

CITY OF FLINT, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006

*MOVING
FORWARD*



CITY OF FLINT, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2006



**Donald J. Williamson
Mayor**

Prepared by

Department of Finance and Administration

Peter Dobrzeniecki, Director of Finance

City of Flint, Michigan
Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2006

**City of Flint, Michigan
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006**

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CITY OF FLINT

Department of Finance

Donald J. Williamson
Mayor

Peter Dobrzeniecki
Director of Finance

December, 2006

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, 2006

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, 2006, 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, 2006, 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 118,551. 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 January 20, 2006, Governor Jennifer Granholm signed an executive order that revoked the declared financial emergency in the City of Flint. The Governor's order was based upon recommendations from the State Treasurer Jay Rising and the Local Emergency Financial Assistance Loan Board. The City of Flint has gone from a General Fund deficit of \$26.3 million to a surplus of \$8.9 million in five years. During the fiscal year 2006 the City has been able to make substantial capital improvements while remaining financially responsible, including \$3.2 million for new garbage trucks and \$2.6 million for new police and DPW vehicles. The City paved 51.39 miles of streets at a cost of \$13.6 million and demolished 350 abandoned homes at a cost of \$2.3 million.

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 Flint Area Enterprise Community works with community partners to coordinate the federal enterprise community plan and help leverage resources for the zone.

The annual budget serves as the foundation for the City of Flint's financial planning and control. Under the normal governance scenario, as outlined above, all departments and agencies of the City of Flint are required to submit requests for appropriations to the Mayor's appointed Budget Director in March each year. The Budget Director uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the City Council on the first Monday in May. The Council is required to hold public hearings on the proposed budget and to adopt a final budget, by charter, on the first Monday in June. The City's fiscal year ends on June 30. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or funds, however, would require the special approval of the

City Council. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted. The comparison is presented in the required supplementary information subsection of this report.

Factors Affecting Economic and Financial Condition

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

Local Economy. The Flint metropolitan area unemployment rate increased by 1.5% to 9.2% at mid-year 2006. The City of Flint's economy is tied to the automobile industry but has diversified over the last ten years. Property value for Flint's ten largest employers declined in 2006 to \$474.6 million compared to \$664.2 million for Flint's ten largest employers in 1997. Yet over-all property values have increased from \$1.563 billion in 1997 to \$1.947 billion in 2006.

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 five years, with an average maturity of 298 days. The yield on investments improved during the fiscal year, paying 4.57% as of June 30, 2006 compared to 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 IV.E. of the Notes of the June 30, 2006 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 3,063 retired employees receiving these benefits, of which 1,330 retired from Hurley Hospital. The benefits are financed on a pay-as-you-go basis. Additional information on the City of Flint's Retirement Plan can be found in Section IV.B. of the Notes of the June 30, 2006 Audited Financial Statements. GAAP did not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits as of June 30, 2006. However, GAAP will require 1/30th of the liability for post-retirement health and vision care benefits to be recorded for the fiscal year ending June 30, 2007.

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, 2005. The City has now received the award four years in a row. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006, continues to meet the Certificate of Achievement Program's requirements and we are submitting our report to the GFOA to determine its eligibility for another certificate.

We are also pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City of Flint for fiscal year 2006. The Budget Awards Program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision-makers and citizens. Since the program was first established in 1984, participation has grown from 113 to 1,108.

