| Unused Debt Limitation | | <u>\$ 115,707,747</u> |

^(a) 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.

CITY OF FLINT, MICHIGAN

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA - UNAUDITED

LAST 15 FISCAL YEARS

TABLE 8

| Fiscal Year | Population | Assessed Value* | Gross Outstanding G.O. Bonded Debt * | Less Amounts Available* ^[a] | Debt Payable from | | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|------------------------|-----------------|--------------------------------------|--|-----------------------------------|------------------|--|----------------------------|
| | | | | | Proprietary Funds* ^[b] | Net Bonded Debt* | | |
| 1989 | 146,000 ^[c] | \$ 1,723,602 | \$ 42,903 | \$ 7,477 | \$ 14,502 | \$ 20,924 | 1.21% | \$ 143 |
| 1990 | 140,761 ^[d] | 1,906,521 | 45,025 | 9,574 | 17,618 | 17,833 | 0.94% | 126 |
| 1991 | 140,761 ^[d] | 1,631,431 | 40,740 | 4,075 | 16,163 | 20,502 | 1.26% | 145 |
| 1992 | 140,761 ^[d] | 1,837,152 | 37,741 | 3,453 | 15,238 | 19,050 | 1.04% | 135 |
| 1993 | 140,761 ^[d] | 1,521,579 | 39,573 | 3,296 | 13,594 | 22,683 | 1.49% | 161 |
| 1994 | 140,761 ^[d] | 1,508,321 | 34,712 | 1,415 | 11,272 | 22,025 | 1.46% | 156 |
| 1995 | 140,761 ^[d] | 1,718,536 | 31,642 | 133 | 10,625 | 20,884 | 1.21% | 148 |
| 1996 | 140,761 ^[d] | 1,591,145 | 28,689 | 140 | 10,050 | 18,639 | 1.17% | 132 |
| 1997 | 140,761 ^[d] | 1,742,374 | 25,765 | 143 | 9,450 | 16,172 | 0.93% | 115 |
| 1998 | 140,761 ^[d] | 1,649,014 | 23,361 | 157 | 9,025 | 14,179 | 0.86% | 101 |
| 1999 | 140,761 ^[d] | 1,734,755 | 32,460 | - | 20,382 | 12,078 | 0.70% | 86 |
| 2000 | 127,100 ^[e] | 1,814,889 | 28,412 | 6 | 18,524 | 9,882 | 0.54% | 78 |
| 2001 | 127,100 ^[e] | 1,779,610 | 27,608 | 12 | 19,876 | 7,720 | 0.43% | 61 |
| 2002 | 127,100 ^[e] | 1,758,373 | 17,409 | - | 9,263 | 8,146 | 0.46% | 64 |
| 2003 | 127,100 ^[e] | 1,825,161 | 12,054 | - | 7,228 | 4,826 | 0.26% | 38 |

* Amounts expressed in thousands

^[a] Amount available for repayment of general obligation bonds in debt service funds

^[b] Sewage disposal plant and system general obligation bonds being repaid from Sewer Fund revenues

^[c] Based on 1988 U.S. Revenue Sharing allocation data

^[d] Adjusted U.S. Census figures for 1990

^[e] Adjusted U.S. Census figures for 2000

CITY OF FLINT, MICHIGAN

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES - UNAUDITED
LAST 15 FISCAL YEARS**

TABLE 9

| Fiscal Year | Principal | Interest | Total Debt Service^[a] | Total General Expenditures^[b] | Ratio of Debt Service to General Expenditures |
|------------------------|------------------------------|-----------------|---|---|--|
| 1989 | \$ 14,426,000 ^[c] | \$ 4,054,000 | \$ 18,480,000 ^[c] | \$ 90,201,000 | 20.49% |
| 1990 | 4,061,000 | 3,441,000 | 7,502,000 | 94,067,000 | 7.98% |
| 1991 | 3,667,000 | 3,579,000 | 7,246,000 | 102,710,000 | 7.05% |
| 1992 | 5,554,000 | 3,154,000 | 8,708,000 | 102,636,000 | 8.48% |
| 1993 | 13,399,000 | 2,557,000 | 15,956,000 ^[d] | 105,634,000 | 15.10% |
| 1994 | 6,433,000 | 2,022,000 | 8,455,000 | 98,232,000 | 8.61% |
| 1995 | 2,094,000 | 1,374,000 | 3,468,000 | 97,147,000 | 3.57% |
| 1996 | 2,871,000 | 1,242,000 | 4,113,000 | 107,862,000 | 3.81% |
| 1997 | 2,519,000 | 1,305,000 | 3,824,000 | 107,032,000 | 3.57% |
| 1998 | 2,194,000 | 1,048,000 | 3,242,000 | 112,825,000 | 2.87% |
| 1999 | 3,643,000 | 1,562,000 | 5,205,000 | 130,075,000 | 4.00% |
| 2000 | 2,586,000 | 1,051,000 | 3,637,000 | 135,182,000 | 2.69% |
| 2001 | 2,466,000 | 871,000 | 3,337,000 | 117,598,000 | 2.84% |
| 2002 | 2,717,000 | 624,000 | 3,341,000 | 110,648,000 | 3.02% |
| 2003 | 2,451,724 | 398,850 | 2,850,574 | 94,932,477 | 3.00% |

