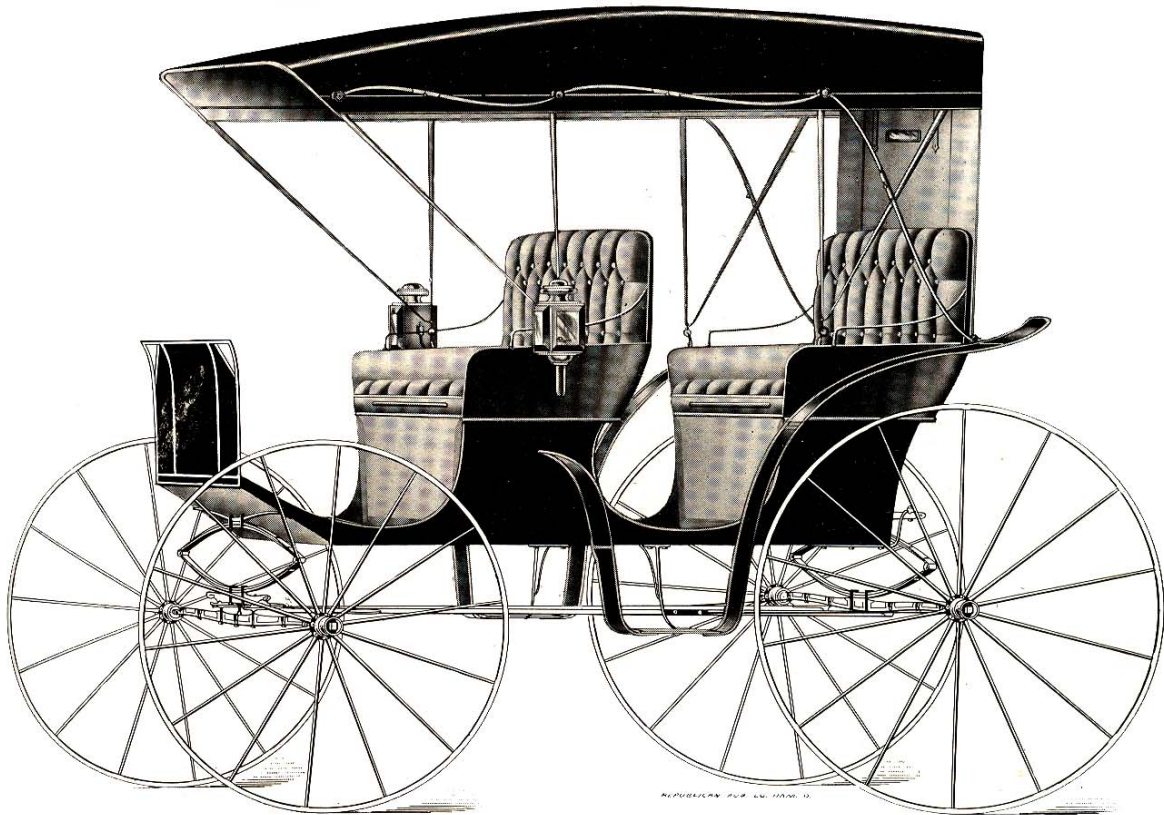


CITY OF FLINT MICHIGAN



**Sesquicentennial Year
1855-2005**



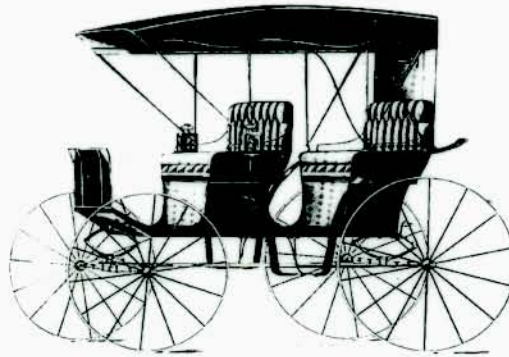
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2005



Flint, Michigan is located in Genesee County along the Flint River about 60 miles northwest of Detroit. The city was founded in 1819 by Jacob Smith, a fur trader, and was incorporated in 1855. Flint has been host to various industries in its history:

- Trading/Trapping
- Lumber
- Carriages
- Automobiles



The city's landscape and culture is dominated by the auto industry. Flint is the birthplace of General Motors. Two of the more notable events in Flint's history are:

- The sit down strike of 1937 turned the founding United Auto Workers into a labor union of note.
- Flint was a major contributor of tanks and other war material during World War II due to its heavy manufacturing facilities.

Flint hosts a large cultural center. It boasts: Whiting Auditorium, Sloan Museum, Bower Theater, Flint Institute of Music and the Longway Planetarium, all set on a 30-acre site near downtown. Flint is also host to the University of Michigan's Flint campus.

CITY OF FLINT, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2005



**Donald J. Williamson
Mayor**

Prepared by

Department of Finance and Administration

Peter Dobrzeniecki, Director of Finance

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, 2005, 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 did not audit the financial statements of Flint Downtown Development Authority, which represent 82 percent, 83 percent, and 83 percent, respectively, of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Flint Downtown Development Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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, 2005, 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.

As described in Note V.5, during the year ended June 30, 2005, the City changed how it was accounting for certain funds and activities to be in compliance with generally accepted accounting principles.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary schedules, as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards

Board. 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 accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining balance sheets and combining statements of revenue, expenditures and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly presented in relation to the basic financial statements taken as a whole. The introductory section and budgetary comparison have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2005 on our consideration of the City of Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Plante & Moran PLLC

December 9, 2005

**City of Flint, Michigan
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2005**

Table of Contents

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	A.1-A.5
Organizational Chart.....	B
List of Elected, Civil Service, and Appointed Officials	C.1-C.2
Certificate of Achievement for Excellence in Financial Reporting	D
Financial Section:	
Report of Independent Auditors	1-2
Management’s Discussion and Analysis	3.1-3.11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	4-7
Statement of Activities	8-9
Fund Financial Statements:	
Balance Sheet Governmental Funds.....	10
Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Net Assets – Proprietary Funds.....	14-17
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	18-19
Statement of Cash Flows – Proprietary Funds	20-23
Statement of Net Assets – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Assets	25
Notes to the Basic Financial Statements.....	26-69

**City of Flint, Michigan
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2005**

Table of Contents – (continued)

	<u>Page</u>
Required Supplementary Information Section:	
Analysis of PERS Funding Progress and Schedule of PERS Employers Contributions.....	70-71
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) General and Major Special Revenue Funds.....	72-73
Notes to Required Supplementary Information	74
Combining Fund Statements, Fund Descriptions, and Schedules:	
Fund Descriptions	75-79
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	80-84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	85-89
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds.....	90-103
Combining Statement of Net Assets – Nonmajor Proprietary Funds.....	104
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Proprietary Funds	105
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	106
Combining Statement of Net Assets – Internal Service Funds	107-110
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds.....	111-112
Combining Statement of Cash Flows – Internal Service Funds.....	113-116
Combining Statement of Net Assets – Pension Trust and Benefit Funds.....	117-118
Combining Statement of Changes in Net Assets – Pension Trust and Benefit Funds.....	119-120

**City of Flint, Michigan
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2005**

Table of Contents – (continued)

Page

Combining Fund Statements and Fund Descriptions: - (continued)

Combining Statements: - (continued)

Combining Balance Sheet – Agency Funds 121

Statistical Section (Unaudited):

Table 1. General Governmental Expenditures by Function	S-1
Table 2. General Governmental Revenues by Source	S-2
Table 3. Property Tax Levies and Collections	S-3
Table 4. Assessed and Estimated Actual Value of Taxable Property	S-4
Table 5. Property Tax Rates and Tax Levies – Direct and Overlapping Governments	S-5 – S-6
Table 6. Principal Ad Valorem Taxpayers	S-7
Table 7. Computation of Legal Debt Margin	S-8
Table 8. Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	S-9
Table 9. Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	S-10
Table 10. Computation of Direct and Overlapping Bonded Debt	S-11
Table 11. Schedule of Revenue Bond Coverage – a. Hurley Medical Center Revenue Bonds.....	S-12
b. Water Supply System Revenue Bonds.....	S-13
Table 12. Debt Service Requirements to Maturity – a. Governmental-Type Activity	S-14
b. Business-Type Activities	S-15
Table 13. Demographic Statistics	S-16 – S-18

**City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005**

Table of Contents – (continued)

Page

Statistical Section (Unaudited):

Table 14. Miscellaneous Statistical Data.....	S-19 – S-24
Table 15. Salaries and Surety Bonds of Principal Officials	S-25
Table 16. Property Value, Construction & Bank Deposits.....	S-26
Table 17. Employees’ Retirement System - Comparative Schedule Actuarial Valuations.....	S-27



Flint Vehicle City - Saginaw Street Early 1900's





CITY OF FLINT

Department of Finance

Donald J. Williamson
Mayor

Peter Dobrzeniecki
Director of Finance

December 29, 2005

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, 2005.

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

Plante & Moran, PLLC, a firm of licensed certified public accountants has audited the City of Flint's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2005, 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, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City of Flint, incorporated in 1855, is located in the eastern part of the State of Michigan. The City currently occupies a land area of 32.8 square miles and serves a population of 120,716. 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 balanced budgets for fiscal years 2003 and 2004. 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. The Emergency Financial Manager returned the control of the City to the Mayor and City Council, although the State of Michigan has not yet officially declared an end to the state of emergency. The deficit has been reduced from approximately \$26.3 million to a surplus of \$6.1 million as of the end of this fiscal year.

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. The City's fiscal year ends on June 30. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or funds, however, would require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report.

Factors Affecting Economic and Financial Condition

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

Local Economy. The Flint metropolitan statistical area's unemployment rate improved from 7.9% in October 2004, to 6.0% in October 2005. The City of Flint's economy is strongly tied to the automobile industry.

Cash management policies and practices. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5-1/2 years, with an average maturity of 372 days. The yield on investments improved during the fiscal year, paying 3.26% as of June 30, 2005.

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

The Workers' Compensation function resides in the Risk Management department, which allows for a coordinated effort to minimize accident-related losses. The Risk Management department has a Security/Fraud Manager to complement the already-existing efforts undertaken to control fraudulent exposures. Additional information on the City of Flint's risk management activities can be found in Section V. C. of the Notes of the June 30, 2005 Audited Financial Statements.

Pension and other post-employment benefits. The City of Flint sponsors a single-employer defined benefit plan for its public safety and non-public safety employees. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes monthly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of June 30, 2004 was 80.5% 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 1,739 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, 2005 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.

Awards and Acknowledgements

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flint for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. 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.

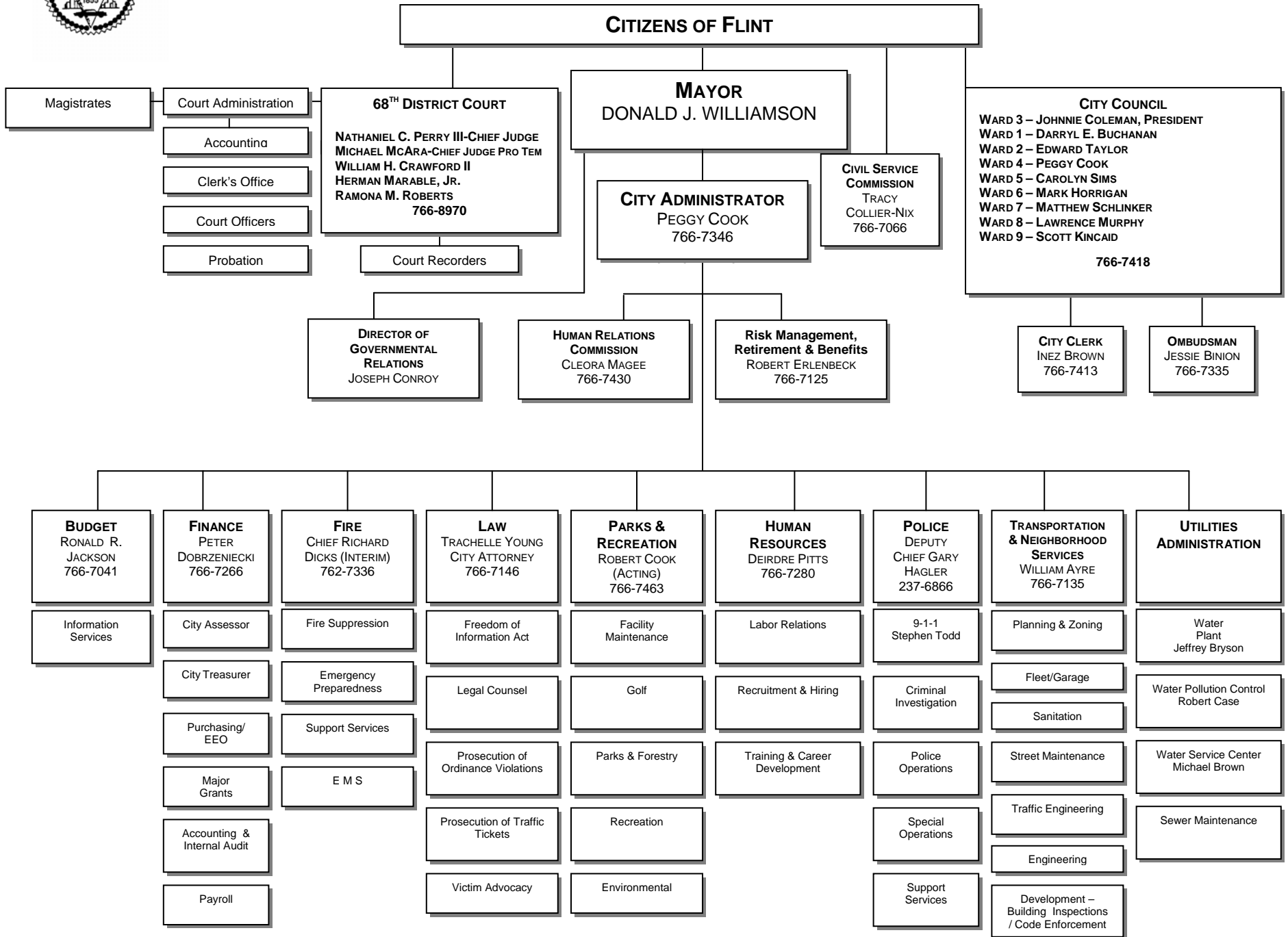
A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005, continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

Peter Dobrzeniecki
Director of Finance

ORGANIZATIONAL CHART - Fiscal Year 2005





CITY OF FLINT, MICHIGAN
Fiscal Year 2005
Elected, Civil Service, and Appointed Officials

Donald J. Williamson.....*Mayor*
Joseph Conroy*Director of Governmental Policy*
Peggy Cook..... *City Administrator*
William Ayre*Transportation Director (Traffic Engineering,*
.....*Engineering, Streets, Sanitation, Fleet)*
Robert Cook*Acting Director, Parks & Recreation & Facility Maintenance*
Richard Dicks, Sr.....*Acting Fire Chief*
Peter Dobrzeniecki.....*Director of Finance*
Robert Erlenbeck *Risk Management & Benefits Administrator*
Gary Hagler.....*Deputy Chief of Police*
Ronald Jackson *Director of Budget Management*
Derrick Jones *Purchasing Manager*
Tamar Lewis*Major Grants Administrator*
Deirdre G. Pitts *Human Resources Director*
Stephen Todd*Emergency 911 Administrator*
Trachelle Young..... *Chief Legal Officer*
Vacant *Director of Water/Sewer Utilities*

Other City Officials

Inez Brown* *City Clerk*
Jessie Binion* *Ombudsman*
Tracy Collier-Nix..... *Director, Civil Service Commission*
Cleora Magee*Executive Director, Human Relations Commission*
William Fowler *City Assessor*
Vacant *City Treasurer*
Lynette Ward *68th District Court Administrator*
James Rutherford *Director, Downtown Development Authority*

**Appointed by City Council*

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

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

Flint Employees Retirement System – Board of Trustees

Board Members

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

Alternates

Vacant (*Hurley*)
Douglas Bingaman (*Deputy City Treasurer*)
Cass Wisniewski (*Hurley*)
Alvern Locke (*Police*)
Sandra Kidd (*Hurley*)
Donald Phillips, *Vice Chairman (Retiree)*
Vacant (*1600/1799/Exempt*)
Mark Horrigan (*City Council*)
Robert Erlenbeck (*Risk Mgmt & Benefits*)

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, 2004

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.

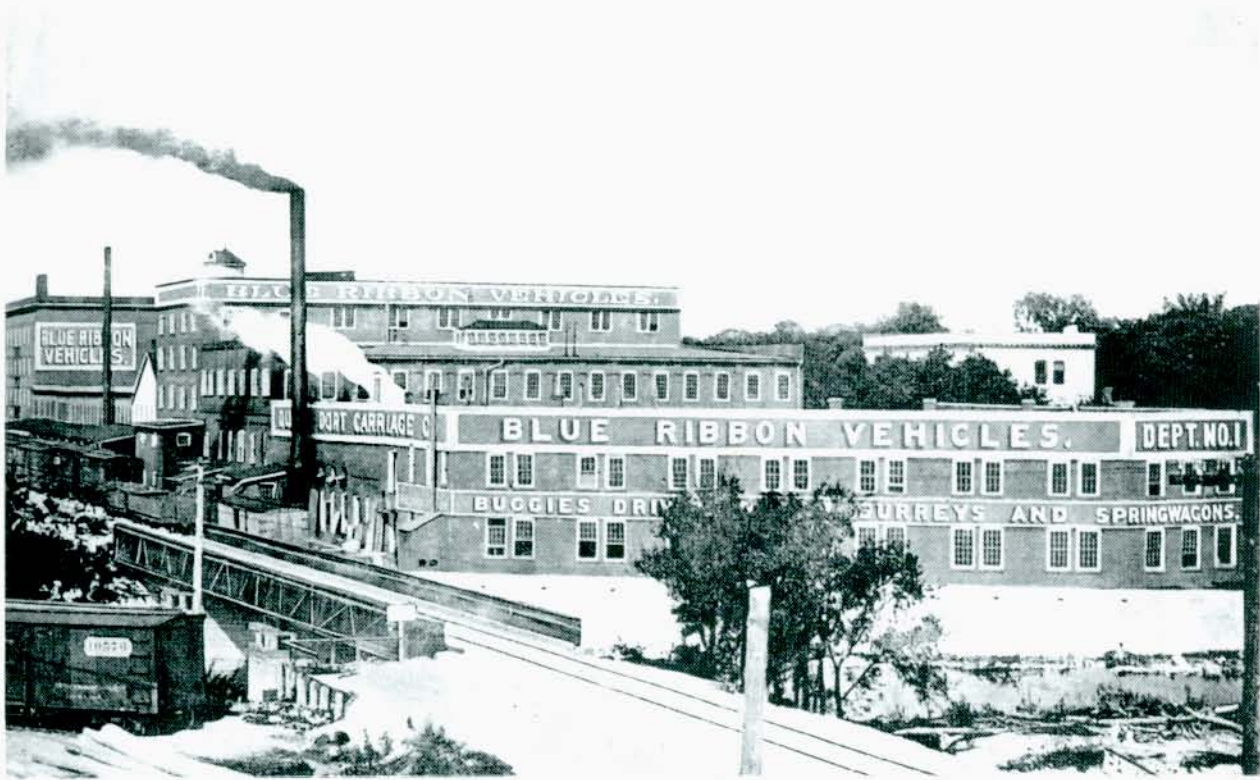


Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director



Durant - Dort Carriage Company

Management's Discussion and Analysis

City of Flint, Michigan 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, 2005. We encourage readers to consider the information presented. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The City's General Fund – fund balance is \$6.1 million at fiscal year end 2005. The \$26.6 million deficit at fiscal year end 2002 has been eliminated.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$407.6 million (net assets). Of this amount, \$133.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$26.1 million, an increase of \$11.4 million over the prior year. Approximately \$12.5 million of this total amount, is available for spending at the government's discretion (unreserved fund balance).
- The City of Flint's total debt increased by \$10.2 million (8.1%) during this fiscal year. The key factor in this increase was a sale of \$8 million of Financial Recovery bonds.

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 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, Atwood Stadium building 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.

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

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

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

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

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

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, 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, Fringe Benefits, Central Maintenance Garage, 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.

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.

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.

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.

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.

Government-wide Financial Analysis. Net assets may serve, over time, as a useful indicator of a government's financial position. The City's total net assets exceeded liabilities by \$407.6 million, a \$2.4 million increase in net assets over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Current and other assets	\$ 31.2	\$ 41.5	\$ 231.3	\$ 243.8	\$ 262.5	\$ 285.3
Capital assets	147.1	140.1	206.1	206.1	353.2	346.2
Total assets	<u>178.3</u>	<u>181.6</u>	<u>437.4</u>	<u>449.9</u>	<u>615.7</u>	<u>631.5</u>
Long-term liabilities outstanding	16.0	21.2	127.0	114.8	143.0	136.0
Other liabilities	11.7	11.3	55.9	76.6	67.6	87.9
Total liabilities	<u>27.7</u>	<u>32.5</u>	<u>182.9</u>	<u>191.4</u>	<u>210.6</u>	<u>223.9</u>
Net assets:						
Invested in capital assets, net of related debt	141.1	138.2	134.8	107.2	275.9	245.4
Restricted	27.0	21.2	9.2	7.6	36.2	28.8
Unrestricted	(17.4)	(10.3)	110.5	143.7	93.1	133.4
Total net assets	<u>\$ 150.7</u>	<u>\$ 149.1</u>	<u>\$ 254.5</u>	<u>\$ 258.5</u>	<u>\$ 405.2</u>	<u>\$ 407.6</u>

Total assets increased by \$15.8 million, recording the reduction in internal balances and the increase in cash due to the sale of the \$8 million of Financial Recovery bonds. Net increases and decreases of infrastructure resulted in a \$7 million reduction. Total liabilities increased by \$13.3 million, due to reclassifications at the Hurley Medical Center.

The largest portion of the City of Flint's total net assets of \$245.4 million (60.2%) reflects its investment in capital assets (e.g., land, buildings, streets, sidewalks, machinery, and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The City of Flint uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Flint's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Flint's net assets of \$28.8 million (7.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$133.4 million (32.7% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities' net assets decreased by \$1.6 million (1%) during the current fiscal year. Business type activities increased by \$4.0 million (1%).