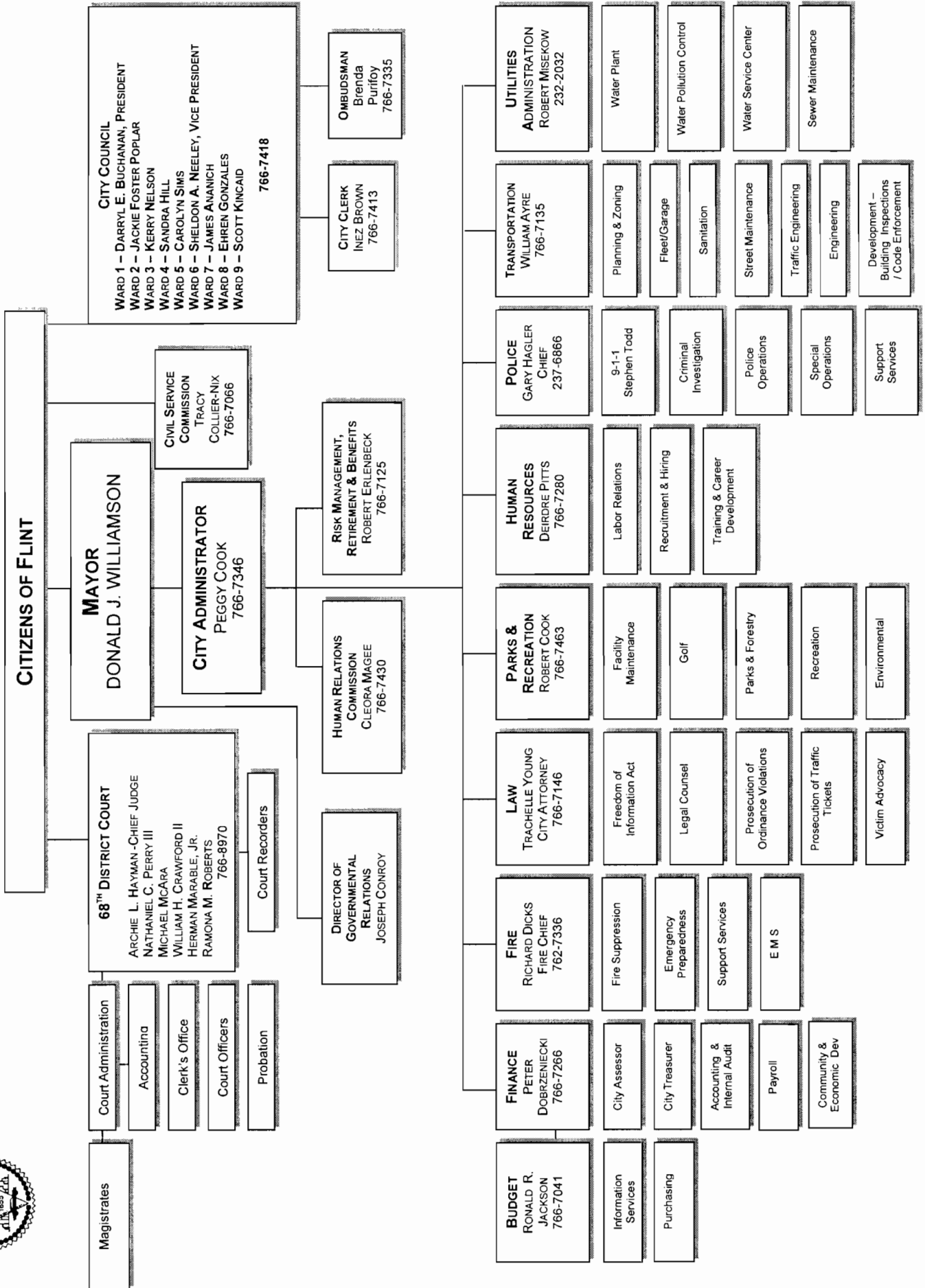
The Distinguished Budget Presentation Award is valid for a period of one year only. We believe that the Annual Adopted Budget for fiscal year 2007 continues to meet the Budget Award Program requirements and we have submitted our budget to the GFOA to determine its eligibility for another award.

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

Respectfully submitted,

Peter Dobrzeniecki
Director of Finance

CITY OF FLINT - ORGANIZATIONAL CHART - Fiscal Year 2006



CITY OF FLINT, MICHIGAN
Fiscal Year 2006
Elected and City Officials

Elected Officials

Donald J. Williamson..... Mayor
Darryl E. Buchanan, President..... First Ward
Jacqueline Poplar, Chair, Legislative Committee..... Second Ward
Kerry Nelson, Chair, Governmental Operations..... Third Ward
Sandra Hill, Vice Chair, Governmental Operations Fourth Ward
Carolyn A. Sims..... Fifth Ward
Sheldon Neeley, Vice President & Chair, Special Affairs..... Sixth Ward
James Ananich, Vice Chair, Finance Committee & Legislative Committee..... Seventh Ward
Ehren Gonzales, Chair, Finance Committee..... Eighth Ward
Scott Kincaid..... Ninth Ward

Appointed and Other City Officials

William Ayre Transportation Director
Douglas Bingaman..... City Treasurer
Inez M. Brown City Clerk
Tracy Collier-Nix..... Director, Civil Service Commission
Joseph Conroy Director of Governmental Policy
Peggy Cook..... City Administrator
Robert Cook..... Director, Parks & Recreation & Facility Maintenance
Richard Dicks, Sr. Fire Chief
Peter Dobrzeniecki..... Director of Finance
Robert Erlenbeck Risk Management & Benefits Administrator
William Fowler City Assessor
Gary Hagler..... Acting Chief of Police
Ronald R. Jackson..... Director of Budget Management
Derrick Jones Purchasing Manager
Cleora Magee Executive Director, Human Relations Commission
Robert W. Misekow Director of Water/Sewer Utilities
Deirdre G. Pitts Human Resources Director
Brenda Purifoy Ombudsman
Nancy Jurkiewicz Rich Director, Dept. of Community & Economic Development
James Rutherford Director, Downtown Development Authority
Stephen Todd Emergency 911 Administrator
Lynette Ward 68th District Court Administrator
Trachelle Young..... Chief Legal Officer

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, 2005

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



President

Executive Director

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan (City) as of and for the year ended June 30, 2006, 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 67 percent, 65 percent, and 51 percent, respectively, of the assets, net assets, and revenue 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan as of June 30, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting

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

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2006 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 6, 2006

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Flint, we offer readers of the City of Flint's financial statements this narrative overview and analysis of the financial activities of the City of Flint for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The City acquired Capital Assets totaling \$17.2 million in the Governmental Funds and \$20.7 million in the Enterprise Funds.
- The City's General Fund – fund balance increased to \$8.9 million at fiscal year end 2006.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$404 million (net assets). Of this amount, \$132 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 \$30.8 million, an increase of \$4.7 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).