^[a] Sewage Disposal Plant Bond Obligations, 1962 and 1974, have been covered by revenues of the sewage disposal division and are not included in this table. Up to 2001, portions of the Michigan Municipal Bond Authority debt are being covered by revenues of Internal Service Funds and Enterprise Funds and are not included in the above total, but from 2002 only Enterprise Fund debts are included.

^[b] General expenditures encompass general, special revenue, debt service, and capital projects funds. From 2002, they include Internal Service Fund expenditures.

^[c] Includes \$11,000,000 of principal expenditures in 1989 on advance refundings of debt.

^[d] Includes \$9,629,565 of principal expenditures in 1993 to advance refund a General Obligation Revenue Bond. A local grant provided the funds to refund the debt.

CITY OF FLINT, MICHIGAN
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - UNAUDITED
June 30, 2003

TABLE 10

| | 2002 SEV ^(a) of Unit's Taxable Property Within City of Flint | 2002 SEV ^(a) of Unit's Total Taxable Property | Percentages Applicable to City of Flint | Bonded Debt Outstanding | Direct and Overlapping Bonded Debt |
|-----------------------------------|--|--|---|----------------------------|--|
| Direct Debt: | | | | | |
| City of Flint | \$ 1,803,672,717 | \$ 1,803,672,717 | 100.00% | \$ 108,622,135 | \$ 108,622,135 |
| Overlapping Debt: | | | | | |
| Genesee County | 1,803,672,717 | 10,910,125,883 | 16.53% | 37,960,000 | 6,275,584 |
| Flint School District | 1,657,668,270 | 1,657,668,270 | 100.00% | 12,168,451 | 12,168,451 |
| Genesee Intern District | 1,803,672,717 | 10,910,125,883 | 16.53% | 329,990 | 54,554 |
| Airport Authority | 1,803,672,717 | 10,910,125,883 | 16.53% | 24,479,231 | 4,046,930 |
| Mott Community College | 1,803,672,717 | 10,910,125,883 | 16.53% | 60,400,000 | 9,985,387 |
| Carman School District | 138,467,919 | 1,030,355,819 | 13.44% | 48,750,000 | 6,551,437 |
| Kearsley School District | 107,300 | 398,564,271 | 0.03% | 0 | 0 |
| Swartz Creek School District | 3,936,306 | 967,073,519 | 0.41% | 0 | 0 |
| Westwood Heights School District | 3,492,922 | 174,851,822 | 2.00% | 0 | 0 |
| Mass Transit Authority | 1,803,672,717 | 10,910,125,883 | 16.53% | 0 | 0 |
| Flint Public Library | 1,803,672,717 | 10,910,125,883 | 16.53% | 0 | 0 |
| Total overlapping debt | | | | | \$ 39,082,343 |
| Total direct and overlapping debt | | | | | \$ 147,704,478 |

^(a) SEV is the State Equalized Valuation, equivalent to 50% of estimated value.

CITY OF FLINT, MICHIGAN
SCHEDULE OF REVENUE BOND COVERAGE
HURLEY MEDICAL CENTER REVENUE BONDS - UNAUDITED
LAST 15 FISCAL YEARS
(amounts expressed in thousands)