Governmental Activities. Governmental activities' revenues decreased by \$14.1 million during fiscal year 2005. Charges for services declined by \$8.7 million as a result of a change to cost allocation methods. Reimbursements for expenses from operating grants declined by \$7.5 million as a result of reduced spending. Income tax revenues increased by \$.8 million.

A reduction of \$7 million in public safety expenses is mostly due to a change in cost allocation methods. Community development activity resulted in a decrease in reimbursable expenses of \$4.6 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Revenues						
Program revenues						
Charges for services	\$ 27.3	\$ 18.6	\$ 377.8	\$ 394.8	\$ 405.1	\$ 413.4
Operating grants and contributions	23.0	15.5	1.4	0.3	24.4	15.8
Capital grants and contributions	3.9	2.0	0.1	0.8	4.0	2.8
General revenues						
Income taxes	19.9	20.7	-	-	19.9	20.7
Property taxes	24.5	27.2	-	-	24.5	27.2
State shared revenues	20.0	19.8	-	-	20.0	19.8
Grants and contributions not restricted to specific programs	1.2	1.1	-	-	1.2	1.1
Other	0.1	0.9	1.8	6.1	1.9	7.0
Total revenues	<u>119.9</u>	<u>105.8</u>	<u>381.1</u>	<u>402.0</u>	<u>501.0</u>	<u>507.8</u>
Expenses						
Legislative	0.5	0.7	-	-	0.5	0.7
Judicial	5.1	3.9	-	-	5.1	3.9
General government	32.5	35.1	-	-	32.5	35.1
Public safety	39.3	32.3	-	-	39.3	32.3
Public works	26.1	25.5	-	-	26.1	25.5
Parks and Recreation	4.3	3.1	-	-	4.3	3.1
Community development	11.4	6.8	-	-	11.4	6.8
Interest on long term debt	0.4	0.3	-	-	0.4	0.3
Hospital	-	-	323.2	346.6	323.2	346.6
Water	-	-	32.9	30.4	32.9	30.4
Sewer	-	-	24.0	19.5	24.0	19.5
Golf Course	-	-	1.5	1.1	1.5	1.1
Parking facilities	-	-	0.1	0.1	0.1	0.1
Total Expenses	<u>119.6</u>	<u>107.7</u>	<u>381.7</u>	<u>397.7</u>	<u>501.3</u>	<u>505.4</u>
Increase (decrease) in net assets before transfers	<u>0.3</u>	<u>(1.9)</u>	<u>(0.6)</u>	<u>4.3</u>	<u>(0.3)</u>	<u>2.4</u>
Transfers	(0.7)	0.3	0.7	(0.3)	-	-
Increase (decrease) in net assets	<u>(0.4)</u>	<u>(1.6)</u>	<u>0.1</u>	<u>4.0</u>	<u>(0.3)</u>	<u>2.4</u>
Extraordinary item:						
Retroactive implementation of capital infrastructure	117.3	-	-	-	117.3	-
Net assets - beginning	33.8	150.7	254.4	254.5	288.2	405.2
Net assets - end	<u>\$ 150.7</u>	<u>\$ 149.1</u>	<u>\$ 254.5</u>	<u>\$ 258.5</u>	<u>\$ 405.2</u>	<u>\$ 407.6</u>

Business-Type Activities. Business type activities' revenue increased by \$20.6 million to \$401.7 million. The largest part of the increase was from charges for patient services at Hurley (\$17.0 million). Expenses for business type activities increased by \$16 million. Payroll taxes and fringe benefits at Hurley Medical Center accounted for \$13.3 million. Purchased services at Hurley increased by \$6 million. Expenses in the Water and Sewer funds decreased by \$7 million. Decreases in water and sewer expenses are a result of a decrease in operating costs: \$1.2 million in salaries and wages, and \$2 million in professional services. Bad debt expense also decreased by \$3.5 million due to a large one-time write off in the prior year.

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 expendable resources. Such information is useful in assessing the City of Flint's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2005 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$26.1 million, an increase of \$11.1 million from the prior year. Approximately \$12.5 million constitutes unreserved fund balance, which is available for spending.

The general fund is the chief operating fund of the City of Flint. The \$6.1 million surplus in the general fund is 10.5% of 2005 total expenditures. The general fund has a short-term advance from the sewer fund of \$7.3 million at June 30, 2005 to complete the fiscal year.

The general fund has recovered from a \$26 million deficit in fiscal year 2002 to a \$6.1 million surplus in 2005 through aggressive cost cutting. During calendar year 2001, the City issued 2,195 W-2 forms, totaling \$56.1 million. The City issued 1,669 W-2 forms in tax year 2004, for wages totaling \$40.7 million.

The remaining governmental funds have a fund balance of \$20 million, of which \$8 million is undesignated. The major and local street funds have \$13.3 million available for maintenance and capital improvements. Approximately \$5.8 million is designated for future year's expenditures and is not available for new spending. The undesignated fund balance is also \$5.8 million.

Other special revenue funds include federal grants, \$1.0 million in fund balance, economic development authority, with \$1.2 million in fund balance, and the parks and recreation fund, with a \$.9 million fund balance. Federal or local laws restrict the spending of the money in these funds.

The garbage collection fund (almost) broke even in this fiscal year. In prior years, the fund has required a subsidy from the general fund of about \$500,000 each year. Increasing maintenance costs on the aging garbage trucks has hampered the fund. However, the City Council has approved the purchase of 20 new trucks at a cost of \$3.2 million in fiscal year 2006.

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.

Unrestricted net assets of the Hurley Medical Center amounted to \$88.4 million, an increase of \$19.1 million. The increase is a result of a reclassification of a prior year (2004) balance. The Hurley Medical Center did not issue any bonds in 2005. The hospital refinanced the interest rate on the \$35 million 2003 bonds, going from a fixed rate of 5.69% to a variable rate of 3.3% over 7 years. Hurley has signed three-year agreements with all nine of its bargaining units.

Unrestricted net assets in the Water Fund are \$5.4 million. The Water Fund has a bond reserve account of \$2.7 million and an equipment reserve account of \$1.6 million. Water revenues decreased by \$0.5 million while cost of water purchased increased by \$0.7 million, a result of a rate increase from Detroit. The balance of water operating costs decreased by \$2.4 million, primarily in salaries & wages, bad debt expense and professional services.

Unrestricted net assets of the Sewer Fund increased by \$3 million to \$48.3 million. Sewer revenues decreased by \$0.7 million from the previous year. The decrease was due to a reduction in sewer rates from the prior year. Sewer operating costs decreased by \$4.5 million, primarily in salaries & wages, bad debt expense and professional services.

Budgetary Highlights

General Fund expenditures totaled \$58.2 million, about \$5.6 million below the final amended budget. General Fund revenues were \$68.1 million, \$9.5 million below the amended budget. Most of the large difference between budget and actual was in fringe benefits and charges for services. The difference in expenditures was a result of continued cost cutting by most departments. A reduced number of employees, and hiring freezes, resulted in delays in filling vacant positions. Revenues from charges for services were \$12.6 million below budget, primarily due to the change in the cost allocation plan methods. Healthcare and other benefits totaled \$10.6 million, of which \$6.4 million was allocated to the General Fund. Total fiscal year 2005 charges for post-retirement health care were \$16.5 million, of which \$9.5 million was allocated to the General Fund. Data processing charges of \$2.3 million and self-insurance charges of \$2.1 million were allocated \$1.4 million and \$1.2 million, respectively, to the General Fund. Excess revenues and other sources over expenditures and other uses were \$13.9 million. Revenues exceeded expenditures by \$9.9 million. Bond proceeds amounted to \$8 million. Other financing uses totaled an unfavorable \$5.2 million of general fund transfers to avoid deficits in other City funds.

The Major Street fund received \$0.4 million more in State revenue than budgeted. The City has been active in maintaining and repairing streets. The Major Street fund's amended budget of \$15.1 million in 2005 was \$5.1 million above the original budget. The Local Street fund was \$2.2 million above the original budget. The Major Street fund has a fund balance of \$10.7 million and the Local Street fund has a fund balance of \$2.6 million.

Capital Assets and Debt Administration

Capital assets. The City of Flint's investment in capital assets for its governmental and business-type activities, as of June 30, 2005, amounted to \$346.2 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). Additional information on the City of Flint's capital assets can be found in note IV D.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	\$ 11.6	\$ 13.8	\$ 7.4	\$ 5.3	\$ 19.0	\$ 19.1
Construction in progress	-	-	10.3	21.3	10.3	21.3
Buildings and System	6.9	6.6	65.0	59.5	71.9	66.1
Improvements other than buildings	5.2	5.3	6.8	6.5	12.0	11.8
Machinery and Equipment	6.5	7.9	116.6	113.5	123.1	121.4
Infrastructure	116.9	106.5	-	-	116.9	106.5
Total	<u>\$ 147.1</u>	<u>\$ 140.1</u>	<u>\$ 206.1</u>	<u>\$ 206.1</u>	<u>\$ 353.2</u>	<u>\$ 346.2</u>

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

- The City made \$6.3 million dollars of infrastructure improvements, mostly to street repairs, and purchased \$3.2 million in machinery and equipment in the governmental activities funds and \$10.8 million in machinery and equipment in the business-type activities funds.
- The Hurley Medical Center purchased \$9.4 million in capital assets.
- Water System construction in progress amounted to \$8.9 million.

The Water Fund issued \$19 million in revenue bonds in September 2003. The bonds were 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.

Debt Administration. Debt is administered through three debt service funds. Three debt service funds, the Hyatt, Windmill and Buick City funds, 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 \$13.1 million in bonds and notes outstanding for governmental activities and \$114.8 million in bonds and notes outstanding for business-type activities (see Table 5). Total long-term debt increased by \$10.2 million to \$136 million at year-end. Annual debt service requirements for governmental activities' debt increased over the six-year period 2006 to 2012 as a result of the December 2004 sale of \$8 million in financial recovery bonds. Additional information on the City of Flint's long-term debt can be found in note IV G.

**Table 5. City of Flint's Long-term Debt
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
General Obligation Bonds	\$ 2.4	\$ 9.2	\$ 4.2	\$ 3.0	\$ 6.6	\$ 12.2
Revenue Bonds and Notes	-	-	98.2	106.1	98.2	106.1
Other Notes	4.1	3.7	0.5	0.4	4.6	4.1
Capital Leases	0.5	0.2	6.9	5.3	7.4	5.5
Accrued Annual & Sick Pay	9.0	8.1	-	-	9.0	8.1
Total	<u>\$ 16.0</u>	<u>\$ 21.2</u>	<u>\$ 109.8</u>	<u>\$ 114.8</u>	<u>\$ 125.8</u>	<u>\$ 136.0</u>

Limitations on Debt. The State limits the amount of general obligation debt the City can issue to 7% of the assessed value of all taxable property within the City's corporate limits. The City's legal debt limit is \$117.4 million. The amount of debt available to the City (unused portion of the debt limitation) is \$105.3 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state shared revenue program. The program pledges the City's future state shared revenues.

Bond Ratings. Moody's Investors' Service rates the City of Flint's general obligation unlimited bonds at Ba3 and Flint's general obligation limited tax debt at B1. The Flint Tax Increment Finance Authority's outstanding debt is rated B1, which is secured by the City's GOLT tax pledge. Moody's has improved the outlook on the City of Flint's debt to "stable." Moody's has scheduled a visit to the City of Flint in February 2006. Existing debt service requirements for governmental activities will drop significantly due to the expiration of debt service obligations over the next three years.

Economic Factors and Next Year's Budget and Rates

Economic Factors. The City of Flint's economy, like that of Michigan, is strongly tied to the automobile industry. The City of Flint remains an important part of the General Motors Corporation's future manufacturing plans. GM has ongoing improvements of \$60 million at the Flint Metal Center, \$300 million at the Flint Engine South plant and \$150 million at the Flint Truck Assembly plant.

A good measure of economic activity in the City of Flint is the value of payroll earnings at employer establishments inside and outside of the City, as measured by the amount of City income tax collections. Tabulation of income tax revenue shows the City's economy contracted during fiscal year 2004 from \$21.5 million to \$19.9 million, but expanded to \$20.7 million in 2005. The Flint metropolitan statistical area unemployment rate was 6.0%, slightly better than the State-wide 6.1% (October 2005), an improvement over the 7.9% Flint metropolitan statistical area rate of a year ago.

Payrolls in all sectors declined 2.4% in calendar 2004 (the latest year tabulated) from 2003. While earnings declined 6.8% in manufacturing during 2004, after stabilizing during 2003, the gross value of payrolls in private non-manufacturing sectors turned upward by 1% after decreasing fractionally (nine-tenths of a percent) in 2003.

While Flint manufacturing declined in 2004, as indicated by payroll earnings activity, activity at Flint's most high-profile factory prospered again in 2005. U. S. retail deliveries of all models of GM's popular Chevrolet Silverado pick-up truck and GMC's Sierra version of that vehicle declined about 18% during 2005 from 2004. However, sales of the four-door crew cab version of those products, built in Flint, have

not been affected, as indicated by production activity. Output of those vehicles was about 1% higher in 2005 (based on eleven months of data) than in 2004, while overall Silverado and Sierra production was down about 3%. Retail sales of the other vehicles produced at the Van Slyke Road truck assembly plant, the medium-duty Chevrolet Kodiak and GMC Topkick, were also up, about 35% higher in 2005 than 2004. Production of all vehicles at the plant will total about 213,000 during 2005, up 3.9% from 205,000 in 2004. With the start-up of the new capacity to the north side of GM's Flint Engine South plant, Flint will assume a larger role as a supplier of engines for various vehicles built by GM. Production is slated to start in June 2006, with employment set to eventually grow to 300 in the expanded area as the volume of production ramps up.

One of the reasons that payrolls in the City's non-manufacturing sectors rose slightly in 2004 is that retail spending in the City increased by 2.5% to \$1.02 billion, according to computations by *Sales and Marketing Management* magazine, from \$977 million in 2003. Construction activity in the City, based on the value of work authorized in building permits issued by the City's Building Inspection staff, rose 121.6% in the 2004-05 fiscal year from fiscal 2003-04. Residential real estate activity, however, moved sideways again in 2004 with 1590 homes sold at an average selling price of \$61,200, about the same as the 1,593 units sold in 2003 at a similar price of \$61,100.

An average of 46,400 members of Flint's resident labor force were estimated to be holding jobs within the City and at employment establishments in other parts of Genesee County and surrounding counties during 2004, according to surveys conducted by the Michigan Department of Labor and Economic Growth. That was 1.3% higher than the 45,800 who were at work during 2003. Unemployment in the City averaged 14.7% during 2004, the same as in 2003.

The total assessed and taxable value of property at July 1, 2005 in the City of Flint increased by 9.8% from the previous year. Property values have increased over each of the last four years.

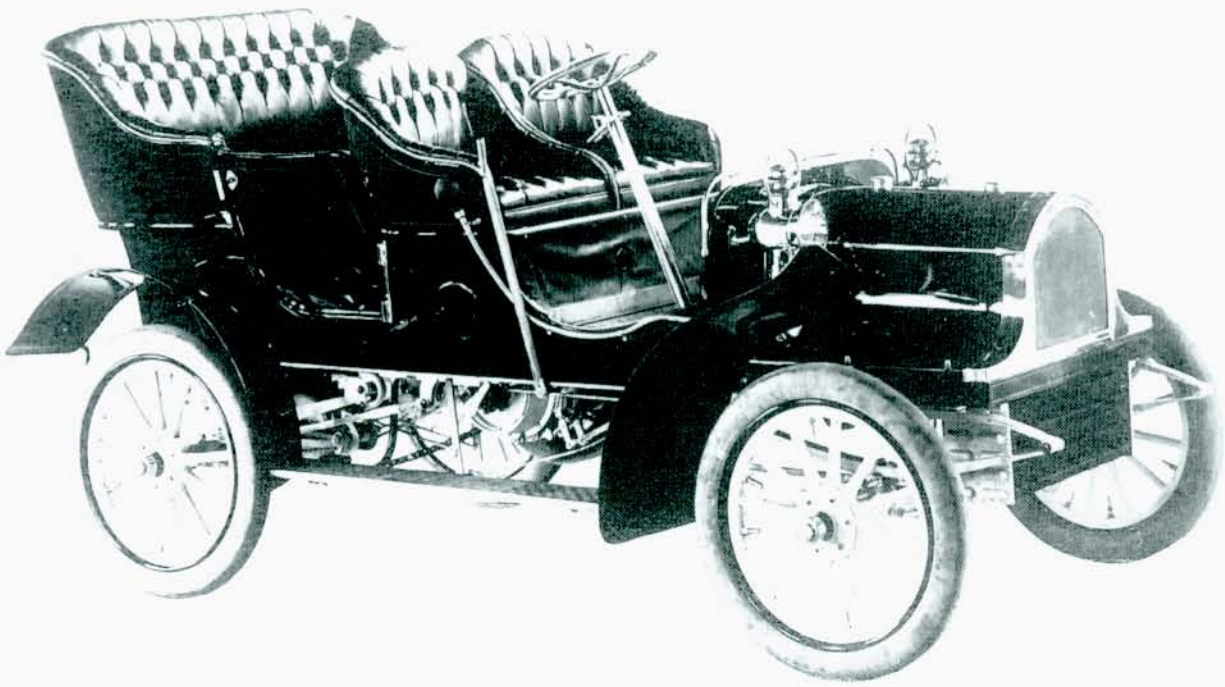
Budgets. The City has again produced a timely and balanced budget for Fiscal Year 2006. There are \$6.1 million in funds available from fund balance for appropriation in the General Fund. The 2006 amended General Fund budget was adopted with \$66.7 million in revenues and expenditures. The City faces a number of issues that will impact the 2007 budget, including loss of income tax revenue if layoffs occur at the Flint Delphi facility, and the increase in payroll expenditure with the eventual settlement of the police and fire union contracts.

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

The City has set rates each year to meet the requirements of the resolution. However, in order to reduce the impact of the annual water rate increase, the sewer rates have been reduced so that the total water and sewer bill has remained about the same over the last few years. The City plans to continue this policy for budget year 2007. The City is investigating the feasibility of drawing water from the Flint River system at a cost that is substantially lower than the cost of purchasing water from the City of Detroit.

Requests for Information

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



1904 Model C

Basic Financial Statements

Government-wide Financial Statements

City of Flint, Michigan

Statement of Net Assets June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investment:	\$ 19,246,808	\$ 35,507,497	\$ 54,754,305
Cash and equivalents	7,543,483	23,973,921	31,517,404
Cash with agent	-	-	-
Investments	-	-	-
Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$33,908,720)			
Taxes	3,840,152	-	3,840,152
Accounts	3,098,039	87,472,297	90,570,336
Accrued interest receivable	-	-	-
Notes and leases receivable	2,894,278	-	2,894,278
Due from component unit:	1,020,145	-	1,020,145
Due from primary government	-	-	-
Due from other government:	11,883,893	-	11,883,893
Internal balances	(9,643,866)	9,643,866	-
Inventories	328,431	4,948,471	5,276,902
Prepaid items	1,250,417	3,588,682	4,839,099
Restricted assets:			
Pooled cash and investments	-	4,403,530	4,403,530
Cash and equivalents	-	19,137,501	19,137,501
Investments	-	43,622,816	43,622,816
Accrued interest receivable	-	211,160	211,160
Capital assets (not depreciated)	13,792,907	26,593,351	40,386,258
Capital assets (net of accumulated depreciation)	126,317,198	179,470,720	305,787,918
Other assets	-	4,391,506	4,391,506
Investment in joint venture:	-	6,945,636	6,945,636
Total assets	181,571,885	449,910,954	631,482,839

Component Units

Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation
\$ -	\$ -	\$ -
514,306	16,450	148,798
-	-	281,953
-	-	480,081
-	-	-
-	-	14,605
-	-	8,323
767,837	-	102,010
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	93,860
6,100,039	-	512,309
-	-	-
-	-	-
7,382,182	16,450	1,641,939

(continued)

City of Flint, Michigan

Statement of Net Assets (continued) June 30, 2005

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable	8,251,976	18,888,008	27,139,984
Accrued liabilities	1,829,639	56,645,628	58,475,267
Deposits and advances	492,358	1,108,166	1,600,524
Due to other governments	42,393	-	42,393
Due to primary government	-	-	-
Unearned revenue	652,027	-	652,027
Noncurrent liabilities:			
Debt due within one year	3,414,040	6,981,107	10,395,147
Debt due in more than one year	17,792,439	107,786,326	125,578,765
Total liabilities	<u>32,474,872</u>	<u>191,409,235</u>	<u>223,884,107</u>
Net Assets:			
Invested in capital assets, net of related debt	138,186,259	107,239,606	245,425,865
Restricted for:			
Streets	13,284,638	-	13,284,638
Public improvement	3,482,470	-	3,482,470
Police	505,772	-	505,772
Parks and Recreation	972,357	-	972,357
Debt Service	51,622	2,718,587	2,770,209
Economic Development	1,638,235	-	1,638,235
Community Development	1,050,431	-	1,050,431
Capital Improvements	-	1,684,943	1,684,943
Other purposes	213,880	3,183,295	3,397,175
Unrestricted (deficit)	(10,288,651)	143,675,288	133,386,637
Total net assets	<u>\$ 149,097,013</u>	<u>\$ 258,501,719</u>	<u>\$ 407,598,732</u>

See notes to financial statements.