TABLE 11a

| Fiscal Year | Gross Operating Revenue | Other Income ^(a) | Total Revenue | Expenses ^(b) | Debt Service Requirements | | | | Coverage |
|---------------------|-------------------------|-----------------------------|---------------|-------------------------|--|----------|----------|----------|----------|
| | | | | | Net Revenue Available for Debt Service | | | | |
| | | | | | Principal | Interest | Total | | |
| 1989 | \$ 139,556 | \$ 3,925 | \$ 143,481 | \$ 124,192 | \$ 19,289 | \$ 1,415 | \$ 5,203 | \$ 6,618 | 2.91 |
| 1990 | 152,948 | 3,720 | 156,668 | 137,208 | 19,460 | 4,370 | 4,337 | 8,707 | 2.23 |
| 1991 | 171,993 | 2,628 | 174,621 | 149,320 | 25,301 | 4,551 | 5,421 | 9,972 | 2.53 |
| 1992 | 175,428 | 2,860 | 178,288 | 158,032 | 20,256 | 3,393 | 5,221 | 8,614 | 2.35 |
| 1993 | 178,146 | 3,221 | 181,367 | 156,844 | 24,523 | 3,685 | 5,007 | 8,692 | 2.82 |
| 1994 | 213,573 | 1,564 | 215,137 | 181,109 | 34,028 | 3,670 | 5,211 | 8,881 | 3.83 |
| 1995 | 230,270 | 2,194 | 232,464 | 196,293 | 36,171 | 4,529 | 5,041 | 9,570 | 3.77 |
| 1996 ^(c) | 246,451 | 4,395 | 250,846 | 207,600 | 43,246 | 1,255 | 4,474 | 5,729 | 7.54 |
| 1997 | 255,359 | 4,740 | 260,099 | 219,772 | 40,327 | 2,840 | 4,877 | 7,717 | 5.22 |
| 1998 | 272,034 | 6,577 | 278,611 | 238,991 | 39,620 | 2,515 | 4,434 | 6,949 | 5.70 |
| 1999 | 268,321 | 3,709 | 272,030 | 240,522 | 31,508 | 3,570 | 4,668 | 8,238 | 3.82 |
| 2000 | 284,563 | 4,817 | 289,380 | 256,059 | 33,321 | 3,830 | 4,536 | 8,366 | 3.98 |
| 2001 | 292,012 | 8,146 | 300,158 | 261,459 | 38,699 | 3,980 | 4,420 | 8,400 | 4.61 |
| 2002 | 284,243 | 3,147 | 287,390 | 270,027 | 17,363 | 4,295 | 3,594 | 7,889 | 2.20 |
| 2003 | 326,832 | 14,618 | 341,450 | 283,239 | 58,211 | 29,585 | 3,584 | 33,169 | 1.75 |

^(a) Other income consists of interest, gain on sale of Hurley Hospital's Renal (Kidney) Program, and other income.

^(b) Depreciation, amortization, and bad debt expense not included. In 2002, write-off of Accounts Receivable also not included.

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

CITY OF FLINT, MICHIGAN
SCHEDULE OF REVENUE BOND COVERAGE
WATER SUPPLY SYSTEM REVENUE BONDS - UNAUDITED
LAST 15 FISCAL YEARS
(amounts expressed in thousands)

TABLE 11b

| Fiscal Year | Gross Operating Revenue | Other Income ^[a] | Total Revenue | Expenses ^[b] | Debt Service Requirements | | | | |
|---------------------|-------------------------|-----------------------------|---------------|-------------------------|--|-----------|----------|--------|----------|
| | | | | | Net Revenue Available for Debt Service | Principal | Interest | Total | Coverage |
| 1989 | \$ 17,800 | \$ 370 | \$ 18,170 | \$ 14,527 | \$ 3,643 | \$ 170 | \$ 51 | \$ 221 | 16.48 |
| 1990 | 17,011 | 616 | 17,627 | 14,968 | 2,659 | 175 | 45 | 220 | 12.09 |
| 1991 | 18,134 | 323 | 18,457 | 15,113 | 3,344 | 185 | 38 | 223 | 15.00 |
| 1992 | 18,223 | 208 | 18,431 | 16,495 | 1,936 | 190 | 31 | 221 | 8.76 |
| 1993 | 18,030 | 401 | 18,431 | 16,863 | 1,568 | 200 | 23 | 223 | 7.03 |
| 1994 ^[c] | 18,846 | 121 | 18,967 | 18,493 | 474 | 205 | 20 | 225 | 2.11 |
| 1995 | 19,140 | 666 | 19,806 | 17,935 | 1,871 | 410 | 8 | 428 | 4.37 |
| 1996 ^[d] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1997 ^[d] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1998 ^[d] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1999 ^[d] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2000 | 21,229 | 429 | 21,658 | 21,440 | 218 | - | 8 | 8 | 27.25 |
| 2001 | 19,153 | 540 | 19,693 | 19,984 | (291) | 285 | 86 | 371 | (0.78) |
| 2002 | 25,416 | 543 | 25,959 | 20,978 | 4,981 | 605 | 216 | 821 | 6.07 |
| 2003 | 27,205 | 329 | 27,534 | 23,728 | 3,806 | 1,015 | 548 | 1,563 | 2.44 |

^[a] Other Income consists primarily of interest earned on investments.

^[b] Total operating expenses less depreciation and bad debt expense.

^[c] 1995 - Principal and interest payments were not made until after year end.

^[d] Revenue bonds were fully paid during 1995.