Component Units

Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation
15,023	-	8,576
7,454	-	-
15,200	-	30,713
-	-	-
767,837	7,108	252,308
57,811	-	2,286
-	-	-
-	-	-
863,325	7,108	293,883
6,100,039	-	606,169
-	-	-
-	-	-
-	-	-
-	-	-
-	-	793,690
-	-	-
10,570	-	-
-	-	-
408,248	9,342	(51,803)
\$ 6,518,857	\$ 9,342	\$ 1,348,056

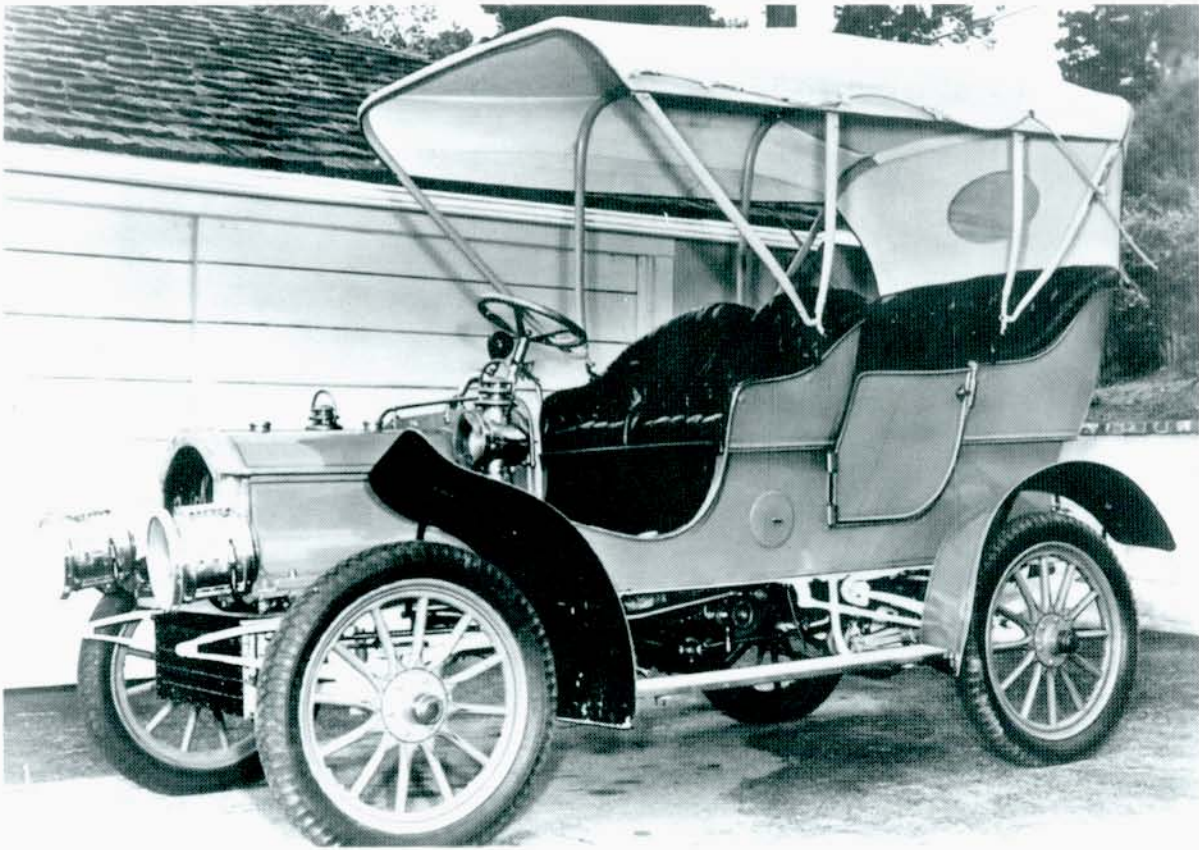
City of Flint, Michigan

Statement of Activities For the Year Ended June 30, 2005

Functions\Program: Primary government	Program revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
Legislative	\$ 696,512	\$ -	\$ -
Judicial	3,883,382	7,181	272,270
General government	35,131,694	11,775,239	707,391
Police	19,502,725	3,000,756	1,233,384
Fire	9,327,264	266,619	1,000
Emergency dispatch	1,778,506	1,772,343	5,013
Building inspection	1,698,197	1,404,790	387,333
Transportation	22,641,856	122,091	9,678,270
Public works	2,786,483	5,020	-
Parks and recreation	3,106,729	52,367	120,508
Community enrichment and developmen	6,805,959	218,020	3,061,149
Interest on long-term debt	313,032	-	-
Total governmental activities	107,672,339	18,624,426	15,466,318
Business-type Activities			
Hospital	346,700,267	341,685,734	295,259
Water	30,454,836	30,875,582	-
Sewer	19,453,650	20,985,941	-
Golf courses	1,119,510	1,089,858	-
Parking	44,178	77,266	-
Total business-type activities	397,772,441	394,714,381	295,259
Total primary government	\$505,444,780	\$ 413,338,807	\$ 15,761,577
Component units:			
Downtown Development Authority	\$ 981,533	\$ 529,095	\$ 46,254
Economic Development Authority	234,025	116,651	-
Total component units	\$ 1,215,558	\$ 645,746	\$ 46,254
General Revenues			
Income taxes			
Property taxes			
State shared revenues			
Unrestricted grants and contributions			
Unrestricted investment earnings			
Unrestricted earnings			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning (as restated)			
Net assets - ending			

See notes to financial statements.

Program Revenues	Net (Expense) Revenue and Changes in Net Asset					
	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation
\$ -	\$ (696,512)	\$ -	\$ (696,512)	\$ -	\$ -	\$ -
-	(3,603,931)	-	(3,603,931)	-	-	-
58,375	(22,590,689)	-	(22,590,689)	-	-	-
241,286	(15,027,299)	-	(15,027,299)	-	-	-
504,167	(8,555,478)	-	(8,555,478)	-	-	-
-	(1,150)	-	(1,150)	-	-	-
-	93,926	-	93,926	-	-	-
886,311	(11,955,184)	-	(11,955,184)	-	-	-
-	(2,781,463)	-	(2,781,463)	-	-	-
293,835	(2,640,019)	-	(2,640,019)	-	-	-
-	(3,526,790)	-	(3,526,790)	-	-	-
-	(313,032)	-	(313,032)	-	-	-
1,983,974	(71,597,621)	-	(71,597,621)	-	-	-
-	-	(4,719,274)	(4,719,274)	-	-	-
815,526	-	1,236,272	1,236,272	-	-	-
-	-	1,532,291	1,532,291	-	-	-
-	-	(29,652)	(29,652)	-	-	-
-	-	33,088	33,088	-	-	-
815,526	-	(1,947,275)	(1,947,275)	-	-	-
<u>\$ 2,799,500</u>	<u>(71,597,621)</u>	<u>(1,947,275)</u>	<u>(73,544,896)</u>	-	-	-
\$ -	-	-	-	(406,184)	-	-
-	-	-	-	-	-	(117,374)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(406,184)</u>	<u>-</u>	<u>(117,374)</u>
	20,681,150	-	20,681,150	-	-	-
	27,186,359	-	27,186,359	72,957	-	-
	19,760,886	-	19,760,886	-	-	-
	1,054,290	-	1,054,290	-	-	-
	873,119	3,266,633	4,139,752	5,117	-	20,466
	221,401	2,907,323	3,128,724	-	-	-
	250,179	(250,179)	-	-	-	-
	70,027,384	5,923,777	75,951,161	78,074	-	20,466
	(1,570,237)	3,976,502	2,406,265	(328,110)	-	(96,908)
	150,667,250	254,525,217	405,192,467	6,846,967	9,342	1,444,964
<u>\$</u>	<u>149,097,013</u>	<u>\$ 258,501,719</u>	<u>\$ 407,598,732</u>	<u>\$ 6,518,857</u>	<u>\$ 9,342</u>	<u>\$ 1,348,056</u>



1905 Model C

Fund Financial Statements

City of Flint, Michigan

**Balance Sheet
Governmental Fund
June 30, 2005**

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investment:	\$ -	\$ 15,169,717	\$ 15,169,717
Cash and cash equivalents	5,027,180	2,109,326	7,136,506
Accounts receivable (net of allowance for estimated uncollectible accounts of \$8,061,423):			
Taxes	2,825,671	1,014,481	3,840,152
Accounts	2,894,430	69,800	2,964,230
Notes and leases receivable	-	1,854,278	1,854,278
Due from other government:	6,325,875	5,558,018	11,883,893
Due from component unit:	-	1,020,145	1,020,145
Prepaid items	-	454,000	454,000
Inventories	19,388	133,891	153,279
Total assets	\$ 17,092,544	\$ 27,383,656	\$ 44,476,200
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,755,122	\$ 2,090,380	\$ 3,845,502
Retainage payable	-	44,034	44,034
Due to other funds	7,279,153	1,817,117	9,096,270
Due to other governments	7,000	35,393	42,393
Deposits payable	-	492,358	492,358
Deferred revenue	1,951,312	2,946,328	4,897,640
Total liabilities	10,992,587	7,425,610	18,418,197
Fund balances:			
Reserved for encumbrances	-	1,469,052	1,469,052
Reserved for long-term lease receivable	-	1,336,000	1,336,000
Reserved for prepaids	-	454,000	454,000
Reserved for inventory	19,388	133,891	153,279
Designated for subsequent years' expenditures:			
General fund	1,572,584	-	1,572,584
Special revenue funds	-	6,881,747	6,881,747
Capital project funds	-	1,657,333	1,657,333
Unreserved, reported in:			
General fund	4,507,985	-	4,507,985
Special revenue funds	-	7,931,807	7,931,807
Debt service funds	-	6,578	6,578
Capital project funds	-	87,638	87,638
Total fund balances	6,099,957	19,958,046	26,058,003
Total liabilities and fund balances	\$ 17,092,544	\$ 27,383,656	\$ 44,476,200

See notes to financial statements.

City of Flint, Michigan

Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets June 30, 2005

Total Governmental Funds Fund balance as reported in the Balance Sheet	
Governmental Funds (deficit)	\$ 26,058,003
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.	140,110,105
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,245,613
Net assets (deficit) 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.	(110,229)
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.	(20,806,479)
Net Assets - Governmental Activities	<u>\$ 149,497,013</u>

See notes to financial statements.

City of Flint, Michigan

Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 12,358,403	\$ 12,493,728	\$ 24,852,131
Income taxes	20,670,108	-	20,670,108
Special assessments	327,834	-	327,834
Federal revenue	963,279	5,091,922	6,055,201
State revenue	20,248,416	10,128,710	30,377,126
Licenses and permits	1,203,770	1,342,610	2,546,380
Fines and forfeits	2,639,587	161,924	2,801,511
Charges for services	7,573,678	139,400	7,713,078
Local grants	443,071	335,780	778,851
Interest	393,956	524,641	918,597
Other	1,266,713	376,433	1,643,146
Total revenues	68,088,815	30,595,148	98,683,963
Expenditures:			
Current:			
Legislative	915,521	-	915,521
Judicial	5,156,051	-	5,156,051
General government	11,780,412	607,667	12,388,079
Police	21,484,565	4,574,351	26,058,916
Emergency dispatch	2,339,997	46,979	2,386,976
Fire	12,230,265	760,884	12,991,149
Building inspection	-	2,883,968	2,883,968
Transportation	1,880,817	13,716,694	15,597,511
Public works	2,179,839	5,287,423	7,467,262
Parks and recreation	2,304,736	1,505,674	3,810,410
Community development	113,500	3,901,367	4,014,867
Debt Service:			
Principal retirement	-	1,628,048	1,628,048
Interest and fiscal charges	-	313,032	313,032
Total expenditures	60,385,703	35,226,087	95,611,790
Excess (deficiency) of revenues over expenditures	7,703,112	(4,630,939)	3,072,173
Other financing sources (uses):			
Bond proceeds	8,000,000	-	8,000,000
Proceeds from sale of capital assets	215,223	6,180	221,403
Transfers in	986,584	3,714,625	4,701,209
Transfers out	(3,015,903)	(1,653,835)	(4,669,738)
Total other financing sources	6,185,904	2,066,970	8,252,874
Net change in fund balances	13,889,016	(2,563,969)	11,325,047
Fund balances (deficit) - beginning of year - as restated	(7,789,059)	22,522,015	14,732,956
Fund balances - end of year	\$ 6,099,957	\$ 19,958,046	\$ 26,058,003

See notes to financial statements.

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, 2005

Net change in fund balances - total governmental funds	\$ 11,325,047
Amounts reported for governmental activities in the statement of activities are different because:	
Several economic development loans were made out of governmental fund resources. Since these loans are long term, the receivables are offset by a deferred revenue and are not included in fund balance. These receivables are not deferred on the statement of net assets. Durign the current year, a number of the loans became uncollectible and bad debt expense had to be recognized on the statement of activities, reducing net assets. No expense was recognized on the fund financial statements.	(3,183,465)
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 exceeded capital outlays in the current period.	(7,934,493)
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.	1,628,048
The issuance of long term debt is recorded as bond proceeds revenue in the fund financial statements. However on the statement of net assets, bond proceeds are recorded as an addition to long term debt payable and do not affect net assets.	(8,000,000)
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. Also, current year payouts of compensated absences are shown as expenditures in the fund statements, but are recorded as a reduction of long term debt and do not effect net assets. This is the amount by which current payouts exceed current accruals.	828,723
Certain revenues were deferred in the fund financial statements for long term receivables held at June 30, 2005. These revenues were recognized in the statement of activity.	2,220,951
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 gain of \$1,544,952 for the 2005 year and the revenues and expenses that comprise that loss are included in the statement of changes in net assets of governmental activities:	<u>1,544,952</u>
Changes in net assets of governmental activities	<u>\$ (1,570,237)</u>

See notes to financial statements.

City of Flint, Michigan

**Statement of Net Assets
Proprietary Funds
June 30, 2005**

		<u>Business-type Activities</u>	
		<u>Hurley Medical Center</u>	<u>Water Supply Division</u>
Assets			
Current assets:			
Pooled cash and investments		\$ -	\$ 2,438,976
Cash and cash equivalents		23,917,419	53,477
Accounts receivable (net of allowance of \$29,817,447)		74,558,489	7,771,768
Due from other funds		-	-
Inventories		3,585,718	424,759
Prepaid items		3,588,682	-
Note receivable - current portion		-	-
		<hr/>	<hr/>
Total current assets		105,650,308	10,688,980
		<hr/>	<hr/>
Noncurrent Assets:			
Restricted assets:			
Pooled cash and investments		-	4,403,530
Cash and equivalents		19,137,501	-
Investments		43,622,816	-
Accrued interest receivable		211,160	-
Note receivable - long term		-	-
Capital assets - net of accumulated depreciation		60,829,017	56,836,172
Investment in joint ventures		6,945,636	-
Other		3,848,609	-
		<hr/>	<hr/>
Total noncurrent assets		134,594,739	61,239,702
		<hr/>	<hr/>
Total assets		240,245,047	71,928,682
		<hr/>	<hr/>

Enterprise Funds			Governmental Activities Internal Service Funds
Sewage Disposal Division	Nonmajor Enterprise Funds	Total Enterprise Funds	
\$ 33,015,361	\$ 53,160	\$ 35,507,497	\$ 4,077,091
-	3,025	23,973,921	406,977
4,889,496	-	87,219,753	133,809
9,896,410	-	9,896,410	-
912,327	25,667	4,948,471	175,152
-	-	3,588,682	796,417
-	-	-	130,000
48,713,594	81,852	165,134,734	5,719,446
-	-	4,403,530	-
-	-	19,137,501	-
-	-	43,622,816	-
-	-	211,160	-
-	-	-	910,000
83,750,380	4,648,502	206,064,071	3,119,861
-	-	6,945,636	-
542,897	-	4,391,506	-
84,293,277	4,648,502	284,776,220	4,029,861
133,006,871	4,730,354	449,910,954	9,749,307

(continued)

City of Flint, Michigan

Statement of Net Assets (continued)
Proprietary Funds
June 30, 2005

	<u>Business-type Activities</u>	
	<u>Hurley Medical Center</u>	<u>Water Supply Division</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities (payable from current assets)		
Accounts payable	14,409,600	3,802,171
Accrued liabilities	22,017,039	348,019
Deposits and advances	-	1,108,166
Retainer payable	-	-
Due to other funds	-	-
Capital lease obligation - current portion	1,540,789	146,240
Note payable - current portion	-	4,025
General obligation bonds - current portion	-	-
Revenue bonds - current portion	2,090,000	1,686,536
	<hr/>	<hr/>
Total current liabilities	40,057,428	7,095,157
	<hr/>	<hr/>
Noncurrent liabilities		
Accrued expenses - long term	33,945,547	
Capital lease obligation - long term portion	2,979,013	231,931
Note payable - long term portion	-	21,014
General obligation bonds - long term portion	-	
Revenue bonds - long term portion	68,325,000	33,996,954
	<hr/>	<hr/>
Total noncurrent liabilities	105,249,560	34,249,899
	<hr/>	<hr/>
Total liabilities	145,306,988	41,345,056
	<hr/>	<hr/>
Net Assets		
Invested in capital assets, net of related debt	3,394,215	20,749,472
Restricted for debt service	-	2,718,587
Restricted for capital replacement	-	1,684,943
Restricted for donor restrictions and other	3,129,660	53,635
Unrestricted (deficit)	88,414,184	5,376,989
	<hr/>	<hr/>
Total net assets	\$ 94,938,059	\$ 30,583,626
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

Enterprise Funds			Governmental Activities Internal Service Funds
Sewage Disposal Division	Nonmajor Enterprise Funds	Total Enterprise Funds	
564,255	19,260	18,795,286	4,362,440
272,431	62,592	22,700,081	1,829,639
-	-	1,108,166	-
92,722	-	92,722	-
-	-	-	547,596
146,240	-	1,833,269	154,026
54,657	5,160	63,842	-
1,307,460	-	1,307,460	-
-	-	3,776,536	-
2,437,765	87,012	49,677,362	6,893,701
	-	33,945,547	-
231,931		3,442,875	-
284,972	26,941	332,927	-
1,688,570	-	1,688,570	-
	-	102,321,954	-
2,205,473	26,941	141,731,873	-
4,643,238	113,953	191,409,235	6,893,701
80,036,550	4,616,401	108,796,638	2,965,835
-	-	2,718,587	-
-	-	1,684,943	-
-	-	3,183,295	-
48,327,083	-	142,118,256	(110,229)
\$ 128,363,633	\$ 4,616,401	\$ 258,501,719	\$ 2,855,606

City of Flint, Michigan

Statement of Revenues, Expenses, and Changes in Fund Net Asset: Proprietary Funds For the Year Ended June 30, 2005

	Business-type Activities	
	Hurley Medical Center	Water Supply Division
Operating revenues - charges for service:	\$ 341,685,734	\$ 30,875,582
Costs of materials or services rendered	-	15,551,071
Operating expenses:		
Salaries, wages, and fringe benefits	207,513,338	6,453,184
Utilities	4,857,145	553,672
Equipment operation	-	129,428
Repairs and maintenance	3,473,559	106,790
Supplies	35,501,721	480,914
Insurance	17,684,240	-
Depreciation and amortization	10,483,568	5,314,779
Bad debt	34,970,385	263,086
Professional services	15,406,995	552,463
Claims and settlements	-	-
Administrative costs	-	706,029
Miscellaneous	13,746,992	320,166
Total operating expenses	343,637,943	14,880,511
Total materials, services, and operating expenses	343,637,943	30,431,582
Operating income (loss)	(1,952,209)	444,000
Non-operating revenues (expenses)		
Interest and dividend income	2,277,374	285,054
Interest expense	(2,957,176)	(23,254)
Net income from joint ventures:	2,677,943	-
Grants for capital improvements	-	815,526
Restricted contributions net of expenses:	295,259	-
Gain (loss) on sale of capital assets	(105,148)	-
Gain on sale of joint ventures	229,380	-
Total non-operating revenues (expenses)	2,417,632	1,077,326
Net income (loss) before transfers	465,423	1,521,326
Capital contributions	-	-
Transfers in	-	-
Transfers out	-	-
Change in net assets	465,423	1,521,326
Net assets - beginning of year (as restated)	94,472,636	29,062,300
Net assets - end of year	\$ 94,938,059	\$ 30,583,626

See notes to financial statements.