CITY OF FLINT, MICHIGAN
DEBT SERVICE REQUIREMENTS TO MATURITY -
GOVERNMENTAL-TYPE ACTIVITY

TABLE 12a

| <u>Fiscal</u> <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Requirements</u> |
|--|--------------------------|------------------------|---|
| 2004 | \$ 3,120,805 | \$ 407,998 | \$ 3,528,803 |
| 2005 | 1,956,093 | 258,893 | 2,214,986 |
| 2006 | 3,448,130 | 132,099 | 3,580,229 |
| 2007 | 265,353 | 38,909 | 304,262 |
| 2008 | 273,297 | 29,509 | 302,806 |
| 2009-2013 | 687,517 | 56,975 | 744,492 |
| 2014-2018 | <u>308,791</u> | <u>9,551</u> | <u>318,342</u> |
| Totals | <u>\$ 10,059,986</u> | <u>\$ 933,934</u> | <u>\$ 10,993,920</u> |

CITY OF FLINT, MICHIGAN
DEBT SERVICE REQUIREMENTS TO MATURITY -
BUSINESS-TYPE ACTIVITIES

TABLE 12b

| <u>Fiscal</u> <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Requirements</u> |
|--|-------------------------|------------------------|---|
| 2004 | \$ 7,680,412 | \$ 5,458,015 | \$13,138,427 |
| 2005 | 5,984,619 | 5,071,272 | 11,055,891 |
| 2006 | 6,303,314 | 4,783,325 | 11,086,639 |
| 2007 | 8,216,900 | 4,484,680 | 12,701,580 |
| 2008 | 5,643,539 | 4,115,219 | 9,758,758 |
| 2009-2013 | 23,461,376 | 17,174,660 | 40,636,036 |
| 2014-2018 | 29,212,607 | 10,781,354 | 39,993,961 |
| 2019-2023 | 19,523,141 | 3,445,777 | 22,968,918 |
| 2042-2028 | 5,645,000 | 993,302 | 6,638,302 |
| 2029 | 1,320,000 | | 1,320,000 |
| Totals | <u>\$112,990,908</u> | <u>\$56,307,604</u> | <u>\$169,298,512</u> |

CITY OF FLINT, MICHIGAN

DEMOGRAPHIC STATISTICS

TABLE 13

Area and Population:

Source: U.S. Census Records

| <u>Year</u> | <u>Square Miles</u> | <u>Census Population Count</u> |
|-------------|-------------------------|--|
| 1910 | 29.9 | 38,550 |
| 1920 | 29.9 | 91,599 |
| 1930 | 29.9 | 156,492 |
| 1940 | 29.9 | 151,543 |
| 1950 | 29.9 | 162,350 |
| 1960 | 29.9 | 196,940 |
| 1970 | 32.8 | 193,317 |
| 1980 | 32.8 | 159,611 |
| 1990 | 32.8 | *140,761 |
| 2000 | 32.8 | **127,100 |

*Adjusted 1990 U.S. Census

**Adjusted 2000 U.S. Census

Age Distribution

Source: U.S. Census Records

| | <u>Under 5</u> | <u>5-9</u> | <u>10-14</u> | <u>15-19</u> | <u>20-24</u> | <u>25-44</u> | <u>45-64</u> | <u>65 +</u> |
|------|----------------|------------|--------------|--------------|--------------|--------------|--------------|-------------|
| 1930 | 16,896 | 16,157 | 13,102 | 12,596 | 16,796 | 54,656 | 21,524 | 4,765 |
| 1940 | 12,729 | 12,676 | 13,955 | 14,013 | 13,301 | 50,658 | 27,598 | 6,613 |
| 1950 | 18,090 | 13,390 | 11,845 | 11,935 | 14,950 | 49,280 | 32,990 | 9,870 |
| 1960 | 26,507 | 21,572 | 16,620 | 12,914 | 12,719 | 54,182 | 38,453 | 13,973 |
| 1970 | 20,537 | 20,417 | 20,139 | 17,819 | 17,374 | 45,147 | 35,119 | 16,765 |
| 1980 | 14,471 | 13,958 | 13,596 | 14,992 | 17,643 | 40,772 | 28,160 | 16,019 |
| 1990 | 13,375 | 11,840 | 10,977 | 11,439 | 11,146 | 43,790 | 23,094 | 15,100 |
| 2000 | 11,202 | 11,871 | 10,036 | 9,014 | 9,028 | 36,742 | 23,966 | 13,084 |

(continued)

CITY OF FLINT, MICHIGAN

DEMOGRAPHIC STATISTICS

TABLE 13 (continued)

Distribution of Families by Income Bracket:

Source: 2000 U.S. Census of Population

City of Flint – 127,100 (adjusted) / Genesee County – 436,141

| Income | Flint | | Genesee County | |
|----------------------|----------|------------|----------------|------------|
| | Number | Percentage | Number | Percentage |
| <\$10,000 | 4,712 | 15.4% | 7,780 | 6.7% |
| \$10,000 to 14,999 | 2,655 | 8.7% | 5,229 | 4.5% |
| \$15,000 to 24,999 | 5,031 | 16.4% | 12,764 | 10.9% |
| \$25,000 to 34,999 | 4,190 | 13.7% | 13,552 | 11.6% |
| \$35,000 to 49,999 | 4,547 | 14.8% | 18,984 | 16.2% |
| \$50,000 to 74,999 | 5,030 | 16.4% | 26,033 | 22.3% |
| \$75,000 to 99,999 | 2,403 | 7.8% | 16,452 | 14.1% |
| \$100,000 to 149,999 | 1,514 | 4.9% | 11,932 | 10.2% |
| \$150,000 or 199,999 | 298 | 1.0% | 2,297 | 2.0% |
| \$200,000 or more | 296 | 1.0% | 1,861 | 1.6% |
| Total Families | 30,676 | 100% | 116,884 | 100% |
| Median Income | \$31,424 | | \$50,090 | |
| Mean Income | \$40,266 | | \$53,562 | |

City of Flint Unemployment Data:

Source: Michigan Employment
Security Commission

| | |
|------|-------|
| 1983 | 24.8% |
| 1984 | 17.8% |
| 1985 | 16.1% |
| 1986 | 14.7% |
| 1987 | 16.3% |
| 1988 | 18.7% |
| 1989 | 13.9% |
| 1990 | 16.6% |
| 1991 | 21.1% |
| 1992 | 20.0% |
| 1993 | 16.3% |
| 1994 | 13.7% |
| 1995 | 11.8% |
| 1996 | 10.9% |
| 1997 | 9.6% |
| 1998 | 10.2% |
| 1999 | 9.7% |
| 2000 | 9.5% |
| 2001 | 13.1% |
| 2002 | 14.7% |

Per Capita Personal Income:

Flint Standards Metropolitan Statistical Area

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

| | |
|------|--------|
| 1983 | 12,115 |
| 1984 | 13,497 |
| 1985 | 14,452 |
| 1986 | 15,095 |
| 1987 | 14,907 |
| 1988 | 15,993 |
| 1989 | 16,569 |
| 1990 | 17,130 |
| 1991 | 18,262 |
| 1992 | 18,843 |
| 1993 | 20,556 |
| 1994 | 23,584 |
| 1995 | 25,591 |
| 1996 | 23,255 |
| 1997 | 23,510 |
| 1998 | 24,171 |
| 1999 | 24,556 |
| 2000 | 25,204 |
| 2001 | 25,105 |
| 2002 | N/A |

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2003

TABLE 14

Date of Incorporation February 13, 1855

Date Present Charter Adopted November 4, 1975

Form of Government Strong Mayor - Council

Retail Sales

| | <u>City of Flint</u> | <u>Genesee County</u> |
|-----------|----------------------|-----------------------|
| 1977..... | \$ 801,457,000 | \$1,585,912,000 |
| 1978..... | 986,090,000 | 1,960,224,000 |
| 1979..... | 733,445,000 | 2,305,489,000 |
| 1980..... | 654,259,000 | 2,252,229,000 |
| 1981..... | 640,231,000 | 2,480,194,000 |
| 1982..... | 667,160,000 | 2,508,978,000 |
| 1983..... | 779,489,000 | 2,620,466,000 |
| 1984..... | 1,022,316,000 | 2,465,779,000 |
| 1985..... | 1,150,568,000 | 2,775,821,000 |
| 1986..... | 1,236,451,000 | 2,977,633,000 |
| 1987..... | 1,280,090,000 | 3,140,358,000 |
| 1988..... | 1,297,952,000 | 3,222,975,000 |
| 1989..... | 1,350,797,000 | 3,300,607,000 |
| 1990..... | 1,457,514,000 | 3,478,101,000 |
| 1991..... | 1,410,221,000 | 3,365,172,000 |
| 1992..... | 1,443,878,000 | 3,451,787,000 |
| 1993..... | 1,586,848,000 | 3,666,721,000 |
| 1994..... | 1,118,257,000 | 4,339,695,000 |
| 1995..... | 1,206,333,000 | 4,663,075,000 |
| 1996..... | 1,270,363,000 | 4,951,715,000 |
| 1997..... | 1,290,086,000 | 5,169,530,000 |
| 1998..... | 1,346,086,000 | 5,435,824,000 |
| 1999..... | 1,139,457,000 | 5,842,488,000 |
| 2000..... | 1,098,371,000 | 5,984,647,000 |
| 2001..... | 1,065,023,000 | 5,693,816,000 |
| 2002..... | 944,196,000 | 5,661,882,000 |

Source: Sales & Marketing Management Magazine (Survey of Buying Power)

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2003

TABLE 14 (continued)