Enterprise Funds			Governmental
Sewage Disposal Division	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities Internal Service Funds
\$ 20,985,941	\$ 1,165,773	\$ 394,713,030	\$ 27,963,368
-	17,264	15,568,335	19,411,141
8,295,209	451,460	222,713,191	3,008,409
2,422,327	48,280	7,881,424	-
184,679	16,038	330,145	-
964,587	50,542	4,595,478	627,401
810,403	43,340	36,836,378	1,147,985
-	-	17,684,240	476,941
4,846,346	371,703	21,016,396	779,608
54,012	-	35,287,483	-
612,969	35,150	16,607,577	1,963,708
9,629	-	9,629	815,645
690,856	75,487	1,472,372	-
333,045	6,908	14,407,111	21,239
19,224,062	1,098,908	378,841,424	8,840,936
19,224,062	1,116,172	394,409,759	28,252,077
1,761,879	49,601	303,271	(288,709)
703,060	1,145	3,266,633	119,054
(229,588)	(47,516)	(3,257,534)	(34,383)
-	-	2,677,943	-
-	-	815,526	-
-	-	295,259	-
-	1,351	(103,797)	-
-	-	229,380	-
473,472	(45,020)	3,923,410	84,671
2,235,351	4,581	4,226,681	(204,038)
-	-	-	1,530,282
-	736,405	736,405	218,708
-	(986,584)	(986,584)	-
2,235,351	(245,598)	3,976,502	1,544,952
126,128,282	4,861,999	254,525,217	1,310,654
\$ 128,363,633	\$ 4,616,401	\$ 258,501,719	\$ 2,855,606

City of Flint, Michigan

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005**

	Business-type Activities		
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities			
Receipts from customers and users	\$ 330,941,617	\$ 29,205,166	\$ 20,581,610
Payments to vendors	(189,015,993)	(17,842,577)	(5,217,202)
Payments for interfund services	-	(300,000)	(300,000)
Payments to employees	(139,953,980)	(7,005,874)	(8,604,224)
Net cash provided by (used in) operating activities	1,971,644	4,056,715	6,460,184
Cash flows from investing activities			
Distributions from joint ventures	1,808,126	-	-
Investment in joint venture	-	-	-
Disposal (purchases) of investments	(3,466,907)	-	-
Interest on investments	2,277,374	285,054	703,060
Net cash provided by investing activities	618,593	285,054	703,060
Cash flows from non-capital financing activities			
Contributions for restricted purposes	295,259	-	-
Pooled cash advanced from (repaid to) other funds	-	(3,135,658)	-
Payments received on long term note receivable	-	-	-
Payments received on monies advanced to general fund	-	-	9,986,724
Pooled cash advances repaid by other funds	-	-	7,939,272
Interest paid	-	-	-
Transfers to other funds	-	-	-
Net cash provided by (used in) non-capital financing activities	295,259	(3,135,658)	17,925,996
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds	-	10,941,140	-
Repayment of long-term debt	(3,413,948)	(1,183,691)	(1,400,149)
Grants received for capital asset purchase	-	815,526	-
Purchase of capital assets	(9,473,774)	(11,145,995)	(2,516,642)
Proceeds from sale of assets	94,696	-	-
Interest payments	(3,122,767)	(23,254)	(229,588)
Net cash provided by (used in) capital and related financing activities	(15,915,793)	(596,274)	(4,146,379)
Net increase (decrease) in cash and cash equivalents	(13,030,297)	609,837	20,942,861
Cash and cash equivalents - beginning of year	56,085,217	6,286,146	12,072,500
Cash and cash equivalents - end of year	\$ 43,054,920	\$ 6,895,983	\$ 33,015,361

See notes to financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,169,533 (280,487) - (465,769)	\$ 381,897,926 (212,356,259) (600,000) (156,029,847)	\$ 27,834,932 (24,911,992) - (3,058,016)
423,277	12,911,820	(135,076)
-	1,808,126	-
-	-	-
-	(3,466,907)	-
-	3,265,488	119,054
-	1,606,707	119,054
-	295,259	-
(2,329,291)	(5,464,949)	324,320
-	-	130,000
-	9,986,724	-
-	7,939,272	-
(44,038)	(44,038)	(11,032)
(250,179)	(250,179)	-
(2,623,508)	12,462,089	443,288
-	10,941,140	-
(19,609)	(6,017,397)	(383,811)
-	815,526	-
-	(23,136,411)	(129,999)
2,179,718	2,274,414	-
(2,333)	(3,377,942)	(23,351)
2,157,776	(18,500,670)	(537,161)
(42,455)	8,479,946	(109,895)
98,640	74,542,503	4,593,963
\$ 56,185	\$ 83,022,449	\$ 4,484,068

(continued)

City of Flint, Michigan

**Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2005**

	Business-type Activities		
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities			
Operating income (loss)	\$ (1,952,209)	\$ 444,000	\$ 1,761,879
Adjustments to reconcile operating income (loss) to net cash provided by operations			
Depreciation and amortization	10,483,568	5,314,779	4,846,346
Provision for bad debt	34,970,385		
Amortization of deferred defeasance and bond issuance costs	436,885	-	-
Changes in operating assets and liabilities			
Accounts receivable	(44,526,959)	(1,407,330)	397,519
Inventories	(363,270)	(49,856)	6,524
Prepaid expenses and other assets	(458,423)	-	-
Accounts payable	(1,465,242)	(428,217)	(407,558)
Customer deposits	-	104,703	-
Accrued liabilities	4,846,909	78,636	(144,526)
Net cash provided by operating activities	<u>\$ 1,971,644</u>	<u>\$ 4,056,715</u>	<u>\$ 6,460,184</u>

See notes to financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 49,601	\$ 303,271	\$ (288,709)
371,703	21,016,396	779,608
	34,970,385	-
-	436,885	-
3,760	(45,533,010)	(128,436)
10,592	(396,010)	(7,647)
-	(458,423)	(576,309)
(12,379)	(2,313,396)	136,019
-	104,703	-
-	4,781,019	(49,602)
\$ 423,277	\$ 12,911,820	\$ (135,076)

City of Flint, Michigan

Statement of Net Assets Fiduciary Fund: June 30, 2005

Assets	<u>Pension & Benefit Trust Funds</u>	<u>Agency Funds</u>
Pooled cash and investment	\$ -	\$ 3,371,150
Cash and cash equivalents	59,831,528	464,274
Cash and securities held as collateral for securities lending	100,899,353	-
Total cash and equivalents	<u>160,730,881</u>	<u>3,835,424</u>
Taxes receivable	-	5,178,686
Accrued interest and dividend	1,540,843	-
Due from component unit	-	7,108
Prepaid items	556,262	-
Total receivables and prepaids	<u>2,097,105</u>	<u>5,185,794</u>
Investments at fair value		
U.S. Government obligations	123,831,074	-
Mutual Funds	122,631,165	-
Domestic stocks	440,978,786	-
Domestic corporate bonds	24,771,215	-
Partnership investment	7,717,575	-
Total investments	<u>719,929,815</u>	<u>-</u>
Total assets	<u>882,757,801</u>	<u>9,021,218</u>
Liabilities		
Accounts payable	446,391	221,839
Deposits and advances	-	358,489
Due to component unit	-	281,953
Due to other governments	-	8,158,937
Due to other funds	252,544	-
Amounts due to brokers under securities lending agreement	100,899,353	-
Total liabilities	<u>101,598,288</u>	<u>9,021,218</u>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 781,159,513</u>	<u>\$ - 0 -</u>

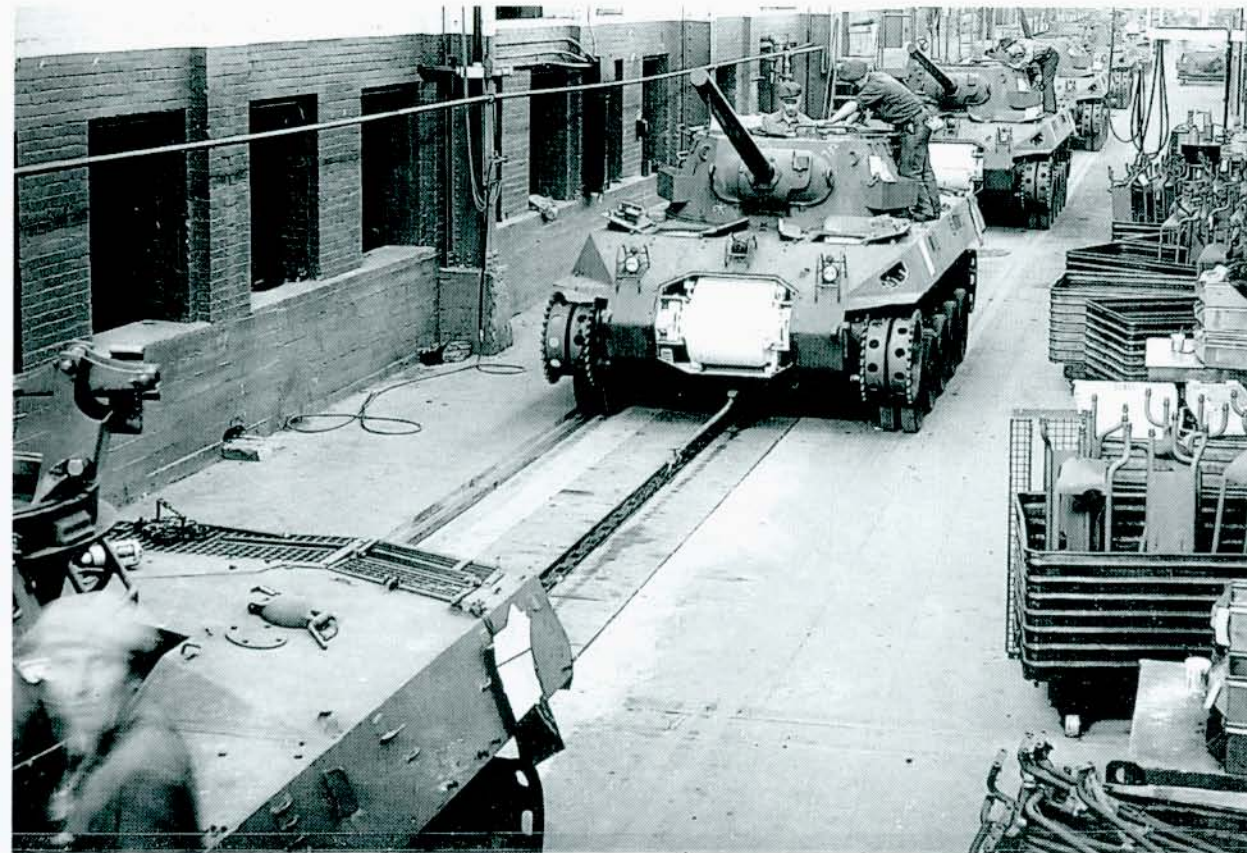
See notes to financial statements.

City of Flint, Michigan

Statement of Changes in Fiduciary Net Asset Fiduciary Fund: For the Year Ended June 30, 2005

	<u>Pension & Benefit Trust Funds</u>
Additions:	
Members' contributions	\$ 5,747,337
Employer contributions	30,841,279
	<hr/>
Total contributions	36,588,616
	<hr/>
Net increase in fair value of investments:	46,785,670
Interest	5,514,836
Dividends	2,910,590
Other investment income	213,388
	<hr/>
Investment income	55,424,484
Less investment expense	(2,171,628)
	<hr/>
Net investment income	53,252,856
	<hr/>
Securities lending income	
Interest and fees	1,829,292
Less borrower rebates and bank fees	(1,724,140)
	<hr/>
Net securities lending income	105,152
	<hr/>
Total additions	89,946,624
	<hr/>
Deductions:	
Benefits	79,577,552
Refunds of contributions	871,455
Administrative	675,465
	<hr/>
Total deductions	81,124,472
	<hr/>
Change in net assets	8,822,152
Net assets - beginning of the year (as restated)	772,337,361
	<hr/>
Net assets - end of the year	<u>\$ 781,159,513</u>

See notes to financial statements.



Hellcats

During World War II, Flint's automotive facilities were converted to war production.

Notes to Basic Financial Statements

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies

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

A. Reporting entity

The City of Flint is a municipal corporation governed by an elected mayor and a nine member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable although blended component units are legally separate entities, in substance, 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 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 Atwood Stadium Building Authority serves all citizens and is responsible for major capital improvements to Atwood Stadium, a recreational facility. The City appoints a majority of the governing board and all surplus funds existing at the termination of the Authority vest to the City. The Authority is presented as a governmental activity.

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Hurley Medical Center Enterprise Fund:

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

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

The Medical Center is the sole member of Hurley Health Services, Inc., (HHS) a municipal support organization organized on a non-profit, non-stock membership basis. HHS on a consolidated basis, is comprised of two non-profit entities (HHS and 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. 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, 2005 as the tax basis of the assets and the liabilities reported in the profit corporation are not materially different from the carrying value.

Joint Ventures:

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.

Summary of financial information for the fiscal year ended June 30, 2005, the date of its latest financial report is as follows:

Total assets	\$2,177,899
Total liabilities	20,824
Net assets	2,157,075
Total revenues	2,287,184
Total expenses	251,665
Net income	2,035,519

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Hurley Medical Center Enterprise Fund: - (continued)

Joint Ventures: - (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 Genesys Hurley Cancer Institute. Each corporate joint venture is recorded in the financial statements in accordance with Accounting Principles Board Statement 18 on the equity method of accounting.

GFAHIC and FHSIC provide magnetic resonance imaging (MRI) services to the Greater Flint and Genesee County community. The ownership of both Corporations is allocated between Hurley Medical Center, Genesys Regional Medical Center, and McLaren Regional Medical Center. The joint venture provides that each participant shares in the annual earnings/loss of the Corporations. The net investment by the Medical Center at June 30, 2005 was \$3,713,657. A total of \$1,800,000 was distributed to the Medical Center during the year ended June 30, 2005.

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 has a negative investment (obligation) of \$(702,570) at June 30, 2005. During 2005, Memorial Health Care Center withdrew from the joint venture and the three remaining entities contributed capital of \$1,742,000 to the venture. The arrangement now provides that the three 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, 2005 was \$395,991. 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, 2005 was \$31,061. 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, 2005 was \$1,928,130. The arrangement provides that the two entities will share equally in the excess revenues or expenditures of the joint venture.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

A. Reporting entity – (continued)

Hurley Medical Center Enterprise Fund: - (continued)

Joint Ventures: - (continued)

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

HPMS has a 50 percent ownership in Hurley/Binson's Medical Equipment, Inc. The equity method of accounting was adopted for this investment, which was \$1,456,479 at June 30, 2005. Investment loss recognized in the year ended June 30, 2005 using the equity method was \$178,310.

Flint Housing Commission:

Flint Housing Commission (Commission) 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 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, 2004, the date of its latest audited financial report, is as follows:

Total Assets	\$27,439,330
Total Liabilities	2,340,549
Retained Earnings	25,098,781
Total Revenues	10,381,305
Total Operating Expenditures	11,796,771
Non Operating Revenue	8,503,404
Net Loss	(1,415,466)

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, 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*.

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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

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

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.

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. Cash and cash equivalents

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

2. Pooled cash and investments:

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

At June 30, 2005, 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 fund to report the interfund receivable; Sewage Disposal Enterprise Fund. Accordingly, this fund's pooled cash and investment balance, 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, 2005

I. Summary of significant accounting policies - (continued)

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

3. Investments:

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

4. Receivables and payables

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

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

5. Inventories and prepaid items

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

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

6. Restricted assets

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

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

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

Restricted assets recorded in the Water Supply Enterprise fund 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, 2005

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 years ended June 30, 2002 and forward. 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	5-50
Land improvements	10-50
Public domain infrastructure	25-50
System infrastructure	30
Equipment	5-20

8. Compensated absences

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

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

9. Long-term obligations and interest payments

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interest expense incurred during capital asset construction phases is capitalized. During the year ended June 30, 2005, interest of \$740,158 was capitalized in the Water Enterprise Fund.

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, 2005, 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.

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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

I. Summary of significant accounting policies - (continued)

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

11. Property tax

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, 2005, 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 \$710,000 in 2005.

In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$26,100,000 for 2005.

13. Hurley Medical Center – revenues and expenses accounting policy

Net patient service revenue:

Net patient service revenue is reported at the estimated net realized amounts from patients and third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Approximately 75% of the Medical Center's revenues are based on participation in the Blue Cross Blue Shield, Medicare, and Medicaid programs for the year ended 2005.

Charity care:

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

Estimated malpractice costs:

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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	\$12,909,658
Capital leases payable	154,025
Compensated absences	<u>8,142,796</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u><u>\$21,206,479</u></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	\$ 11,273,094
Depreciation expense	<u>(19,207,587)</u>
Net adjustment to decrease <i>net changes in fund balances -total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (7,934,493)</u></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 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 to obtain taxpayer comments.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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.
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. No budget was adopted for the State Grants Special Revenue Fund as the fund only holds assets and liabilities.
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 Amended Budget</u>
General Fund:			
Legislation – City Council	\$ 898,379	\$ 915,521	\$ 17,142
Federal grants:			
Principal	-	126,000	126,000
Interest and fiscal charges	-	23,906	23,906
Neighborhood Policing:			
Police department	3,235,433	3,492,365	256,932
EDA Revolving Loan:			
Community development and enrichment	-	26,527	26,527

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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, 2005 is comprised of the following:

Cash deposits	\$ 1,160,512
Investments	<u>61,368,473</u>
	<u><u>\$62,528,985</u></u>

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the Sewage Disposal Enterprise Fund at June 30, 2005, follows:

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
General Fund	\$ -	\$(7,279,153)
Special Revenue Funds:		
Major Streets Fund	9,409,163	-
Local Streets Fund	2,627,505	-
Federal Grants Fund	-	(1,059,070)
Neighborhood Policing Fund	3,942	-
State Act 251 - Forfeitures Fund	705,914	-
EDA Revolving Loan Fund	10,682	-
Atwood Stadium Fund	5,657	-
Local Law Enforcement Grant	235,719	-
Parks and Recreation	571,892	-
City Park Fund	6,999	-
Longway Fund	7,809	-
Building Department Fund	-	(38,087)
Garbage Fund	103,472	-
Code Abatement Fund	295,698	-
Debt Service Funds:		
Windmill Place Debt Service Fund	5,943	-
Buick City Debt Service Fund	635	-
Capital Projects Funds:		
Public Improvement Fund	1,178,687	-
Enterprise Funds:		
Water Supply Division Fund	6,842,506	-
Sewage Disposal Division Fund	42,191,811	-
Golf Course Fund	53,160	-
Mid-City Parking System Fund	-	-

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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>
Internal Service Funds:		
Data Processing Fund	-	(547,596)
Fringe Benefits Fund	209,757	-
Self-Insurance Fund	3,576,104	-
Central Maintenance	291,230	-
Pension Trust Funds:		
Charter Retirement Fund	-	(2,348)
Flint Employees' Retirement System Fund	-	(156,076)
Retiree Health Care Fund	-	(94,120)
Agency Funds:		
Miscellaneous Agency Fund	3,371,150	-
	<hr/>	
	71,705,435	\$9,176,450
	<hr/>	
Total pooled cash and investments	<u>\$62,528,985</u>	

B. Deposits and investments

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

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

The city has designated four banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

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

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

The City was in compliance with all aspects of its investment policy at June 30, 2005.

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.

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.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$36,922,721 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name:

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Custodial credit risk of investments: - (continued)

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov or agency bond or notes	\$18,312,299	Counterparty's trust dept.
Repurchase Agreement	28,556,911	Counterparty's trust dept.
Commercial paper	<u>1,000,716</u>	Counterparty
	<u>\$47,869,926</u>	

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy for investment of general City monies that limits investments in securities with maturities greater than five years to 15% of the balance available to invest. Hurley Medical Center's investment policy indicates that no investment shall have, at time of purchase, an average life of more than five years and investments other than mortgage backed securities may not have a maturity of more than 10 years. As of June 30, 2005, the following securities were subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u> <u>(amounts in thousands)</u>	<u>Weighted</u> <u>Average</u> <u>Maturity (Years)</u>
Repurchase Agreement	\$ 18,306	0.5
U.S. government agency bonds	169,248	2.6
U.S. government CMO's	21,843	12.9
Commercial paper	11,876	0.2
Corporate bonds	25,413	5.2
U.S. Government bonds	32,330	2.6
Mutual fund	1,009	0.8
Mortgage backed securities	<u>60,595</u>	38.0
	<u>\$340,620</u>	

Credit risk:

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

As of June 30, 2005, the credit quality ratings of debt securities not explicitly guaranteed by the U.S. Government are as follows:

<u>Investment Type</u>	<u>Fair Value</u> <u>(amounts in thousands)</u>	<u>Rating</u>	<u>Rating</u> <u>Organization</u>
U.S. government agency bonds	\$165,214	AAA	Standard and Poors
U.S. government CMO's	3,689	AAA	Standard and Poors
	18,154	Not rated	N/A

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Credit risk: - (continued)

<u>Investment Type</u>	<u>Fair Value</u> <u>(amounts in thousands)</u>	<u>Rating</u>	<u>Rating</u> <u>Organization</u>
Commercial paper	5,788	P1	Moody's
	5,008	P2	Moody's
	1,000	A1+	Standard and Poors
Repurchase Agreement	18,306	Not rated	N/A
Bank investment pool	49,692	Not rated	N/A
Mutual fund	1,009	Not rated	N/A
Mortgage backed securities	60,595	Not rated	N/A
Corporate bonds	10,345	A1	Standard and Poors
	7,066	A2	
	419	A3	
	7,056	AAA	
	377	Bca2	
	150	Baa3	
	<u>\$353,868</u>		

Foreign currency risk:

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

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u> <u>(amounts in thousands)</u>
Foreign stocks	Chinese	\$ 342
	Canadian Dollar	2,047
	European Euro	3,369
	Japanese Yen	3,558
	Mexican	1,564
	Netherlands	3,119
	Sweden	284
	Swiss Franc	673
	British Pound	<u>2,010</u>
		<u>\$ 16,966</u>

Securities lending agreement:

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Securities lending agreement: - (continued)

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

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral of approximately \$99,700,000 received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. In addition, the System received noncash collateral of approximately \$3,600,000. The average duration of this investment pool as of June 30, 2005 was 100 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2005, the System had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the System as June 30, 2005 was approximately \$100,900,000 and \$103,300,000, respectively.

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

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ 38,359
Partnerships	7,717
Short-term investment funds	59,525
U.S. government and agency securities	123,139
Domestic corp. fixed-income securities	108,864
Domestic equities	426,276
International equities	<u>12,991</u>
	<u>\$776,871</u>

The following represents the balances relating to the securities lending transactions as of June 30, 2005. (Amounts are in thousands; investments are reported at fair value.)