Home Sales within the City

| <u>Calendar Year</u> | <u>Existing Homes # Units Sold</u> | <u>Average Home Selling Price (\$)</u> |
|--------------------------|--|--|
| 1987 | 1,599 | \$30,428 |
| 1988 | 1,535 | 31,125 |
| 1989 | 1,653 | 30,718 |
| 1990 | 1,572 | 31,266 |
| 1991 | 1,559 | 30,700 |
| 1992 | 1,504 | 33,012 |
| 1993 | 1,266 | 35,569 |
| 1994 | 1,249 | 36,091 |
| 1995 | 1,561 | 37,094 |
| 1996 | 1,851 | 39,302 |
| 1997 | 1,908 | 40,491 |
| 1998 | 3,382 | 45,399 |
| 1999 | 2,226 | 46,007 |
| 2000 | 1,041 | 51,468 |
| 2001 | 1,560 | 58,101 |
| 2002 | 1,693 | 56,685 |

Miles of Streets and Alleys

| | |
|------------------------|--------------|
| <u>Streets – Paved</u> | |
| State Trunklines | 10.52 |
| City | 507.44 |
| Interstate | 10.93 |
| Total Paved | 528.89 Miles |
| Streets – Unpaved | .40 Miles |
| Alleys | 8.80 Miles |
| Sidewalks | 986.25 Miles |

Number of Street Lights 11,182

Number of Traffic Signals 276

Miles of Sewers

| | |
|-------------------|--------------|
| Storm Sewers | 350.00 Miles |
| Sanitary Sewers | 600.00 Miles |
| Sanitary Manholes | 12,000 |
| Catch Basins | 30,000 |

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2003

TABLE 14 (continued)

Education – Fall 2002-2003

Number of Students:

| | |
|---|--------|
| Kindergarten – Grade 6 | 12,310 |
| Grades 7 – 12 | 8,375 |
| Special Education & Alternative Education | 586 |
| Total Public School Students | 21,271 |
| Private Schools – Grades K-12 | 1,545 |
| Total Students | 22,816 |

Number of Schools:

| | |
|----------------------------------|----|
| High Schools | 6 |
| Middle Schools | 7 |
| Elementary Schools | 31 |
| Private Schools | 5 |
| Vocational/Adult/Alternate | 3 |
| Total Schools | 52 |

Number of Personnel - Public Schools:

| | |
|--|---------|
| Teachers (including Special Education Personnel) | 1,349 |
| Pupil/Teacher Ratio | 16 to 1 |
| Professional Personnel | 1,667 |
| Pupil/Professional Personnel Ratio | 13 to 1 |

Source: Genesee Intermediate School District Statistical Summary 2002-2003

Colleges/Universities – Autumn 2001 Enrollments (including on-line courses):

| | |
|---|-------|
| Baker College – Flint | 5,266 |
| Kettering (formerly GMI Engrg & Mgmt Institute) | 2,278 |
| Mott Community College | 9,304 |
| University of Michigan – Flint | 6,434 |
| Satellite Campus Enrollment (approximate) | 400 |
| Spring Arbor College | |
| Central Michigan University | |
| Davenport/Detroit College of Business | |
| MSU College of Human Medicine | |

Source: Area College Registrars & Public Affairs/Marketing Offices

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2003

TABLE 14 (continued)

Fire Protection

| | |
|---------------------|-----|
| Fire Stations | 6 |
| Uniformed Employees | 126 |

Police Protection

| | |
|------------------------|-----|
| Sworn Employees | 241 |
| Civilian Employees | 35 |
| Vehicular Patrol Units | 194 |

Recreation Facilities and Park Areas as of June 30, 2002

Facilities –

| | |
|----|--|
| 3 | Baseball Stadiums – Class A |
| 29 | Basketball Courts |
| 1 | Bike Trail (with connecting feeder trails) |
| 6 | Community Centers |
| 3 | Football Fields |
| 1 | Football Stadium |
| 1 | Lawn Bowling Green (6 lanes) |
| 21 | Pavilion/Picnic Shelters |
| 41 | Playgrounds |
| 1 | Rugby Field |
| 10 | Shuffleboard Courts |
| 1 | Soap Box Derby Facility |
| 7 | Soccer Fields |
| 26 | Softball Fields |
| 33 | Tennis Courts |
| 8 | Water Bodies |

Park Areas -

| <u>Park Classification</u> | <u>Number</u> | <u>Area (Acres)</u> |
|----------------------------|---------------|---------------------|
| Major City Parks | 2 | 137 |
| Community Parks | 11 | 705 |
| Neighborhood Parks | 25 | 183 |
| Playlots | 9 | 9 |
| Special Use Parks | 16 | 174 |
| Golf Courses | <u>4</u> | <u>628</u> |
| | 67 | 1,836 |

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2003

TABLE 14 (continued)

| Purpose of Elections and Date Held | Registered Voters | Votes Cast | Percentage |
|---|--------------------------|-------------------|-------------------|
| Municipal Election of November 3, 1970 | 92,312 | 57,829 | 62.6 |
| General Election of November 7, 1972 | 95,344 | 68,151 | 71.5 |
| Municipal Election of November 6, 1973 | 94,532 | 23,226 | 24.6 |
| General Election of November 5, 1974 | 93,030 | 44,396 | 47.7 |
| Municipal Election of November 4, 1975 | 95,780 | 42,072 | 43.9 |
| General Election of November 2, 1976 | 92,132 | 62,109 | 67.4 |
| Municipal Election of November 7, 1977 | 82,330 | 14,116 | 17.1 |
| General Election of November 7, 1978 | 85,729 | 42,124 | 49.1 |
| Municipal Election of November 6, 1979 | 88,158 | 34,428 | 39.1 |
| General Election of November 4, 1980 | 92,461 | 60,347 | 65.3 |
| Municipal Election of November 3, 1981 | 87,235 | 18,496 | 21.2 |
| General Election of November 2, 1982 | 93,966 | 46,980 | 50.0 |
| Municipal Election of November 8, 1983 | 95,515 | 43,044 | 45.1 |
| General Election of November 6, 1984 | 103,902 | 61,057 | 58.8 |
| General Election of November 5, 1985 | 101,233 | 14,889 | 14.7 |
| General Election of November 4, 1986 | 102,419 | 36,513 | 35.7 |
| Municipal Election of November 3, 1987 | 100,831 | 43,151 | 42.8 |
| General Election of November 8, 1988 | 100,623 | 54,101 | 53.7 |
| Municipal Election of November 7, 1989 | 91,980 | 23,670 | 25.7 |
| General Election of November 6, 1990 | 96,496 | 31,485 | 32.6 |
| Municipal Election of November 5, 1991 | 98,350 | 44,159 | 44.9 |
| General Election of November 3, 1992 | 99,130 | 58,221 | 58.7 |
| Municipal Election of November 2, 1993 | 96,291 | 14,120 | 14.7 |
| General Election of November 8, 1994 | 91,567 | 42,304 | 46.2 |
| Municipal Election of November 7, 1995 | 91,073 | 31,311 | 34.4 |
| General Election of November 5, 1996 | 96,189 | 47,458 | 49.3 |
| Municipal Election of November 4, 1997 | 96,684 | 15,317 | 15.8 |
| General Election of November 3, 1998 | 96,883 | 35,422 | 36.6 |
| Municipal Election of November 2, 1999 | 98,798 | 34,125 | 34.5 |
| General Election of November 7, 2000 | 91,933 | 47,909 | 52.1 |
| Municipal Election of November 6, 2001 | 92,934 | 14,186 | 15.3 |
| Special Mayoral Recall of March 5, 2002 | 90,368 | 28,598 | 31.7 |
| Primary Election of August 6, 2002 | 90,116 | 20,116 | 22.3 |
| General Election of November 5, 2002 | 89,854 | 28,770 | 32.0 |
| School Board Election of June 6, 2003 | 88,039 | 2,722 | 3.1 |

CITY OF FLINT, MICHIGAN

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS – UNAUDITED FOR FISCAL YEAR ENDED JUNE 30, 2003

TABLE 15

| Name and Title of Official | Annual Salary | Amount of Surety Bond ^(a) |
|--|---------------|---|
| James Rutherford, Mayor | \$24,000 | \$100,000 |
| Darnell Earley, City Administrator | \$95,002 | \$100,000 |
| Karen Folks, Chief Legal Officer | \$72,001 | \$100,000 |
| Peter Dobrzeniecki, Director of Finance | \$83,922 | \$100,000 |
| James Goodin, City Treasurer | \$70,955 | \$400,000 |
| Douglas Bingaman, Deputy City Treasurer | \$64,719 | \$250,000 |
| Deirdre Pitts, Director of Human Resources | \$65,000 | \$100,000 |
| Inez Brown, City Clerk | \$70,818 | \$100,000 |
| Jessie Binion, Ombudsman | \$70,818 | \$100,000 |

^(a)A blanket surety bond in the amount of \$100,000 each is maintained for all City employees except the Treasurer & Deputy Treasurer.