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Collateral Received</u>	<u>Collateral Investment Value</u>	<u>Type of Collateral</u>
U.S. government and agency securities	\$ 33,272	\$ 33,996	\$30,585 3,411	Cash Gov. securities
Domestic corporate fixed-income securities	2,074	2,131	2,131	Cash
Domestic equities	65,553	67,239	190	Gov. securities
International equities	-	-	<u>67,049</u>	Cash
	<u>\$100,899</u>	<u>\$103,366</u>	<u>\$103,366</u>	

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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>	Nonmajor, Internal Service, and Other <u>Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 2,825,671	\$ 6,193,167	\$ 9,018,838
Accounts	6,736,124	225,392	6,961,516
Intergovernmental	6,325,875	5,558,018	11,883,893
Interest and dividends	-	1,540,843	1,540,843
Notes and leases	-	6,077,743	6,077,743
	<hr/>	<hr/>	<hr/>
Gross receivables	15,887,670	19,595,163	35,482,833
Less: allowance for uncollectibles	<hr/> (3,841,694)	<hr/> (4,219,729)	<hr/> (8,061,423)
Net total receivables	<hr/> <u>\$12,045,976</u>	<hr/> <u>\$15,375,434</u>	<hr/> <u>\$ 27,421,410</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)	\$ 1,951,312	\$ -	\$1,951,312
Delinquent property taxes receivable	1,005,809	-	1,005,809
Long-term other receivables	2,377	-	2,377
Long-term notes receivable	518,278	-	518,278
Long-term advance to component unit	767,837	-	767,837
Grant receipts prior to meeting all eligibility requirements	<hr/> -	<hr/> 652,027	<hr/> 652,027
Total deferred/unearned revenue for governmental funds	<hr/> <u>\$4,245,613</u>	<hr/> <u>\$652,027</u>	<hr/> <u>\$4,897,640</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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>Total</u>
Receivables:				
Interest - restricted	\$ 211,160	\$ -	\$ -	\$ 211,160
Accounts	100,447,329	10,968,439	5,410,272	116,826,040
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	100,658,489	10,968,439	5,410,272	117,037,200
Less: allowance for uncollectibles	(26,100,000)	(3,196,671)	(520,776)	(29,817,447)
	<hr/>	<hr/>	<hr/>	<hr/>
Net total receivables	<u>\$ 74,558,489</u>	<u>\$ 7,771,768</u>	<u>\$4,889,496</u>	<u>\$ 87,219,753</u>

D. Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers*</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$11,620,729	\$ -	\$ -	\$2,172,178	\$13,792,907
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	11,620,729	-	-	2,172,178	13,792,907
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:					
Buildings	17,104,004	78,689	-	2,504,863	19,687,556
Improvements other than buildings	8,663,939	493,329	6,197	70,021	9,221,092
Machinery and equipment	33,113,994	3,165,281	7,395,764	111,152	28,994,663
Infrastructure	292,593,644	6,285,597	249,000	-	298,630,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	351,475,581	10,022,896	7,650,961	2,686,036	356,533,552
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:					
Buildings	10,188,485	425,815	-	2,504,863	13,119,163
Improvements other than buildings	3,501,302	392,255	6,197	65,911	3,953,271
Machinery and equipment	26,597,485	1,711,514	7,394,549	111,154	21,025,604
Infrastructure	175,689,313	16,678,003	249,000	-	192,118,316
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	215,976,585	19,207,587	7,649,746	2,681,928	230,216,354
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated, net	<u>135,498,996</u>	<u>(9,184,691)</u>	<u>(1,215)</u>	<u>4,108</u>	<u>126,317,198</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	<u>\$147,119,725</u>	<u>\$ (9,184,691)</u>	<u>\$ (1,215)</u>	<u>\$2,176,286</u>	<u>\$140,110,105</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

* On June 30, 2005, the parking fund proprietary fund was closed and will now be accounted for in the general fund. The parking fund capital assets were purchased by the general fund at their current value. They are shown in the above footnotes as transfers.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,472,367	\$ 27,883	\$ 2,172,178	\$ 5,328,072
Construction in progress	10,352,816	18,784,534	7,872,071	21,265,279
Total capital assets, not being depreciated	17,825,183	18,812,417	10,044,249	26,593,351
Capital assets, being depreciated:				
Buildings and system	173,953,195	1,401,839	2,576,641	172,778,393
Improvements other than buildings	9,896,829	50,000	70,021	9,876,808
Machinery and equipment	312,262,492	10,765,630	5,068,434	317,959,688
Total capital assets, being depreciated	496,112,516	12,217,469	7,715,096	500,614,889
Less accumulated depreciation for:				
Buildings and system	109,006,050	6,845,107	2,566,879	113,284,278
Improvements other than buildings	3,098,328	361,063	65,913	3,393,478
Machinery and equipment	195,776,328	13,605,586	4,915,501	204,466,413
Total accumulated depreciation	307,880,706	20,811,756	7,548,293	321,144,169
Total capital assets, being depreciated, net	188,231,810	(8,594,287)	166,803	179,470,720
Business-type activities capital assets, net	\$206,056,993	\$10,218,130	\$10,211,052	\$206,064,071

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

Governmental activities:

Current:

Legislative	\$ 1,294
Judicial	10,822
General government	875,111
Police	179,167
Fire	667,509
Transportation	16,690,966
Public works	37,176
Parks and recreation	740,422
Community enrichment and development	5,120

Total depreciation expense - governmental activities	\$19,207,587
--	--------------

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

Business-type activities:

Hospital	\$10,405,858
Water	5,296,429
Sewer - depreciation	4,737,766
Mid-City Parking	1,472
Golf	<u>370,231</u>

Total depreciation expense – Business-type activities	<u><u>\$20,811,756</u></u>
---	----------------------------

Construction commitments:

The government has active construction projects as of June 30, 2005. The projects include water plant improvements, street construction in areas with newly developed housing, widening and construction of existing streets and bridges, and enhancement of park facilities. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment</u>
Water plant improvements	\$11,360,417	\$14,070,836
Road and bridge construction	-	684,067
Parks facilities	<u>1,765,519</u>	<u>2,037,770</u>
Total	<u><u>\$13,125,936</u></u>	<u><u>\$16,792,673</u></u>

The commitment for residential street construction is being financed by state grants and State Act 51 revenues. The commitment for road and bridge expansion is being financed entirely from grants from the Federal Highway Administration. The commitment for water plant facilities is being financed by revenue bonds secured by water revenues. Parks construction commitments will be financed from grants, property taxes, and general revenues.

Discretely presented component units capital asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2005, 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>(44,737)</u>	<u>(1,539)</u>	<u>-</u>	<u>(46,276)</u>
Governmental activities capital total capital assets, net of depreciation	<u>2,449</u>	<u>(1,539)</u>	<u>-</u>	<u>910</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Discretely presented component units capital 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	235,337	24,914	-	260,251
Land improvements	1,457,327	-	-	1,457,327
Leasehold improvements	5,519,160	-	-	5,519,160
Totals, capital assets being depreciated	7,211,824	24,914	-	7,236,738
Less accumulated depreciation for:				
Buildings	(202,345)	(15,100)	-	(217,445)
Land improvements	(1,352,326)	(30,000)	-	(1,382,326)
Leasehold improvements	(4,754,816)	(281,534)	-	(5,036,350)
Total accumulated depreciation	(6,309,487)	(326,634)	-	(6,636,121)
Total business-type activities, total capital assets, net of depreciation	6,400,849	(301,720)	-	6,099,129
Capital assets – net	\$6,403,298	\$ (303,259)	\$ -0-	\$6,100,039

Activity for the Flint Economic Development Corporation for the year ended June 30, 2005, 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	-	-	514,782
Building improvements	680,385	6,191	-	686,576
Machinery and equipment	17,046	-	-	17,046
Totals, capital assets being depreciated	1,212,213	6,191	-	1,218,404
Less accumulated depreciation for:				
Buildings	389,690	27,798	-	417,488
Building improvements	229,200	42,360	-	271,560
Machinery and equipment	16,873	174	-	17,047
Total accumulated depreciation	635,763	70,332	-	706,095
Total capital assets, being depreciated, net	576,450	(64,141)	-	512,309
Capital assets, net	\$ 670,310	\$ (64,141)	\$ -0-	\$ 606,169

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Enterprise	General	\$7,279,153
	Special Revenue:	
	Federal grants	1,779,030
	Building Fund	38,087
	Internal Service Funds:	
	Data Processing	547,596
	Pension Trust Funds:	
	Charter Retirement	2,348
	Flint Employee's Retirement System	156,076
	Retiree Health Care	94,120
		<u>\$9,896,410</u>

The interfund receivables in the Sewer Enterprise Fund were created through negative pooled cash in other funds and monies loaned from operating purposes.

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government:		
State Grant Special Revenue Fund	Component Unit – DDA	\$ 767,837
Miscellaneous Agency Fund	Component Unit – Atwood Stadium	7,108
Component Unit – EDC	Miscellaneous – EDC	281,953
		<u>\$1,056,898</u>

	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Proprietary Fund</u>	<u>Internal Service Funds</u>	
Transfer out:					
General fund	\$ -	\$2,279,498	\$736,405	\$ -	\$3,015,903
Nonmajor governmental funds	-	1,435,127	-	218,708	1,653,835
Nonmajor proprietary funds	986,584	-	-	-	986,584
Total transfers out	<u>\$986,584</u>	<u>\$3,714,625</u>	<u>\$736,405</u>	<u>\$218,708</u>	<u>\$5,656,322</u>

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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, \$5,258,801 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, 2005:

2006	\$2,204,188
2007	2,029,590
2008	1,500,568
2009	<u>75,544</u>
Total future minimum payments	5,809,890
Less amount representing interest	<u>(379,719)</u>
Long-term obligation under capital leases	<u><u>\$5,430,171</u></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, 2005:

2006	\$ 2,621,834
2007	2,496,874
2008	2,244,590
2009	1,945,375
2010	1,590,873
2011 and after	<u>3,698,230</u>
Total minimum payment required	<u><u>\$14,597,776</u></u>

Rental expense for all operating leases for the year ended June 30, 2005, was \$5,323,363.

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, 2005

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Long-term liability activity for the year ended June 30, 2005 is summarized as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds and Notes</u>	<u>Other Notes</u>	<u>Capital Leases</u>	<u>Accumulated Annual and Sick Pay</u>
Governmental Activities:					
Debt at July 1, 2004	\$ 2,455,000	\$ -	\$4,082,706	\$493,636	\$8,971,519
New Debt:					
General Obligation United					
Tax Bonds	8,000,000	-	-	-	-
Capital lease equipment		-	-	44,200	-
Annual and sick pay	-	-	-	-	4,974,348
Principal payments made	(1,280,000)	-	(348,048)	(383,811)	(5,803,071)
Total governmental activities long-term debt	<u>9,175,000</u>	<u>-</u>	<u>3,734,658</u>	<u>154,025</u>	<u>8,142,796</u>

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2005:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds and Notes</u>	<u>Other Notes</u>	<u>Capital Leases</u>	<u>Accumulated Annual and Sick Pay</u>
Proprietary Fund:					
Debt at July 1, 2004	4,204,534	98,172,350	457,248	6,973,933	-
New Debt:					
Capital lease – Software	-	-	-	35,625	-
DWRF Bonds	-	10,941,140	-	-	-
Principal payments made	(1,208,504)	(3,015,000)	(60,480)	(1,733,412)	-
Total business type activities long-term debt at June 30, 2005	<u>2,996,030</u>	<u>106,098,490</u>	<u>396,768</u>	<u>5,276,146</u>	<u>-</u>
Total long-term debt - all activities June 30, 2005	<u>\$12,171,030</u>	<u>\$106,098,490</u>	<u>\$4,131,426</u>	<u>\$5,430,171</u>	<u>\$8,142,796</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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, 2005, and the composition of the June 30, 2005, long-term debt balance follows:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at June 30, 2004</u>	<u>Issuances (Retirements) During Year</u>
Governmental Activities:					
MEDC Economic Development loan	1/18	6%	\$ 767,837	\$ 767,837	\$ -
1991 Refunding bonds	6/05	5.0-6.4	4,000,000	50,000	(50,000)
1993 Tax Increment Financing Authority Refunding Bonds	6/06	5.8	16,640,000	2,405,000	(1,230,000)
2004 Financial Recovery General Obligation United Tax Bonds	5/10	3-3.25	8,000,000	-	8,000,000
Section 108 loan	8/2016	Variable	2,624,000	2,498,000	(126,000)
Capital lease obligation	9/05	5.0	1,213,000	399,607	(262,717)
Capital lease	11/04	6.1	174,498	30,892	(30,892)
Capital lease	7/05	6.625	112,573	63,137	(58,155)
Capital lease	10/05	0.55	44,200	-	44,200
					(32,047)
Purchase contract	9/05	5.59	659,425	217,239	(142,821)
Purchase contract	9/10	5.39	895,009	599,630	(79,227)
Accrued annual and sick pay				8,971,519	4,974,348
				-	(5,803,071)
				<u>\$16,002,861</u>	<u>\$ 5,203,618</u>
Total governmental activities					

Balance at June 30, <u>2005</u>	Due Within One <u>Year</u>
\$ 767,837	\$ 15,997
-	-
1,175,000	1,175,000
8,000,000	1,235,000
2,372,000	276,000
136,890	136,890
-	-
4,982	4,982
12,153	12,153
74,418	74,418
520,403	83,600
<u>8,142,796</u>	<u>400,000</u>
<u><u>\$21,206,479</u></u>	<u><u>\$3,414,040</u></u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at June 30, <u>2004</u>	Issuances (Retirements) <u>During Year</u>
Business - Type Activities:					
Enterprise Funds:					
2001 MMBA Drinking Water Revolving Fund Revenue bonds	4/20	2.5	\$ 7,168,994	\$ 5,993,994	\$ (310,000)
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4/21	2.5	8,035,000	7,070,000	(340,000)
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	9,480,000	8,224,581	(390,000)
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	19,180,000	4,493,775	10,941,140
McCollum Avenue Drain Contract	5/10	5.10	1,500,000	689,534	(98,504)
Sewage Disposal	11/06	4.0-5.0	8,455,000	3,515,000	(1,110,000)
1997A Medical Center Revenue Refunding Bonds	7/07	6.0-7.0	16,445,000	3,205,000	(1,005,000)
1998a Medical Center Revenue Refunding Bonds	7/21	4.0-5.375	18,560,000	15,290,000	(585,000)
1998B Medical Center Revenue Refunding Bonds	7/29	4.0-5.375	20,570,000	18,895,000	(385,000)
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	457,248	(60,480)
Capital lease	2008	0.0	490,015	342,918	(85,096)
Capital lease	3/05	6.12	654,419	14,716	(14,716)
Capital lease	2009	4.7	8,000,000	5,580,208	(1,341,971)
Capital lease	11/07	4.5	2,549,202	1,036,091	(279,749)
Capital lease	2007	0.0	35,625	-	35,625
				<hr/>	<hr/>
Total Business - Type Activities				<u>\$109,808,065</u>	<u>\$4,959,369</u>

Balance at June 30, <u>2005</u>	Due Within One <u>Year</u>
\$ 5,683,994	\$ 315,000
6,730,000	345,000
7,834,581	374,587
15,434,915	651,949
591,030	107,460
2,405,000	1,200,000
2,200,000	1,070,000
14,705,000	615,000
18,510,000	405,000
35,000,000	-
396,768	63,842
257,822	130,983
-	-
4,238,232	1,397,932
756,342	292,479
23,750	11,875
\$114,767,434	\$6,981,107

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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
2006	\$ 3,014,040	\$ 423,514	\$ 6,981,108	\$ 5,122,124
2007	1,703,152	322,234	8,844,148	4,857,563
2008	1,742,968	261,237	6,264,381	4,472,958
2009	1,683,048	200,587	5,086,403	4,224,928
2010	1,733,405	140,313	5,236,840	3,991,464
2011-2015	2,664,104	205,280	28,850,959	16,165,019
2016-2020	522,966	38,932	36,276,996	8,617,029
2021-2025	-	-	12,346,599	2,267,059
2026-2030	-	-	4,880,000	410,919
Total	\$13,063,683	\$1,592,097	\$114,767,434	\$50,129,063

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, 2004	<u>\$1,677,708,562</u>
Legal debt limit - (7% of assessed valuation)	\$ 117,439,600
Total Bonded Debt at June 30, 2005	\$118,269,520
Less debt not subject to limitation under City charter and state statute:	
Revenue bonds and notes	<u>106,089,490</u>
Debt subject to limitation	<u>12,180,030</u>
Unused debt limitation	<u>\$105,259,570</u>

Drinking Water Revolving Fund Revenue Bonds and Financial Recovery Bonds:

The Drinking Water Revolving Fund Revenue Bonds and Financial Recovery Bonds issued by the Water Enterprise Fund and General 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, 2005

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, 2005, was \$1,225,000.

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, 2005. The outstanding balance on the 1977 revenue rental and general obligation bonds was \$4,310,000 at June 30, 2005.

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, 2005. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2005, is \$2,425,000.

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, 2005. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2005, is \$3,650,000.

Total defeased debt still outstanding at June 30, 2005:

Governmental activities	\$ 4,875,000
Business type activities	<u>6,735,000</u>
	<u><u>\$11,610,000</u></u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

IV. Detailed notes on all funds - (continued)

H. Restricted assets

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

Hurley Medical Center:	
Equipment replacement and improvement	\$40,820,574
Self insurance	9,418,066
Revenue Bond Indenture – held by trustee	12,363,497
Children’s Miracle Network	369,340
Water Supply Fund:	
Revenue bond equipment replacement account	1,684,943
Debt service reserve	<u>2,718,587</u>
Total restricted assets	<u>\$67,375,007</u>

V. Other information

A. Economic dependency

General Motors Corporation is the largest employer in the City and holds approximately 8% 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.

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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information – (continued)

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 hired prior to October 1, 2003, including Hurley Medical Center, except certain firemen and policemen covered by the Charter Retirement Plan, and those employees that elect to participate in the Employees Defined Contribution - 401A Plan. The Retirement System is a blended component unit of the City of Flint. The plan was established by City ordinance and applicable state law, and is administered by a board of trustees. 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 1.7% to 2.6% of the participant's final average compensation based on the last three years (5 years for certain Hurley Medical Center employees) of credited service multiplied by the years of credit service depending on date of hire, and is payable monthly for life. Benefits fully vest on reaching 10 years of service with the benefit payable at age 55. The plan also provides death and disability benefits.

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

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

Membership in the plan at December 31, 2003, the date of the latest actuarial valuation, was comprised of 3,082 active plan members 302 inactive vested members and 2,996 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 2004. 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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

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

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

The City forwarded \$5,806,029 of pension contributions withheld from employees during the year ended June 30, 2005. During 2005, employer contributions rates ranged from 0% to 29.23% 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, 2003
Actuarial cost method	Hurley – individual entry age City – individual entry age
Amortization method	Level percent
Remaining amortization period	30 years – General and Fire 10 years - Police
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%

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</u> <u>Year</u> <u>End</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>% of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation (Asset)</u> <u>at June 30</u>
6/30/03	12/31/00	\$6,588,897	100%	\$ -
6/30/04	12/31/01	6,226,037	100	-
6/30/05	12/31/02	5,838,015	100	-

During the fiscal year ended June 30, 2005, seven of nine Hurley Medical Center employee unions plus the exempt employees of Hurley Medical Center voted to change participation from the City of Flint PERS to the Michigan Municipal Public Employees Retirement System (MERS). The process to effectuate the transfer began July 1, 2005. Employer contribution rates of the MERS plan are expected not to be greater than those of the City of Flint PERS.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

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

2. Charter Retirement Plan:

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a monthly benefit. The current membership of the plan at June 30, 2005, is 18 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, 2005, was \$255,705 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, 2005 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, 2005, were \$375,848, 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, 2005, were \$45,272,125 and \$1,503,392, respectively.

4. Defined contribution retirement plan:

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. Employees hired on or after October 1, 2003, will not be eligible for Flint Employees Retirement System defined benefit pension plan. Employees hired prior to October 1, 2003 had the option of transferring assets from the defined benefit pension plan upon implementation of the defined contribution plan. The City contributes 10% of employees' gross earnings and employees have a mandatory 5% contribution. Employee accounts are fully vested after 5 years of service. The City's total payroll during the current year was \$45,272,125. The current year contribution was calculated based on covered payroll of \$767,915 resulting in an employer contribution of \$75,385 and employee contribution of \$37,669.

The City provides pension benefits to all of its full-time employees (or specific employee group, if applicable) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by City ordinance (authority under which the pension obligation is established), the City contributes 10 percent of employees' gross earnings and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 5 years of service.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

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

4. Defined contribution retirement plan: - (continued)

The City's total payroll during the current year was \$45,272,125. The current year contribution was calculated based on covered payroll of \$177,440, resulting in an employer contribution of \$19,447 and employee contributions of \$9,071.

5. 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, 2005, employer contributions of \$55,112 were made to the plan and benefits of \$55,112 were paid out.

No actuarially computation of the actuarially required contribution has been performed.

6. 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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

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

6. Retiree Death Benefits Plan: - (continued)

As of year end, there were 697 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2005, were both \$19,551. Net assets available for benefits, reported at fair value were \$2,582,584 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2005, death benefits of \$67,000 were paid.

7. 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 \$168 to \$1,499 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 \$3,099,680 in the year ended June 30, 2005. The number of participants eligible to receive benefits were 642 in the year ended June 30, 2005. 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, which was established in accordance with State law. The City is self insured for these health care benefits as described in the risk management footnote. For the year ended June 30, 2005, the City paid out \$16,447,867 in retiree health care costs. As of year end, 1,569 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, 2005 is as follows:

Revenue:	
Building permits	\$ 1,337,590
Federal revenue	387,333
Charges for services	67,200
Expenditures	<u>(2,883,968)</u>
Revenue over (under) expenditures	<u><u>\$(1,091,845)</u></u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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, 2005 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, 2005 was not material.

The City pays unemployment claims on a reimbursement basis.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

F. Risk management - (continued)

The City is self insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay as you go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross and Blue Shield and Health Plus of Michigan. Once the individual contract or aggregate stop loss amount is reached reinsurance provides the remaining benefits. The City has two health insurance plans that are self insured, Blue Cross/Blue Shield of Michigan (BCBSM) and HealthPlus. For the year ended June 30, 2005, the City paid out \$4,577,293 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 \$19,572,079 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, 2005 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, 2005, there were 1,569 retirees that were receiving medical benefits.

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

The City is self insured for other potential claims not covered by the commercial 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>2005</u>	<u>2004</u>
Estimated liability, beginning of year	\$3,645,022	\$2,610,022
Estimated claims incurred, including changes in estimates	984,279	3,780,020
Claims payments	<u>(815,645)</u>	<u>(2,745,020)</u>
Estimated liability, end of year	<u>\$3,813,656</u>	<u>\$3,645,022</u>

The estimated liability is included in accounts payable in the self insurance internal service fund.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

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 \$6 million for the first annual occurrence and \$4 million for each additional occurrence annually with excess claims made coverage up to \$15 million annually. Claims in excess of \$15 million are to be covered by the Medical Center.

The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

The carrying amount of liabilities for unpaid claims amounted to \$24,242,445 June 30, 2005.

The following represents the change in the aggregate liabilities for claims and defense costs payable for the years ended June 30, 2005 and 2004.

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Balance - beginning of year	\$ 21,545,354	\$19,553,190
Claims paid	(8,619,433)	(3,621,133)
Defense costs and other fund expenses	(2,155,973)	(2,365,278)
Excess insurance premium payments	(1,821,833)	(1,618,639)
Increase in claims liability	<u>15,294,330</u>	<u>9,597,214</u>
Balance - end of year	<u>\$ 24,242,445</u>	<u>\$21,545,354</u>
Insurance Trust assets (at market) - end of year	<u>\$ 3,603,534</u>	<u>\$ 2,311,714</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, 2005 was \$1,386,339.

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, 2005 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, 2005

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, 2005.

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. 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.

H. Interest rate swap

On July 1, 2005, Hurley Medical Center entered into an interest rate swap agreement with Piper Jaffray related to the \$35 million bond issue that changed interest to be paid from a fixed rate of 5.69% to a variable rate of 3.3%. The term of the agreement is seven years but can be terminated at any time.

I. Upcoming reporting changes

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2006. Management is currently assessing the impact of this new accounting standard on the City's financial statement for future reporting periods.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2005

V. Other information - (continued)

J. Accounting changes

Beginning July 1, 2004, the City changed its accounting practices for certain funds and activities. Through June 30, 2004, the City reported a defined contribution plan within its fiduciary trust funds. On further examination, the plan is not administered by the City and should not be reported within the fiduciary funds. In addition, prior to July 1, 2004, the Atwood Stadium Building Authority Fund was reported as a blended component unit. On further examination, the Authority should have been reported as a discretely presented component unit. Three changes were made beginning July 1, 2004. At July 1, 2004, the City established a motor pool internal service fund for fleet operations previously accounted for with capital assets recorded in governmental activities in the statement of net assets. Therefore, the net carrying value of the capital assets held at June 30, 2004, was recorded in the new internal service motor pool fund.

The accounting changes above resulted in the following changes to beginning net assets for the government-wide and internal service fund statements and changes to beginning fund balance in the governmental financial statements.

	Governmental Fund Financial Statements	Statement of Activities Governmental Activities	Fiduciary Fund Statement of Changes	Internal Service Fund Financial Statements
Fund balance/net assets at July 1, 2004, as originally reported	\$14,742,298	\$150,676,592	\$779,974,489	\$ -
Reclassification of Atwood Stadium component unit	(9,342)	(9,342)	-	-
Removal of defined contribution pension plans	-	-	(7,637,128)	-
Transfer of capital assets to new internal service fund	-	-	-	1,310,654
Fund balance/net assets at July 1, 2004, as restated	<u>\$14,732,956</u>	<u>\$150,667,250</u>	<u>\$772,337,361</u>	<u>\$1,310,654</u>



1949 Buick Roadmaster

Required Supplementary Information

City of Flint, Michigan
Required Supplementary Information
Analysis of Funding Progress
June 30, 2005

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
12/31/98	\$806,153	\$820,142	\$ 13,989	98.29%	\$153,425	9.12%
12/31/99	849,481	837,540	(11,947)	101.43	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	871,274	955,306	84,032	91.20	146,558	57.34
12/31/03	822,813	981,884	159,071	83.89	148,997	106.76

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, 2005

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

Fiscal Year <u>End</u>	Actuarial Valuation <u>Date</u>	Annual Required <u>Contribution (ARC)</u>	% of ARC <u>Contributed</u>	Net Pension Obligation (Asset) at <u>June 30</u>
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	-
6/30/04	12/31/01	6,226,037	100	-
6/30/05	12/31/02	5,838,015	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, 2005

	Budgeted		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes				
Property taxes	\$ 12,590,657	\$ 12,590,657	\$ 12,358,403	\$ (232,254)
Income taxes	19,745,500	19,745,500	20,670,108	924,608
Intergovernmental:				
Federal revenue	304,499	1,034,472	963,279	(71,193)
State revenue	18,920,291	18,655,629	20,248,416	1,592,787
Special assessments	-	-	327,834	327,834
Licenses and permits	1,141,060	1,141,060	1,203,770	62,710
Fines and forfeits	3,111,000	3,111,000	2,639,587	(471,413)
Charges for services	19,295,384	20,203,178	7,573,678	(12,629,500)
Local grant revenue	423,059	496,868	443,071	(53,797)
Interest	180,000	180,000	393,956	213,956
Other	390,354	411,204	1,266,713	855,509
Total revenues	76,101,804	77,569,568	68,088,815	(9,480,753)
Expenditures:				
Current:				
Legislative - City Council	475,127	898,379	915,521	(17,142)
Judicial-68th District Court	4,208,385	5,366,698	5,156,051	210,647
General government:				
Contributions to agencies and others	417,500	417,500	297,500	120,000
Civil Service	429,500	174,287	136,627	37,660
Human Relations	148,852	242,603	235,973	6,630
Mayor's office	86,009	315,141	212,820	102,321
Finance	4,584,613	6,951,841	6,057,042	894,799
Community service	270,289	340,297	304,753	35,544
City Clerk	802,880	1,003,355	902,354	101,001
Human Resources	1,036,786	1,254,136	880,559	373,577
Office of the Ombudsman	154,658	213,442	187,214	26,228
City Administrator	324,483	750,377	660,826	89,551
Union Representatives	212,850	282,819	278,481	4,338
Law office	1,382,271	1,677,773	1,324,798	352,975
Administration	721,085	767,730	301,465	466,265
Total General Government	10,571,776	14,391,301	11,780,412	2,610,889

(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, 2005

	Budgeted		Actual	Variance with Amended Budget
	Original	Amended		
Public Safety:				
Police Department	16,710,388	23,148,773	21,484,565	1,664,208
Emergency dispatch	1,747,884	2,375,042	2,339,997	35,045
Fire Department	9,770,829	12,802,931	12,230,265	572,666
Total Public Safety	<u>28,229,101</u>	<u>38,326,746</u>	<u>36,054,827</u>	<u>2,271,919</u>
Transportation	2,888,416	2,154,925	1,880,817	274,108
Community development	175,288	175,288	113,500	61,788
Parks and Recreation	1,917,453	2,501,961	2,304,736	197,225
Total expenditures	<u>48,465,546</u>	<u>63,815,298</u>	<u>58,205,864</u>	<u>5,609,434</u>
Excess (deficiency) of revenues over expenditures	<u>27,636,258</u>	<u>13,754,270</u>	<u>9,882,951</u>	<u>(3,871,319)</u>
Other financing sources (uses)				
Bond proceeds	-	-	8,000,000	8,000,000
Sale of fixed assets	-	-	215,223	215,223
Transfers in	900,000	-	986,584	986,584
Transfers out	(28,922,451)	(14,278,860)	(5,195,742)	9,083,118
Total other financing sources (uses)	<u>(28,022,451)</u>	<u>(14,278,860)</u>	<u>4,006,065</u>	<u>18,284,925</u>
Excess of revenues and other sources over expend- tures and other uses	<u>(386,193)</u>	<u>(524,590)</u>	<u>13,889,016</u>	<u>14,413,606</u>
Fund balance (deficit) - beginning of year	<u>(7,789,059)</u>	<u>(7,789,059)</u>	<u>(7,789,059)</u>	<u>-</u>
Fund balance (deficit) - end of year	<u><u>\$ (8,175,252)</u></u>	<u><u>\$ (8,313,649)</u></u>	<u><u>\$ 6,099,957</u></u>	<u><u>\$ 14,413,606</u></u>

City of Flint, Michigan
Notes to Required Supplementary Information
June 30, 2005

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

Except as noted below, the budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget adopted netted certain transfers and payments to the parking fund instead of budgeting the individual transactions. The net effect on the budgeted revenues and expenditures was zero.



1953 - First 300 Corvettes ever made were made in
the City of Flint.

All were white with a red interior.

Combining Fund Statements and Fund Descriptions

City of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions
June 30, 2005

Special Revenue Funds

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

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

The Federal Grants Fund accounts for entitlement 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 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 accounted for the operational costs of vehicles and equipment provided to City funds. The fund was closed during the year and its net assets transferred to an internal service 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
Nonmajor Governmental Funds
Summary Descriptions – (continued)
June 30, 2005

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.

The Code Abatement Fund was established to account for code inspection and demolition activity in the City.

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.

Capital Projects Fund

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

City of Flint, Michigan
Nonmajor Proprietary Funds
Summary Descriptions
June 30, 2005

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. This fund was closed as of June 30, 2005. The activity will now be accounted for in the general fund.

City of Flint, Michigan
Internal Service Funds
Summary Descriptions
June 30, 2005

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

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

The 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.

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

City of Flint, Michigan
Fiduciary Funds
Summary Descriptions
June 30, 2005

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

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

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.

City of Flint, Michigan

Combining Balance Sheet
 Nonmajor Governmental Fund
 June 30, 2005

Assets	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Pooled cash and investment:	\$ 9,409,163	\$ 2,627,505	\$ -
Cash and cash equivalents	60	-	897,497
Taxes receivable	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$166,795)	2,600	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,183,465)	-	-	97,482
Prepaid items	-	-	432,000
Due from other government:	1,857,076	342,316	2,602,223
Due from component uni	-	-	-
Inventories	133,891	-	-
Total assets	\$ 11,402,790	\$ 2,969,821	\$ 4,029,202
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 627,891	\$ 399,765	\$ 760,229
Deposits payable	-	-	-
Retainer payable	17,766	-	11,131
Due to other funds	-	-	1,779,030
Due to other governments:	30,443	-	-
Deferred revenue	12,108	-	525,863
Total liabilities	688,208	399,765	3,076,253
Fund balances:			
Reserved for encumbrances	1,469,052	-	-
Reserved for long term receivable	-	-	-
Reserved for prepaids	-	-	432,000
Reserved for inventory	133,891	-	-
Unreserved:			
Designated for subsequent years' expenditures	4,737,256	1,129,912	319,085
Undesignated	4,374,383	1,440,144	201,864
Total fund balances	10,714,582	2,570,056	952,949
Total liabilities and fund balances	\$ 11,402,790	\$ 2,969,821	\$ 4,029,202

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	State Grants	EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant
\$ 3,942	\$ 705,914	\$ -	\$ 10,682	\$ 5,657	\$ 235,719
-	-	-	1,211,769	-	-
300,646	-	-	-	-	-
-	-	-	-	-	-
-	-	-	420,796	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	767,837	-	-	-
-	-	-	-	-	-
\$ 304,588	\$ 705,914	\$ 767,837	\$ 1,643,247	\$ 5,657	\$ 235,719
\$ 3,939	\$ 8,211	\$ -	\$ 5,012	\$ -	\$ 19,236
-	492,358	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,950	-	-	-	-
300,646	-	767,837	420,796	-	211,755
304,585	505,519	767,837	425,808	-	230,991
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	133,995	-	531,771	-	4,728
3	66,400	-	685,668	5,657	-
3	200,395	-	1,217,439	5,657	4,728
\$ 304,588	\$ 705,914	\$ 767,837	\$ 1,643,247	\$ 5,657	\$ 235,719

(continued)

City of Flint, Michigan

Combining Balance Sheet
 Nonmajor Governmental Funds (continued)
 June 30, 2005

Assets	Special Revenue		
	Parks & Recreation Fund	City Park	Longway Park
Pooled cash and investment	\$ 571,892	\$ 6,999	\$ 7,809
Cash and cash equivalents	-	-	-
Taxes receivable	75,412	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$166,795)	-	-	-
Notes receivable (net of allowance for uncollectible accounts of \$3,183,465)	-	-	-
Prepaid items	-	-	-
Due from other government	410,366	-	-
Due from component units	-	-	-
Inventories	-	-	-
Total assets	\$ 1,057,670	\$ 6,999	\$ 7,809
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 91,089	\$ -	\$ -
Deposits payable	-	-	-
Retainer payable	7,832	-	6,857
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	68,900	-	-
Total liabilities	167,821	-	6,857
Fund balances:			
Reserved for encumbrances	-	-	-
Reserved for long term receivable	-	-	-
Reserved for prepaids	-	-	-
Reserved for inventory	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	25,000	-	-
Undesignated	864,849	6,999	952
Total fund balances	889,849	6,999	952
Total liabilities and fund balances	\$ 1,057,670	\$ 6,999	\$ 7,809

Special Revenue			Debt Service		
Building Department	Garbage Collection	Code Abatement	Hyatt Debt Service	Windmill Place Debt Service	Buick City Debt Service
\$ -	\$ 103,472	\$ 295,698	\$ -	\$ 5,943	\$ 635
-	-	-	-	-	-
-	213,880	-	924	4,778	39,342
-	-	-	-	-	-
67,200	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 67,200	\$ 317,352	\$ 295,698	\$ 924	\$ 10,721	\$ 39,977
\$ 28,665	\$ 103,472	\$ 10,810	\$ -	\$ -	\$ -
-	-	-	-	-	-
448	-	-	-	-	-
38,087	-	-	-	-	-
-	-	-	-	-	-
-	213,880	-	924	4,778	39,342
67,200	317,352	10,810	924	4,778	39,342
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	284,888	-	5,943	635
-	-	284,888	-	5,943	635
\$ 67,200	\$ 317,352	\$ 295,698	\$ 924	\$ 10,721	\$ 39,977

(continued)

City of Flint, Michigan

Combining Balance Sheet
 Nonmajor Governmental Funds (continued)
 June 30, 2005

Assets	<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	Public Improvement	
Pooled cash and investment:	\$ 1,178,687	\$ 15,169,717
Cash and cash equivalents	-	2,109,326
Taxes receivable	379,499	1,014,481
Accounts receivable (net of allowance for estimated uncollectible accounts of \$166,795)	-	69,800
Notes receivable (net of allowance for uncollectible accounts of \$3,183,465)	1,336,000	1,854,278
Prepaid items	22,000	454,000
Due from other government:	346,037	5,558,018
Due from component uni	252,308	1,020,145
Inventories	-	133,891
	<hr/>	<hr/>
Total assets	\$ 3,514,531	\$ 27,383,656
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 32,061	\$ 2,090,380
Deposits payable	-	492,358
Retainer payable	-	44,034
Due to other funds	-	1,817,117
Due to other governments	-	35,393
Deferred revenue	379,499	2,946,328
	<hr/>	<hr/>
Total liabilities	411,560	7,425,610
Fund balances:		
Reserved for encumbrances	-	1,469,052
Reserved for long term receivable	1,336,000	1,336,000
Reserved for prepaids	22,000	454,000
Reserved for inventory	-	133,891
Unreserved:		
Designated for subsequent years' expenditures	1,657,333	8,539,080
Undesignated	87,638	8,026,023
	<hr/>	<hr/>
Total fund balances	3,102,971	19,958,046
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 3,514,531	\$ 27,383,656
	<hr/> <hr/>	<hr/> <hr/>

City of Flint, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Fund For the Year Ended June 30, 2005

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Revenues:			
Property Taxes	\$ -	\$ -	\$ -
Federal revenue	281,828	196,700	3,021,442
State revenue	8,012,652	2,116,058	-
Local revenue	48,518	-	254,839
Licenses and fees	-	-	-
Fines and forfeits	-	-	-
Charges for services	-	-	56,000
Interest	215,102	59,441	61,565
Other	45,362	66,116	43,376
Total revenues	<u>8,603,462</u>	<u>2,438,315</u>	<u>3,437,222</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	-
Transportation	10,058,428	2,963,192	-
Public works	-	-	-
Parks and recreation	157,328	-	-
Community development and enrichment	-	356,047	3,285,591
Debt Service:			
Principal retirement	-	-	126,000
Interest and fiscal charges	-	-	23,906
Total expenditures	<u>10,215,756</u>	<u>3,319,239</u>	<u>3,435,497</u>
Excess (deficiency) of revenue over expenditure	<u>(1,612,294)</u>	<u>(880,924)</u>	<u>1,725</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	817,452
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>817,452</u>
Net change in fund balances	<u>(1,612,294)</u>	<u>(880,924)</u>	<u>819,177</u>
Fund balances - beginning of year	<u>12,326,876</u>	<u>3,450,980</u>	<u>133,772</u>
Fund balances - end of year	<u>\$ 10,714,582</u>	<u>\$ 2,570,056</u>	<u>\$ 952,949</u>

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	State Grants	EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant
\$ 3,124,332	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	282,021
-	-	-	-	-	-
-	-	-	-	-	-
-	161,924	-	-	-	-
-	16,200	-	-	-	-
10,820	17,139	-	52,020	117	4,728
-	-	-	81,623	-	-
3,135,152	195,263	-	133,643	117	286,749
-	-	-	-	-	-
3,492,365	409,513	-	-	-	282,021
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	26,527	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,492,365	409,513	-	26,527	-	282,021
(357,213)	(214,250)	-	107,116	117	4,728
-	-	-	-	-	-
243,928	-	-	-	-	-
-	-	-	-	-	-
243,928	-	-	-	-	-
(113,285)	(214,250)	-	107,116	117	4,728
113,288	414,645	-	1,110,323	5,540	-
\$ 3	\$ 200,395	\$ - 0 -	\$ 1,217,439	\$ 5,657	\$ 4,728

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Fund For the Year Ended June 30, 2005

	Special Revenue		
	Parks & Recreation Fund	Central Maintenance Garage	City Park
Revenues:			
Property Taxes	\$ 780,648	\$ -	\$ -
Federal revenue	202,660	-	-
State revenue	-	-	-
Local revenue	-	-	-
Licenses and fees	-	-	-
Fines and forfeits	-	-	-
Charges for services	-	-	-
Interest	22,027	-	145
Other	-	-	-
Total revenues	<u>1,005,335</u>	<u>-</u>	<u>145</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	-
Transportation	-	-	-
Public works	-	-	-
Parks and recreation	1,266,657	-	-
Community development and enrichment	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,266,657</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditure	<u>(261,322)</u>	<u>-</u>	<u>145</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	(218,708)	-
Total other financing sources (uses)	<u>-</u>	<u>(218,708)</u>	<u>-</u>
Net change in fund balances	<u>(261,322)</u>	<u>(218,708)</u>	<u>145</u>
Fund balances - beginning of year	1,151,171	218,708	6,854
Fund balances - end of year	<u>\$ 889,849</u>	<u>\$ - 0 -</u>	<u>\$ 6,999</u>

Special Revenue				Debt Service	
Longway Park	Building Department	Garbage Collection	Code Abatement	Hyatt Debt Service	Windmill Place Debt Service
\$ -	\$ -	\$ 4,681,425	\$ -	\$ 239	\$ -
-	387,333	-	215,771	-	-
-	-	-	-	-	-
-	-	-	32,423	-	-
-	1,337,590	5,020	-	-	-
-	-	-	-	-	-
-	67,200	-	-	-	-
161	-	18,347	5,430	-	1,172
-	-	-	-	-	-
161	1,792,123	4,704,792	253,624	239	1,172
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,883,968	-	-	-	-
-	-	-	-	-	-
-	-	4,842,666	-	-	-
-	-	-	-	-	-
-	-	-	96,218	-	48,547
-	-	-	-	50,000	-
-	-	-	-	8,229	-
-	2,883,968	4,842,666	96,218	58,229	48,547
161	(1,091,845)	(137,874)	157,406	(57,990)	(47,375)
-	-	-	-	-	-
-	1,080,525	137,593	-	57,821	-
-	-	-	-	-	-
-	1,080,525	137,593	-	57,821	-
161	(11,320)	(281)	157,406	(169)	(47,375)
791	11,320	281	127,482	169	53,318
\$ 952	\$ - 0 -	\$ - 0 -	\$ 284,888	\$ - 0 -	\$ 5,943

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Fund For the Year Ended June 30, 2005

	<u>Debt Service</u>	<u>Capital Projects</u>	
	<u>Buick City Debt Service</u>	<u>Public Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Property Taxes	\$ 705	\$ 3,906,379	\$ 12,493,728
Federal revenue	-	504,167	5,091,922
State revenue	-	-	10,128,710
Local revenue	-	-	335,780
Licenses and fees	-	-	1,342,610
Fines and forfeits	-	-	161,924
Charges for services	-	-	139,400
Interest	172	56,255	524,641
Other	-	139,956	376,433
Total revenues	<u>877</u>	<u>4,606,757</u>	<u>30,595,148</u>
Expenditures:			
Current:			
General government	-	607,667	607,667
Police	-	390,452	4,574,351
Fire	-	760,884	760,884
Emergency dispatch	-	46,979	46,979
Building inspection	-	-	2,883,968
Transportation	-	695,074	13,716,694
Public works	-	444,757	5,287,423
Parks and recreation	-	81,689	1,505,674
Community development and enrichment	-	88,437	3,901,367
Debt Service:			
Principal retirement	1,230,000	222,048	1,628,048
Interest and fiscal charges	148,106	132,791	313,032
Total expenditures	<u>1,378,106</u>	<u>3,470,778</u>	<u>35,226,087</u>
Excess (deficiency) of revenue over expenditure	<u>(1,377,229)</u>	<u>1,135,979</u>	<u>(4,630,939)</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	-	6,180	6,180
Transfers in	1,377,306	-	3,714,625
Transfers out	-	(1,435,127)	(1,653,835)
Total other financing sources (uses)	<u>1,377,306</u>	<u>(1,428,947)</u>	<u>2,066,970</u>
Net change in fund balances	<u>77</u>	<u>(292,968)</u>	<u>(2,563,969)</u>
Fund balances - beginning of year	558	3,395,939	22,522,015
Fund balances - end of year	<u>\$ 635</u>	<u>\$ 3,102,971</u>	<u>\$ 19,958,046</u>

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, 2005

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ -	\$ 445,647	\$ 281,828	\$ (163,819)
State revenue	7,600,000	7,600,000	8,012,652	412,652
Local revenue	-	48,518	48,518	-
Interest	175,000	175,000	215,102	40,102
Other	117,000	117,000	45,362	(71,638)
Total revenues	7,892,000	8,386,165	8,603,462	217,297
Expenditures - current:				
Transportation	10,489,858	15,142,103	10,058,428	5,083,675
Parks and recreation	-	157,328	157,328	-
Total expenditures	10,489,858	15,299,431	10,215,756	5,083,675
Excess (deficiency) of revenues over expenditures	(2,597,858)	(6,913,266)	(1,612,294)	5,300,972
Other financing sources (uses):				
Transfers out	(53,992)	(53,992)	-	53,992
Excess (deficiency) of revenues over expenditures and other uses	(2,651,850)	(6,967,258)	(1,612,294)	5,354,964
Fund balance - beginning of year	12,326,876	12,326,876	12,326,876	-
Fund balance - end of year	\$ 9,675,026	\$ 5,359,618	\$ 10,714,582	\$ 5,354,964