CITY OF FLINT, MICHIGAN
PROPERTY VALUE, CONSTRUCTION & BANK DEPOSITS - UNAUDITED
LAST 15 FISCAL YEARS

TABLE 16

| Fiscal Year | Construction | | Property Value ⁽¹⁾ | | | | Total | Flint City Bank Deposits* |
|-------------|--------------|---------------|-------------------------------|----------------|------------------|------------------|------------------|---------------------------|
| | # of Permits | Value | Residential | Commercial | Industrial | | | |
| 1988 | 1,465 | \$ 20,504,892 | \$ 1,285,334,640 | \$ 528,368,920 | \$ 1,592,137,200 | \$ 3,405,840,760 | \$ 1,129,734,000 | |
| 1989 | 1,345 | 63,299,284 | 1,315,186,700 | 531,008,520 | 1,601,008,200 | 3,447,203,420 | 1,172,048,000 | |
| 1990 | 1,311 | 43,683,437 | 1,302,669,040 | 520,246,120 | 1,525,708,200 | 3,348,623,360 | 1,185,993,000 | |
| 1991 | 1,462 | 36,618,103 | 1,264,074,980 | 525,148,720 | 1,473,638,800 | 3,262,862,500 | 1,835,330,000 | |
| 1992 | 1,540 | 61,199,848 | 1,245,369,520 | 543,779,180 | 1,439,357,800 | 3,228,506,500 | 1,863,362,000 | |
| 1993 | 1,622 | 31,031,751 | 1,244,077,260 | 549,312,580 | 1,453,006,000 | 3,246,395,840 | 2,297,465,000 | |
| 1994 | 1,705 | 31,158,511 | 1,258,377,340 | 537,432,780 | 1,220,831,600 | 3,016,641,720 | 2,287,177,000 | |
| 1995 | 1,902 | 37,385,211 | 1,272,429,544 | 544,922,180 | 1,285,427,400 | 3,102,779,124 | 2,413,127,000 | |
| 1996 | 1,725 | 23,061,562 | 1,322,847,746 | 553,721,580 | 1,305,721,000 | 3,182,290,326 | 2,453,775,000 | |
| 1997 | 1,604 | 33,320,076 | 1,418,338,020 | 584,987,660 | 1,294,703,200 | 3,298,028,880 | 2,541,482,000 | |
| 1998 | Not Avail | 152,402,000 | 740,365,304 | 218,706,200 | 223,093,200 | 1,182,164,704 | 2,541,527,000 | |
| 1999 | 1,980 | 66,662,000 | 794,753,857 | 234,058,400 | 234,476,100 | 1,263,288,357 | 2,500,994,000 | |
| 2000 | 1,807 | 85,046,355 | 830,643,286 | 252,196,300 | 233,893,800 | 1,316,733,386 | 2,767,091,000 | |
| 2001 | 1,448 | 59,775,088 | 886,666,477 | 274,378,900 | 194,930,700 | 1,355,976,077 | 2,782,645,000 | |
| 2002 | 1,185 | 55,084,557 | 957,675,217 | 269,757,100 | 185,238,700 | 1,412,671,017 | 2,772,634,000 | |
| 2003 | 1,288 | 5,066,284 | 1,012,591,332 | 234,689,000 | 207,364,700 | 1,454,645,032 | N/A | |

⁽¹⁾ Valuations at True Cash Value (TCV)

*calendar year

**CITY OF FLINT, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM -
COMPARATIVE SCHEDULE ACTUARIAL VALUATIONS - UNAUDITED
LAST 15 CALENDAR YEARS
(\$ amounts expressed in thousands)**

TABLE 17

| Valuation Date December 31 | Valuation Assets | Continuation Indicators | | | | | Ratio of UAPVCPB to APVCPB | Member Payroll | Ratio of UAPVCPB to Payroll |
|-------------------------------|---------------------|-------------------------|--------------|-----------|----------------------|-------------------|----------------------------------|-------------------|-----------------------------------|
| | | APVCPB | Funded Ratio | UAPVCPB | UAPVCPB to APVCPB | Member Payroll | | | |
| 1988 | \$ 366,407 | \$ 412,710 | 88.8% | \$ 46,303 | 11.2% | \$ 108,579 | 42.6% | | |
| 1989 | 408,609 | 435,981 | 93.7% | 27,372 | 6.3% | 112,759 | 24.3% | | |
| 1990 | 431,974 | 472,366 | 91.4% | 40,392 | 8.6% | 121,143 | 33.3% | | |
| 1991 | 473,529 | 512,754 | 92.4% | 39,162 | 7.6% | 132,590 | 29.5% | | |
| 1992 | 508,090 | 540,281 | 94.0% | 32,191 | 6.0% | 123,623 | 26.0% | | |
| 1993 | 544,849 | 569,028 | 95.8% | 24,179 | 4.2% | 128,440 | 18.8% | | |
| 1994** | 570,436 | 615,167 | 92.7% | 44,730 | 7.3% | 131,662 | 34.0% | | |
| 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** | 801,984 | 915,949 | 87.6% | 113,965 | 12.4% | 146,558 | 77.8% | | |

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

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

UAPVCPB - unfunded actuarial present value of credited projected benefits. Includes 1st check and mortality reserves beginning 2000.

**Reflects early retirement incentive program.

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

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