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, 2005

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ 200,000	\$ 230,229	\$ 196,700	\$ (33,529)
State revenue	2,000,000	2,000,000	2,116,058	116,058
Interest	-	-	59,441	59,441
Other	-	-	66,116	66,116
Total revenues	2,200,000	2,230,229	2,438,315	141,970
Expenditures - current:				
Transportation	2,200,000	3,774,896	2,963,192	811,704
Community development	-	642,384	356,047	286,337
Total expenditures	2,200,000	4,417,280	3,319,239	1,098,041
Excess (deficiency) of revenues over expenditures	-	(2,187,051)	(880,924)	1,240,011
Other financing sources:				
Operating transfers in	-	139,804	-	(139,804)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(2,047,247)	(880,924)	1,100,207
Fund balance - beginning of year	3,450,980	3,450,980	3,450,980	-
Fund balance - end of year	\$ 3,450,980	\$1,403,733	\$ 2,570,056	\$ 1,100,207

(continued)

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ 6,878,711	\$ 4,627,958	\$ 3,021,442	\$ (1,606,516)
Local revenue	-	-	254,839	254,839
Charges for services	-	-	56,000	56,000
Interest	-	-	61,565	61,565
Other	-	-	43,376	43,376
Total revenues	6,878,711	4,627,958	3,437,222	(1,234,112)
Expenditures				
Current:				
Community enrichment and development	6,878,711	4,627,958	3,285,591	1,342,367
Debt service:				
Principal	-	-	126,000	(126,000)
Interest and fiscal charges	-	-	23,906	(23,906)
Total expenses	6,878,711	4,627,958	3,435,497	1,192,461
Excess (deficiency) of revenues over expenditures	-	-	1,725	(41,651)
Other financing sources:				
Transfers in	-	-	817,452	817,452
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	819,177	775,801
Fund balance - beginning of year	133,772	133,772	133,772	-
Fund balance - end of year	\$ 133,772	\$ 133,772	\$ 952,949	\$ 775,801

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes	\$ 3,235,855	3,235,855	\$ 3,124,332	\$ (111,523)
Interest	-	-	10,820	10,820
Total revenues	3,235,855	3,235,855	3,135,152	(100,703)
Expenditures - current:				
Police department	3,235,433	3,235,433	3,492,365	(256,932)
Excess (deficiency) of revenues over expenditures	422	422	(357,213)	(357,635)
Other financing sources:				
Transfers in	-	-	243,928	243,928
Excess (deficiency) of revenues over expenditures and other uses	422	422	(113,285)	(113,707)
Fund balance - beginning of year	113,288	113,288	113,288	-
Fund balance - end of year	\$ 113,710	\$ 113,710	\$ 3	\$ (113,707)

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Fines and forfeits	\$ 293,876	\$ 293,876	\$ 161,924	\$ (131,952)
Charges for services	-	-	16,200	16,200
Interest	-	-	17,139	17,139
Total revenues	293,876	293,876	195,263	(98,613)
Expenditures - current:				
Police department	543,876	543,876	409,513	134,363
Excess (deficiency) of revenues over expenditures	(250,000)	(250,000)	(214,250)	35,750
Fund balance - beginning of year	414,645	414,645	414,645	-
Fund balance - end of year	\$ 164,645	\$ 164,645	\$ 200,395	\$ 35,750

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Principal payments	\$ -	\$ -	\$ 81,623	\$ 81,623
Interest	-	-	52,020	52,020
Total revenues	-	-	133,643	133,643
Expenditures - current:				
Community development and enrichment	-	-	26,527	(26,527)
Excess of revenues over expenditures	-	-	107,116	107,116
Fund balance - beginning of year	1,110,323	1,110,323	1,110,323	-
Fund balance - end of year	\$ 1,110,323	\$ 1,110,323	\$ 1,217,439	\$ 107,116

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, 2005**

	<u>Budget</u>			Actual	Variance with Amended Budget
	Original	Amended			
Revenues:					
Interest	\$ -	\$ -	\$ 117	\$ 117	
Fund balance - beginning of year	5,540	5,540	5,540	-	
Fund balance - end of year	\$ 5,540	\$ 5,540	\$ 5,657	\$ 117	

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ -	\$ 401,957	\$ 282,021	\$ (119,936)
Interest	-	11,938	4,728	(7,210)
Total revenues	-	413,895	286,749	(127,146)
Expenditures - current:				
Police department	-	413,895	282,021	131,874
Excess of revenues over expenditures	-	-	4,728	4,728
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ - 0 -	\$ - 0 -	\$ 4,728	\$ 4,728

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes	\$ 808,964	\$ 808,964	\$ 780,648	\$ (28,316)
Federal revenue	-	-	202,660	202,660
Local revenue	-	3,578	-	(3,578)
Interest	-	-	22,027	22,027
Total revenues	808,964	812,542	1,005,335	192,793
Expenditures - current:				
Parks and Recreation Department:	1,575,801	1,579,379	1,266,657	312,722
Excess (deficiency) of revenues over expenditures	(766,837)	(766,837)	(261,322)	505,515
Fund balance - beginning of year	1,151,171	1,151,171	1,151,171	-
Fund balance - end of year	\$ 384,334	\$ 384,334	\$ 889,849	\$ 505,515

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, 2005**

	<u>Budget</u>			Actual	Variance with Amended Budget
	Original	Amended			
Revenues:					
Interest	\$ -	\$ -	\$ 145	\$ 145	
Excess of revenues over expenditures	-	-	145	145	
Fund balance - beginning of year	6,854	6,854	6,854	-	
Fund balance - end of year	\$ 6,854	\$ 6,854	\$ 6,999	\$ 145	

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, 2005**

	<u>Budget</u>		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Interest	\$ -	\$ -	\$ 161	\$ 161
Excess of revenues over expenditures	-	-	161	161
Fund balance - beginning of year	791	791	791	-
Fund balance - end of year	<u>\$ 791</u>	<u>\$ 791</u>	<u>\$ 952</u>	<u>\$ 161</u>

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ 525,000	\$ 1,525,000	\$ 387,333	\$ (1,137,667)
Licenses and fees	1,468,005	1,468,005	1,337,590	(130,415)
Fines and Forfeitures	264,000	264,000	-	(264,000)
Charges for Services	772,500	772,500	67,200	(705,300)
Total revenues	3,029,505	4,029,505	1,792,123	(1,268,082)
Expenditures - current:				
Building inspection	3,480,235	4,480,235	2,883,968	1,596,267
Deficiency of revenues over expenditures	(450,730)	(450,730)	(1,091,845)	(641,115)
Other financing sources :				
Transfers in	450,730	450,730	1,080,525	629,795
Deficiency of revenues and other sources over expenditures and other uses	-	-	(11,320)	(11,320)
Fund balance - beginning of year	11,320	11,320	11,320	-
Fund balance - end of year	\$ 11,320	\$ 11,320	\$ - 0 -	\$ (11,320)

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, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes	\$ 4,853,783	\$ 4,853,783	\$ 4,681,425	\$ (172,358)
Licenses and fees	10,000	10,000	5,020	(4,980)
Charges for services	75,000	80,000	-	(80,000)
Interest	-	-	18,347	18,347
Total revenues	4,938,783	4,943,783	4,704,792	(238,991)
Expenditures - current:				
Public works	4,934,951	4,939,951	4,842,666	97,285
Excess (deficiency) of revenues over expenditures	3,832	3,832	(137,874)	(336,276)
Other financing sources:				
Transfers in	-	-	137,593	137,593
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,832	3,832	(281)	(198,683)
Fund balance - beginning of year	281	281	281	-
Fund balance - end of year	\$ 4,113	\$ 4,113	\$ - 0 -	\$ (198,683)

City of Flint, Michigan

Code Abatement Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenues:				
Federal revenue	\$ 350,000	\$ 547,983	\$ 215,771	\$ (332,212)
Local revenue	-	-	32,423	32,423
Interest	-	-	5,430	5,430
Total revenues	350,000	547,983	253,624	(294,359)
Expenditures - current:				
Community development and enrichment	350,000	547,983	96,218	451,765
Excess (deficiency) of revenues over expenditures	-	-	157,406	(746,124)
Fund balance - beginning of year	127,482	127,482	127,482	-
Fund balance - end of year	\$ 127,482	\$ 127,482	\$ 284,888	\$ (746,124)

City of Flint, Michigan

**Combining Statement of Net Asset:
Nonmajor Proprietary Fund:
June 30, 2005**

	Golf Courses	Mid-City Parking System	Totals
Assets			
Current assets:			
Pooled cash and investments:	\$ 53,160	\$ -	\$ 53,160
Cash and cash equivalents	3,025	-	3,025
Inventory	25,667	-	25,667
Total current assets	81,852	-	81,852
Noncurrent assets:			
Capital assets - net of accumulated depreciator	4,648,502	-	4,648,502
Total assets	4,730,354	-	4,730,354
Current liabilities			
Accounts payable	19,260	-	19,260
Accrued liabilities	62,592	-	62,592
Note payable- current portion	5,160	-	5,160
Total current liabilities	87,012	-	87,012
Note payable- long term portion	26,941	-	26,941
Total liabilities	113,953	-	113,953
Net assets			
Investment in capital assets, net of related deb	4,616,401	-	4,616,401
Unrestricted (deficit)	-	-	-
Total net assets	\$ 4,616,401	\$ - 0 -	\$ 4,616,401

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Proprietary Fund: For the Year Ended June 30, 2005

	Golf Courses	Mid-City Parking System	Totals
Operating revenues - charges for service:	\$ 1,089,858	\$ 75,915	\$ 1,165,773
Cost of materials purchased for resale	17,264	-	17,264
Operating expenses:			
Salaries, wages, and fringe benefits	435,144	16,316	451,460
Utilities	48,280	-	48,280
Equipment operation	16,038	-	16,038
Repairs and maintenance	50,542	-	50,542
Supplies	43,340	-	43,340
Depreciation and amortization	370,231	1,472	371,703
Professional services	35,150	-	35,150
Administration	75,487	-	75,487
Miscellaneous	6,908	-	6,908
Total operating expenses	1,081,120	17,788	1,098,908
Total materials and operating expense:	1,098,384	17,788	1,116,172
Operating income (loss)	(8,526)	58,127	49,601
Non-operating revenues (expenses)			
Interest income	-	1,145	1,145
Interest expense	(21,126)	(26,390)	(47,516)
Gain on sale of fixed assets	-	1,351	1,351
Total non-operating expenses	(21,126)	(23,894)	(45,020)
Net income (loss) before transfers	(29,652)	34,233	4,581
Transfers in	736,405	-	736,405
Transfers out	-	(986,584)	(986,584)
Change in net assets	706,753	(952,351)	(245,598)
Net assets - beginning of year	3,909,648	952,351	4,861,999
Net assets - end of year	\$ 4,616,401	\$ - 0 -	\$ 4,616,401

City of Flint, Michigan

**Combining Statement of Cash Flow
Nonmajor Proprietary Fund
For the Year Ended June 30, 2005**

	Golf Courses	Mid-City Parking System	Totals
Cash flows from operating activities			
Receipts from customers and lessors	\$ 1,092,484	\$ 77,049	\$ 1,169,533
Payments to vendors	(280,487)	-	(280,487)
Payments to employees	(446,602)	(19,167)	(465,769)
Net cash provided by operating activities	<u>365,395</u>	<u>57,882</u>	<u>423,277</u>
Cash flows from non-capital financing activities			
Pooled cash advanced repaid to other funds	(1,009,580)	(1,319,711)	(2,329,291)
Interest paid	(18,793)	(25,245)	(44,038)
Transfers from other funds	736,405	-	736,405
Transfers to other funds	-	(986,584)	(986,584)
Net cash used in non-capital financing activities	<u>(291,968)</u>	<u>(2,331,540)</u>	<u>(2,623,508)</u>
Cash flows from capital and related financing activities			
Principal payments on long term debt	(19,609)	-	(19,609)
Interest payments	(2,333)	-	(2,333)
Proceeds from sale of capital assets	-	2,179,718	2,179,718
Net cash provided by (used in) capital and related financing activities	<u>(21,942)</u>	<u>2,179,718</u>	<u>2,157,776</u>
Net increase (decrease) in cash and cash equivalents	51,485	(93,940)	(42,455)
Cash and cash equivalents - beginning of year	4,700	93,940	98,640
Cash and cash equivalents - end of year	<u>\$ 56,185</u>	<u>\$ - 0 -</u>	<u>\$ 56,185</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (8,526)	\$ 58,127	\$ 49,601
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	370,231	1,472	371,703
Change in assets and liabilities			
Receivables, net	2,626	1,134	3,760
Inventories	10,592	-	10,592
Accounts payable and accrued liabilities	(9,528)	(2,851)	(12,379)
Net cash provided by operating activities	<u>\$ 365,395</u>	<u>\$ 57,882</u>	<u>\$ 423,277</u>

City of Flint, Michigan

Internal Service Fund: Combining Statement of Net Asset: June 30, 2005

Assets	Data Processing	Fringe Benefits	Central Maintenance Garage
Current assets:			
Pooled cash and investments	\$ -	\$ 209,757	\$ 291,230
Cash and cash equivalents	-	406,877	100
Receivables (net of allowance for estimated uncollectible amounts of \$25,345)	-	3,398	-
Note receivable - current portion	-	130,000	-
Inventories	-	-	175,152
Prepaid items	-	612,530	-
Total current assets	-	1,362,562	466,482
Note receivable - long term	-	910,000	-
Equipment, net of allowance for depreciation	838,353	-	2,281,508
Total noncurrent assets	838,353	910,000	2,281,508
Total assets	838,353	2,272,562	2,747,990

Self- Insurance	Totals
\$ 3,576,104	\$ 4,077,091
-	406,977
130,411	133,809
-	130,000
-	175,152
183,887	796,417
3,890,402	5,719,446
-	910,000
-	3,119,861
-	4,029,861
3,890,402	9,749,307

(continued)

City of Flint, Michigan

Internal Service Fund: Combining Statement of Net Assets (continued) June 30, 2005

	<u>Data Processing</u>	<u>Fringe Benefits</u>	<u>Central Maintenance Garage</u>
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	20,533	426,890	52,107
Accrued liabilities	116,198	1,652,920	33,029
Due to other funds	547,596	-	-
Capital lease payable - current portion	154,026	-	-
	<hr/>		
Total liabilities	838,353	2,079,810	85,136
	<hr/>		
Net Assets:			
Invested in capital assets, net of related deb	684,327	-	2,281,508
Unrestricted (deficit)	(684,327)	192,752	381,346
	<hr/>		
Total net assets	\$ - 0 -	\$ 192,752	\$ 2,662,854
	<hr/> <hr/>		

Self- Insurance	Totals
3,862,910	4,362,440
27,492	1,829,639
-	547,596
-	154,026
3,890,402	6,893,701
-	2,965,835
-	(110,229)
\$ - 0 -	\$ 2,855,606

City of Flint, Michigan

Internal Service Fund: Combining Statement of Revenues, Expenses and Changes in Net Assets For the Year Ended June 30, 2005

	Data Processing	Fringe Benefits	Central Maintenance Garage
Operating revenues	\$ 2,363,274	\$ 20,420,886	\$ 3,039,012
Costs of materials or services rendered	-	19,411,141	-
Operating expenses:			
Salaries, wages, and fringe benefits	1,550,593	314,253	920,348
Repair and maintenance	154,282	-	473,119
Supplies	20,122	23,731	1,095,590
Insurance	-	-	-
Depreciation	220,180	-	559,428
Professional services	381,386	478,440	368,975
Claims and settlements	-	-	-
Miscellaneous	4,601	569	16,069
Total operating expenses	2,331,164	816,993	3,433,529
Total materials, services, and operating expenses	2,331,164	20,228,134	3,433,529
Operating income (loss)	32,110	192,752	(394,517)
Non-operating revenues (expenses)			
Interest income	-	-	-
Interest expense	(32,110)	-	(2,273)
Total non-operating revenues (expenses)	(32,110)	-	(2,273)
Loss before transfers	-	192,752	(396,790)
Capital contributions	-	-	1,530,282
Transfers in	-	-	218,708
Change in net assets	-	192,752	1,352,200
Net assets - beginning of year (as restated)	-	-	1,310,654
Net assets - end of year	\$ - 0 -	\$ 192,752	\$ 2,662,854

Self- Insurance	Totals
\$ 2,140,196	\$ 27,963,368
-	19,411,141
223,215	3,008,409
-	627,401
8,542	1,147,985
476,941	476,941
-	779,608
734,907	1,963,708
815,645	815,645
-	21,239
2,259,250	8,840,936
2,259,250	28,252,077
(119,054)	(288,709)
119,054	119,054
-	(34,383)
119,054	84,671
-	(204,038)
-	1,530,282
-	218,708
-	1,544,952
-	1,310,654
\$ - 0 -	\$ 2,855,606

City of Flint, Michigan

Internal Service Fund: Combining Statement of Cash Flow For the Year Ended June 30, 2005

	Data Processing	Fringe Benefits	Central Maintenance Garage
Cash flows from operating activities			
Receipts from customers and users	\$ 2,363,552	\$ 20,422,046	\$ 3,039,549
Payments to vendors	(556,666)	(20,573,372)	(1,965,108)
Payments to and on behalf of employee:	(1,585,286)	(370,401)	(887,320)
Net cash provided by (used in) operating activities:	221,600	(521,727)	187,121
Cash flows from noncapital financing activities			
Payments received on long term note receivabl	-	130,000	-
Interest payments on pooled cash advance:	(8,759)	-	(2,273)
Pooled cash advances from (repayments to) other fund:	324,320	-	-
Net cash provided by (used in) noncapital financing activities:	315,561	130,000	(2,273)
Cash flows from capital and related financing activities			
Purchase of capital assets	(129,999)	-	-
Repayment of debt	(383,811)	-	-
Interest payments	(23,351)	-	-
Net cash used by capital and related financing activities:	(537,161)	-	-
Cash flows from investing activities			
Interest received	-	-	-
Net increase (decrease) in cash and cash equivalent:	-	(391,727)	184,848
Cash and cash equivalents - beginning of yea	-	1,008,361	106,482
Cash and cash equivalents - end of yea	\$ - 0 -	\$ 616,634	\$ 291,330

<u>Self- Insurance</u>	<u>Totals</u>
\$ 2,009,785	\$ 27,834,932
(1,816,846)	(24,911,992)
(215,009)	(3,058,016)
<hr/>	
(22,070)	(135,076)
<hr/>	
	130,000
-	(11,032)
-	324,320
<hr/>	
-	443,288
<hr/>	
-	(129,999)
-	(383,811)
-	(23,351)
<hr/>	
-	(537,161)
<hr/>	
119,054	119,054
<hr/>	
96,984	(109,895)
<hr/>	
3,479,120	4,593,963
<hr/>	
\$ 3,576,104	\$ 4,484,068
<hr/> <hr/>	

(continued)

City of Flint, Michigan

**Internal Service Fund:
Combining Statement of Cash Flows (continued)
For the Year Ended June 30, 2005**

	Data Processing	Fringe Benefits	Central Maintenance Garage
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	32,110	192,752	(394,517)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	220,180	-	559,428
Change in assets and liabilities:			
Accounts receivable	278	1,160	537
Inventory	-	-	(7,647)
Prepaid items	-	(612,530)	-
Accounts payable	3,722	(46,962)	(3,709)
Accrued liabilities	(34,690)	(56,147)	33,029
Net cash provided by (used in) operating activities:	<u>\$ 221,600</u>	<u>\$ (521,727)</u>	<u>\$ 187,121</u>

2005 fiscal year noncash transactions:

During 2005, the data processing fund purchased equipment through a capital lease costing \$44,200

During 2005, the central garage received contribution fixed assets from other funds with cost of \$1,530,283

Self- Insurance	Totals
\$ 2,009,785	\$ 27,834,932
(1,816,846)	(24,911,992)
(215,009)	(3,058,016)
(22,070)	(135,076)
	130,000
-	(11,032)
-	324,320
-	443,288
-	(129,999)
-	(383,811)
-	(23,351)
-	(537,161)
119,054	119,054
96,984	(109,895)
3,479,120	4,593,963
\$ 3,576,104	\$ 4,484,068

City of Flint, Michigan

Combining Statement of Net Asset: Pension and Benefit Trust Fund June 30, 2005

	Pension and Benefit	
	Charter Retirement	Flint Employee's Retirement System
Assets		
Cash and cash equivalents	\$ 2,348	\$ 59,829,126
Cash and securities held as collateral for securities lending	-	100,899,353
Accrued interest receivable	-	1,540,843
Investments at fair value		
U.S. Government Obligations	-	123,139,008
Corporate bonds	-	108,864,004
Mutual funds	-	38,359,028
Partnerships	-	7,717,575
Corporate stocks	-	439,267,616
Prepaid items	-	-
Total assets	<u>2,348</u>	<u>879,616,553</u>
Liabilities		
Accounts payable	-	419,011
Due to other funds	2,348	156,076
Amounts due to brokers under securities lending agreements	-	100,899,353
Total liabilities	<u>2,348</u>	<u>101,474,440</u>
Net Assets		
Held in trust for pension benefits and other purposes	\$ -	\$ 778,142,113

Trust Funds

Excess Pension Benefit	Death Benefit	Retiree Health Care	Totals
\$ -	\$ 54	\$ -	\$ 59,831,528
-	-	-	100,899,353
-	-	-	1,540,843
-	692,066	-	123,831,074
-	-	-	108,864,004
-	179,348	-	38,538,376
-	-	-	7,717,575
-	1,711,170	-	440,978,786
-	-	556,262	556,262
-	2,582,638	556,262	882,757,801
-	13,500	13,880	446,391
-	-	94,120	252,544
-	-	-	100,899,353
-	13,500	108,000	101,598,288
\$ -	2,569,138	\$ 448,262	\$ 781,159,513

City of Flint, Michigan

Combining Statement of Changes in Fiduciary Net Asset Pension and Benefit Trust Fund For the Year Ended June 30, 2005

	Pension and Benefit	
	Charter Retirement	Flint Employee's Retirement System
Additions:		
Members' contributions	\$ -	\$ 5,216,706
Employer contributions	-	14,773,724
Total contributions	-	19,990,430
Net increase in fair value of investments:		
Interest	-	46,634,871
Dividends	-	5,514,287
Other income	-	2,872,558
	-	186,116
Net investment income	-	55,207,832
Less investment expense	-	(2,171,628)
Net investment income	-	53,036,204
Securities lending income		
Interest and fees	-	1,829,292
Less borrower rebates and bank fees	-	(1,724,140)
Net securities lending income	-	105,152
Total additions	-	73,131,786
Deductions:		
Benefits	-	63,455,836
Refunds of contributions	-	871,455
Administrative	-	572,171
Total deductions	-	64,899,462
Change in net assets	-	8,232,324
Net assets - beginning of the year	-	769,909,789
Net assets - end of the year	\$ - 0 -	\$ 778,142,113

Trust Funds

Excess Pension Benefit	Death Benefit	Retiree Health Care	Totals
\$ -	\$ 19,551	\$ 511,080	\$ 5,747,337
27,839	-	16,039,716	30,841,279
27,839	19,551	16,550,796	36,588,616
-	150,799	-	46,785,670
-	549	-	5,514,836
-	38,032	-	2,910,590
27,272	-	-	213,388
27,272	189,380	-	55,424,484
-	-	-	(2,171,628)
27,272	189,380	-	53,252,856
-	-	-	1,829,292
-	-	-	(1,724,140)
-	-	-	105,152
55,111	208,931	16,550,796	89,946,624
55,111	67,000	15,999,605	79,577,552
-	-	-	871,455
-	365	102,929	675,465
55,111	67,365	16,102,534	81,124,472
-	141,566	448,262	8,822,152
-	2,427,572	-	772,337,361
\$ - 0 -	\$ 2,569,138	\$ 448,262	\$ 781,159,513

City of Flint, Michigan

Combining Balance Sheet Agency Fund June 30, 2005

	<u>Agency Fund</u>
	<u>Miscellaneous Agency</u>
Assets	
Pooled cash and investment: Cash and cash equivalents	\$ 3,371,150 464,274
Total cash and equivalents	<u>3,835,424</u>
Taxes receivables	5,178,686
Due from component uni	7,108
Total receivables	<u>5,185,794</u>
Total assets	<u>\$ 9,021,218</u>
Liabilities	
Accounts payable	\$ 221,839
Deposits and advances	358,489
Due to other government:	8,158,937
Due to component uni	281,953
Total liabilities	<u>\$ 9,021,218</u>



Golden Jubilee - 1905



Flint's Centennial Celebration - 1955

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	Enrichment and Develop-	Capital Outlay	Debt Service
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
2004	103,756	518	4,527	28,225	35,260	17,304	4,021	11,523	---	2,378
2005	95,612	916	5,156	12,388	44,321	23,065	3,810	4,015	---	1,941

⁽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
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
2004	111,653	24,502	19,942	13,510	31,115	2,121	2,687	12,668	1,816	3,292
2005	98,684	25,180	20,670	6,055	30,377	2,546	2,802	7,713	779	2,562

⁽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]	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes ^[d]	Ratio of Delinquent Taxes to Total Tax Levy
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%
2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%	406,725	1.57%
2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%	439,325	1.68%

^[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.

Note: All delinquent real property taxes outstanding as of March 1 for years beginning in fiscal year 1980 were returned to and paid for by the Genesee County Treasurer as provided for in the Michigan General Property Tax Laws. Thus, the extra-

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	
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%
2004	1,518,584	3,037,168	345,184	690,368	1,863,768	3,727,536	50.0%
2005	1,539,997	3,079,994	358,327	716,654	1,898,324	3,796,648	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	City of Flint					County		
	Operating ^(a)	Public Improvement ^(a)	Neighborhood Police ^(a)	Waste Collection ^(a)	Parks and Recreation	Paramedic Service	Operating	Parks and Recreation
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	7.50	2.50	2.00	3.00	-	0.50	5.60	0.50
1997	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
1998	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
1999	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2000	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2001	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2002	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2003	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2004	7.50	2.50	2.00	3.00	0.50	0.50	5.60	0.50
2005	7.50	2.50	2.00	3.00	0.50	0.50	5.50	0.50

TAX RATES (MILLS)

TAX LEVIES (amounts expressed in thousands)

1991	\$ 12,239	\$ 4,080	\$ 3,264	\$ -	\$ -	\$ 816	\$ 8,453	\$ 816
1992	12,112	4,037	3,230	-	-	807	8,366	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	8,238	796
1996	12,406	4,135	3,306	4,962	-	814	8,433	815
1997	12,504	4,168	3,334	5,001	819	819	8,476	819
1998	11,792	3,930	3,145	4,717	786	777	8,817	777
1999	11,879	3,960	3,168	4,751	792	781	8,862	781
2000	12,178	4,059	3,247	4,871	797	812	9,057	797
2001	11,914	3,971	3,177	4,765	794	779	8,860	780
2002	11,478	3,826	3,061	4,591	765	751	8,529	751
2003	11,728	3,909	3,127	4,691	782	764	8,681	764
2004	11,804	3,934	3,147	4,721	786	764	8,693	764
2005	11,883	3,961	3,168	4,753	792	768	8,729	768

^(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	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	1.00	0.70	6.00	1.90	2.60	18.00	52.30
0.50	1.00	-	6.00	1.90	2.60	18.00	52.10
0.50	1.00	-	6.00	1.90	2.60	18.00	52.10
0.50	1.00	2.90	6.00	1.90	2.60	18.00	55.00
0.50	1.00	2.90	6.00	2.90	3.60	18.00	57.00
0.50	1.00	2.90	6.00	2.90	3.60	18.00	57.00
0.50	1.00	2.90	6.00	2.80	3.60	18.00	56.90
0.50	1.00	2.90	5.00	2.80	3.60	18.00	55.90
0.50	1.20	2.90	6.00	2.68	3.54	18.00	56.82

TAX LEVIES (amounts expressed in thousands)

\$ 816	\$ -	\$ 1,142	\$ -	\$ 3,101	\$ 4,605	\$ 57,180	\$ 96,512
807	969	1,130	-	3,068	4,548	56,936	96,817
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	70,887
815	1,653	1,140	9,545	3,101	4,576	22,678	78,379
819	1,665	-	9,723	3,126	4,610	18,349	74,232
777	1,574	-	8,903	2,994	4,228	16,370	69,587
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	1,529	4,535	9,066	4,472	5,399	14,445	74,656
764	1,567	4,564	9,156	4,364	5,423	14,561	75,012
768	2,209	4,594	9,231	4,287	5,447	14,562	75,920

CITY OF FLINT, MICHIGAN
PRINCIPAL AD VALOREM TAXPAYERS
June 30, 2005

TABLE 6

Principal Ad Valorem Taxpayers	2005 State Equalized Value (SEV) ^(a)			Percentage of Total City SEV
	Real Estate	Personal Property	Total	
General Motors Corporation	\$ 129,623,000	\$ 146,030,200	\$ 275,653,200	14.52%
Delphi Automotive Systems	30,093,600	61,081,500	91,175,100	4.80%
Consumers Power Company	5,440,100	35,865,800	41,305,900	2.18%
UPF Mfg.	2,395,900	4,033,200	6,429,100	0.34%
Automotive Components Carrier	5,665,900	0	5,665,900	0.30%
Citizens Bank	5,646,100	0	5,646,100	0.30%
Ramco-Gershenson Properties	5,517,200	0	5,517,200	0.29%
PPG Industries, Inc.	1,237,000	3,884,400	5,121,400	0.27%
Comcast Cablevision	597,400	3,775,700	4,373,100	0.23%
McDonald Dairy/Country Fresh	945,400	3,292,900	4,238,300	0.22%
Schottenstein Stores	4,046,700	0	4,046,700	0.21%
U S Fence	0	3,977,200	3,977,200	0.21%
Michigan Coca-Cola Bottling	1,570,200	2,358,500	3,928,700	0.21%
Dayton-Hudson	3,195,700	652,900	3,848,600	0.20%

**CITY OF FLINT, MICHIGAN
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2005**

TABLE 7

Assessed Valuation at December 31, 2004		<u>\$1,898,325,481</u>
Legal debt limit (7% of assessed valuation) ^(a)		\$ 132,882,784
Total Bonded Debt at June 30, 2005	\$ 122,400,948	
Less debt not subject to limitation under City Charter and State Statute:		
Revenue bonds and notes	<u>110,229,918</u>	
Debt subject to limitation (net debt)		<u>12,171,030</u>
Unused Debt Limitation		<u>\$ 120,711,754</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 Estimates	Assessed Value*	Gross Outstanding G.O. Bonded Debt *	Less Amounts Available*^[a]	Debt Payable from Proprietary Funds*^[b]	Net Bonded Debt*	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1991	140,761 ^[c]	\$ 1,631,431	\$ 40,740	\$ 4,075	\$ 16,163	\$ 20,502	1.26%	\$ 145
1992	140,761 ^[c]	1,837,152	37,741	3,453	15,238	19,050	1.04%	135
1993	140,761 ^[c]	1,521,579	39,573	3,296	13,594	22,683	1.49%	161
1994	140,761 ^[c]	1,508,321	34,712	1,415	11,272	22,025	1.46%	156
1995	140,761 ^[c]	1,718,536	31,642	133	10,625	20,884	1.21%	148
1996	140,761 ^[c]	1,591,145	28,689	140	10,050	18,639	1.17%	132
1997	140,761 ^[c]	1,742,374	25,765	143	9,450	16,172	0.93%	115
1998	140,761 ^[c]	1,649,014	23,361	157	9,025	14,179	0.86%	101
1999	140,761 ^[c]	1,734,755	32,460	-	20,382	12,078	0.70%	86
2000	124,943	1,814,889	28,412	6	18,524	9,882	0.54%	79
2001	123,659	1,779,610	27,608	12	19,876	7,720	0.43%	63
2002	121,906	1,758,373	17,409	-	9,263	8,146	0.46%	67
2003	120,824	1,825,161	12,054	-	7,228	4,826	0.26%	40
2004	119,716	1,863,768	6,659	-	4,204	2,455	0.13%	21
2005	119,716	1,898,326	12,171	-	2,996	9,175	0.48%	77

* 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] Adjusted U.S. Census figures for 1990

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
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 [c]	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	1,795,000	460,945	2,255,945	110,648,000	2.04%
2003	1,730,000	356,437	2,086,437	94,932,477	2.20%

CITY OF FLINT, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - UNAUDITED

June 30, 2005

TABLE 10

	<u>2004 SEV ^(a) of Unit's Taxable Property Within City of Flint</u>	<u>2004 SEV ^(a) of Unit's Total Taxable Property</u>	<u>Percentages Applicable to City of Flint</u>	<u>Bonded Debt Outstanding</u>	<u>Direct and Overlapping Bonded Debt</u>
Direct Debt:					
City of Flint	\$ 1,898,325,481	\$ 1,898,325,481	100.00%	\$ 118,269,520	\$ 118,269,520
Overlapping Debt:					
Genesee County	\$ 1,898,325,481	\$ 13,035,032,411	14.56%	\$ 155,508,380	\$ 22,647,088
Flint School District	1,716,991,681	1,716,991,681	100.00%	0	0
Genesee Interm District	1,898,325,481	13,035,032,411	14.56%	0	0
Airport Authority	1,898,325,481	13,035,032,411	14.56%	31,606,837	4,602,985
Mott Community College	1,898,325,481	13,035,032,411	14.56%	62,161,037	9,052,673
Carman School District	168,837,100	1,183,970,642	14.26%	46,695,000	6,658,821
Kearsley School District	77,800	462,308,400	0.02%	0	0
Swartz Creek School District	8,636,000	1,145,839,611	0.75%	0	0
Westwood Heights School District	3,782,900	190,921,700	1.98%	0	0
Mass Transit Authority	1,898,325,481	13,035,032,411	14.56%	0	0
Flint Public Library	1,898,325,481	13,035,032,411	14.56%	0	0
					<u>\$ 42,961,567</u>
					<u>\$ 161,231,087</u>

^(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)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
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	18,202	345,034	283,239	61,795	29,585	3,584	33,169	1.86
2004	321,100	3,446	324,546	278,279	46,267	1,875	4,970	6,845	6.76
2005	341,686	5,374	347,060	298,184	48,876	2,090	3,964	6,054	8.07

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

^(b) Depreciation, amortization, loss on sale of capital assets, 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]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
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
2004	31,353	81	31,434	29,671	1,682	1,040	703	1,743	0.97
2005	31,691	285	31,976	24,854	7,122	1,810	886	2,696	2.64

^[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 Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2006	\$ 3,014,099	\$ 326,145	\$ 3,340,244
2007	1,703,214	269,931	1,973,145
2008	1,743,035	217,929	1,960,964
2009	1,683,117	166,275	1,849,392
2010	1,733,478	114,999	1,848,477
2011-2015	2,663,779	153,680	2,817,459
2016-2020	522,962	1,440	524,402
2021-2025	0	0	0
Totals	<u>\$ 13,063,684</u>	<u>\$ 1,250,399</u>	<u>\$ 14,314,083</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2006	\$ 6,071,515	\$ 5,281,270	\$ 11,352,785
2007	6,487,816	4,890,872	11,378,688
2008	8,406,023	4,587,105	12,993,128
2009	5,837,399	4,212,397	10,049,796
2010	4,638,839	3,974,866	8,613,705
2011-2015	25,372,126	16,394,997	41,767,123
2016-2020	31,892,831	9,513,524	41,406,355
2021-2025	<u>5,950,000</u>	<u>673,219</u>	<u>6,623,219</u>

Totals	<u>\$ 94,656,549</u>	<u>\$ 49,528,250</u>	<u>\$ 144,184,799</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	124,943
2001	32.8	123,659
2002	32.8	121,906
2003	32.8	120,824
2004	32.8	119,716

**Adjusted 1990 U.S. Census*

(continued)

CITY OF FLINT, MICHIGAN

DEMOGRAPHIC STATISTICS

TABLE 13 (continued)

Age Distribution

Source: 2000 U.S. Census of Population
City of Flint – 124,943 / Genesee County – 436,141

	<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

Distribution of Families by Income Bracket:

Source: 2000 U.S. Census of Population
City of Flint – 124,943 / Genesee County – 436,141

<u>Income</u>	<u>Flint</u>		<u>Genesee County</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
<\$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	

(continued)

City of Flint, Michigan

Employment/Unemployment/Per Capita Personal Income - 1970-Present

DEMOGRAPHIC STATISTICS

Table 13 (continued)

Year	Labor Force	Employed	Unemployed	Unemployment Rate	Per Capita Personal Income
1970	76,450	69,375	7,100	9.3%	3,992
1971	74,950	68,650	6,325	8.4%	4,581
1972	75,900	69,550	6,350	8.4%	4,977
1973	77,700	72,350	5,350	6.9%	5,478
1974	78,750	68,800	9,950	12.6%	5,559
1975	78,425	64,525	13,900	17.1%	6,073
1976	57,925	50,025	7,875	13.6%	7,346
1977	59,750	52,525	7,225	12.1%	8,440
1978	60,550	53,925	6,625	11.0%	9,179
1979	63,050	55,500	7,550	12.0%	9,981
1980	66,175	50,900	15,275	23.1%	10,586
1981	65,325	52,225	13,125	20.1%	11,692
1982	66,300	48,325	17,975	27.1%	11,738
1983	65,025	51,050	13,950	21.5%	12,849
1984	66,500	56,050	10,425	15.7%	14,423
1985	66,500	55,700	10,800	16.2%	15,619
1986	65,400	56,000	9,400	14.4%	16,239
1987	65,175	54,575	10,600	16.3%	15,438
1988	62,500	50,600	11,875	19.0%	16,015
1989	61,125	52,600	8,525	14.0%	16,774
1990	56,734	47,593	9,141	16.1%	17,481
1991	57,196	45,735	11,461	20.0%	18,634
1992	57,183	45,483	11,700	20.5%	19,722
1993	56,530	46,668	9,862	17.4%	20,404
1994	57,697	49,331	8,366	14.5%	24,007
1995	56,954	50,334	6,620	11.6%	24,056
1996	56,307	50,523	5,784	10.3%	23,661
1997	55,114	50,045	5,069	9.2%	23,879
1998	54,731	49,527	5,204	9.5%	24,955
1999	53,332	48,637	4,695	8.8%	25,593
2000	52,891	48,559	4,332	8.2%	26,434
2001	53,938	48,094	5,844	10.8%	26,034
2002	53,209	46,214	6,995	13.1%	26,311
2003	53,648	45,776	7,872	14.7%	27,521
2004	54,468	46,438	8,030	14.7%	N/A

Sources: Michigan Dept. of Labor & Economic Growth, Office of Labor Market Information (not seasonally adjusted)

Per Capita Personal Income - U.S. Dept. of Commerce, Bureau of Economic Analysis, Flint Standard Metropolitan Statistical Area

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2005

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
2003.....	977,368,000	5,846,798,000
2004.....	1,022,570,000	6,073,594,000

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

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2005

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
2003	1,593	61,151
2004	1,590	61,213

Miles of Streets and Alleys

Streets – Paved	
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 11,173

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)

Education – Fall 2004-2005

Number of Students:	
Kindergarten – Grade 6.....	10,447
Grades 7 – 12	8,217
Special Education & Alternative Education	872
Total Public School Students	19,536
Private Schools – Grades K-12	1,262
Total Students	20,798
Number of Schools:	
High Schools.....	6
Middle Schools	5
Elementary Schools	27
Private Schools.....	10
Vocational/Adult/Alternate.....	2
Total Schools	50
Number of Personnel - Public Schools:	
Teachers (including Special Education Personnel).....	1,110
Pupil/Teacher Ratio	17.6 to 1
Professional Personnel.....	864
Pupil/Professional Personnel Ratio.....	22.6 to 1

Source: Genesee Intermediate School District Statistical Summary 2004-2005

Colleges/Universities – Enrollment:

Baker College.....	5,640
Kettering University.....	2,992
Mott Community College	10,056
University of Michigan – Flint	6,188
Ferris State University (Satellite Campus)	253
MSU College of Human Medicine (through local hospitals)	32

Source: College Registrars

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2005

TABLE 14 (continued)

Fire Protection

Fire Stations	6
Uniformed Employees	125

Police Protection

Sworn Employees	260
Civilian Employees	31
Vehicular Patrol Units	194

Recreational Facilities and Park Areas

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

<u>Park Areas –</u>	<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, 2005

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 9, 2003	88,143	2,695	3.1
Primary Election of August 5, 2003	88,278	15,198	17.2
Municipal Election of November 4, 2003	88,490	23,529	26.6
Special MCC Bond Issue of June 14, 2004	88,181	3,477	3.9
State Primary Election of August 3, 2004	88,690	15,145	17.1
General Election of November 2, 2004	92,049	46,512	50.5
Special School Board Election of May 3, 2005	92,254	2,147	2.3

BISHOP INTERNATIONAL AIRPORT

Flint’s Bishop International Airport is the third largest airport in Michigan and is operated by the Bishop Airport Authority Board. As the second fastest growing airport in the nation, Bishop experienced 20% growth in 2002, 2003, and 2004 (industry average growth <6%). Bishop was named the “Most On-Time Airport in the State of Michigan” in 2004 by the U.S. Department of Transportation.

Airlines at Bishop:

AirTran Airways
American Eagle
Continental Connection
Delta Connection
Midwest Connect
Northwest Airlines
Funjet Vacations

Annual Passengers:

1987	222,628
1993	281,910
1994	262,594
1995	244,202
1996	286,652
1997	456,720
1998	541,086
1999	640,023
2000	665,425
2001	597,923
2002	726,619
2003	952,309
2004	1,190,855

Source: Bishop International Airport – Accounting Department

CITY OF FLINT, MICHIGAN

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS – UNAUDITED
FOR FISCAL YEAR ENDED JUNE 30, 2005

TABLE 15

Name and Title of Official	Annual Salary	Amount of Surety Bond^(a)
Donald J. Williamson, Mayor	\$1	\$100,000
Joseph Conroy, Governmental Policy Director	\$85,001	\$100,000
Peggy Cook, City Administrator	\$95,276	\$100,000
Trachelle Young, Chief Legal Officer	\$85,001	\$100,000
Peter Dobrzeniecki, Director of Finance	\$89,600	\$100,000
Vacant, City Treasurer	\$70,955	\$400,000
Douglas Bingaman, Deputy City Treasurer	\$65,834	\$250,000
Deirdre Pitts, Director of Human Resources	\$76,802	\$100,000
Inez Brown, City Clerk	\$70,818	\$100,000
Jessie Binion, Ombudsman	\$70,817	\$100,000
William Fowler, City Assessor	\$111,440	\$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 YEARS**

TABLE 16

Year	Construction ⁽¹⁾		Property Valuations at True Cash Value				Flint City Bank Deposits ^{(2) (3)}
	# of Permits	Value	Residential	Commercial	Industrial	Total	
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	1,836,797,000
1994	1,705	31,158,511	1,258,377,340	537,432,780	1,220,831,600	3,016,641,720	1,806,797,000
1995	1,902	37,385,211	1,272,429,544	544,922,180	1,285,427,400	3,102,779,124	1,845,113,000
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	N/A	N/A	1,480,730,608	653,581,400	1,327,468,600	3,461,780,608	2,541,527,000
1999	1,980	66,662,000	1,589,507,714	693,117,600	1,248,864,200	3,531,489,514	2,500,994,000
2000	1,807	85,046,355	1,661,286,572	704,382,600	1,198,109,000	3,563,778,172	2,767,091,000
2001	1,448	59,775,088	1,773,332,954	746,194,000	992,397,000	3,511,923,954	2,735,992,000
2002	1,185	55,084,557	1,915,350,434	741,418,800	950,576,200	3,607,345,434	2,727,315,000
2003	1,288	25,165,847	2,025,182,664	655,607,800	969,532,600	3,650,323,064	2,874,533,000
2004	1,340	25,513,555	2,107,408,286	662,175,600	957,952,200	3,727,536,086	2,913,129,000
2005	1,336	56,538,082	2,139,018,072	669,675,890	987,957,000	3,796,650,962	N/A

⁽¹⁾ Fiscal Year (7/1-6/30)

⁽²⁾ Source for Bank Deposit Information - FDIC Summary of Deposits (1994-2004)

⁽³⁾ Includes Savings & Loans and Credit Unions (1996-present)

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	Continuation Indicators					Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll
	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB				
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	871,274	955,306	91.2%	84,032	8.8%	146,558	57.3%	
2003	822,813	981,884	83.8%	159,071	16.2%	148,997	106.8%	
2004**	803,420	997,906	80.5%	194,486	19.5%	150,429	129.3%	

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

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

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

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.

*Reflects early retirement incentive program.