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 golf courses	Instances in which the City is the trustee or agent for someone else’s resources, such as the retirement plan for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the City’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

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

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

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

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

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

The City of Flint maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Flint's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-82 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Flint's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 83-86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 92-126 of this report.

Government-wide Financial Analysis. Net assets may serve over time, as a useful indicator of a government's financial position (See Table 2). The City of Flint's total net assets exceeded liabilities by \$404 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Current and other assets	\$ 41.5	\$ 47.6	\$243.8	\$251.9	\$285.3	\$299.5
Capital assets	<u>140.1</u>	<u>143.3</u>	<u>206.1</u>	<u>204.4</u>	<u>346.2</u>	<u>347.7</u>
Total assets	<u>181.6</u>	<u>190.9</u>	<u>449.9</u>	<u>456.3</u>	<u>631.5</u>	<u>647.2</u>
Long-term liabilities outstanding	21.2	22.8	114.8	111.3	136.0	134.1
Other liabilities	<u>11.3</u>	<u>13.0</u>	<u>76.6</u>	<u>96.0</u>	<u>87.9</u>	<u>109.0</u>
Total liabilities	<u>32.5</u>	<u>35.8</u>	<u>191.4</u>	<u>207.3</u>	<u>223.9</u>	<u>243.1</u>
Net assets:						
Invested in capital assets, net of related debt	138.2	131.6	107.2	108.5	245.4	240.1
Restricted	21.2	23.1	7.6	8.8	28.8	31.9
Unrestricted	<u>(10.3)</u>	<u>0.4</u>	<u>143.7</u>	<u>131.6</u>	<u>133.4</u>	<u>132.0</u>
Total net assets	<u>\$149.1</u>	<u>\$155.1</u>	<u>\$258.5</u>	<u>\$248.9</u>	<u>\$407.6</u>	<u>\$404.0</u>

Total net assets for governmental activities increased by \$6 million. Total net assets decreased in business-type activities by \$9.6 million due to losses at the Hurley Medical Center.

The largest portion of the City of Flint's total net assets of \$240.1 million (59%) 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 \$31.9 million (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$132 million (33% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities. Changes in Net Assets (Table 2) provide some insight into current year activities as compared to those of the prior year. The City Of Flint changed the method used for cost allocation in 2005. The method used in 2006 reverts back to the methods used in 2004 and prior years. Governmental activities' revenues increased by \$10.1 million during fiscal year 2006. An Increase in revenue of \$6.2 million from Operating Grants and Contributions was a result of increased activity brought about by staffing changes in the Department of Community and Economic Development. Total expenses increased slightly by \$2.2 million, most of which was in Public Safety. The increase in Public Safety was for the additional expense of hiring of additional police officers in the current fiscal year and in the last two quarters of fiscal year 2005. Expenses declined by \$10.6 million to \$19.6 in the Public Works Department includes the stopping of the \$2.4 million parking meter program and more capitalized street construction in 2006.

Business-Type Activities. Business type activities revenue decreased by \$15.3 million (13%). The largest part of the revenue decrease was from charges for patient services at Hurley Medical Center (\$14.4 million). Expenses for business type activities decreased by \$1.7 million from the previous year. Total operating revenues increased in the Water Fund while total operating expenses declined resulting in an increase in net assets of \$5.2 million. The Sewer Fund and the Golf Fund had decreases in net assets of \$0.9 and \$0.6 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues						
Program revenues						
Charges for services	\$ 18.6	\$ 20.7	\$ 394.8	\$ 381.3	\$ 413.4	\$ 402.0
Operating grants and contributions	15.5	21.7	0.3	0.5	15.8	22.2
Capital grants and contributions	2.0	4.5	0.8	0.6	2.8	5.1
General revenues						
Income taxes	20.7	19.7	-	-	20.7	19.7
Property taxes	27.2	25.5	-	-	27.2	25.5
State shared revenues	19.8	19.5	-	-	19.8	19.5
Other	2.0	4.3	5.8	4.0	7.8	8.3
Total revenues	<u>105.8</u>	<u>115.9</u>	<u>401.7</u>	<u>386.4</u>	<u>507.5</u>	<u>502.3</u>
Expenses						
Legislative	0.9	1.3	-	-	0.9	1.3
Judicial	5.2	5.3	-	-	5.2	5.3
General government	17.2	19.4	-	-	17.2	19.4
Public safety	42.8	49.7	-	-	42.8	49.7
Public works	30.2	19.6	-	-	30.2	19.6
Parks and Recreation	4.0	4.5	-	-	4.0	4.5
Community development	7.1	9.7	-	-	7.1	9.7
Interest on long term debt	0.3	0.4	-	-	0.3	0.4
Hospital	-	-	346.6	343.7	346.6	343.7
Water	-	-	30.4	30.2	30.4	30.2
Sewer	-	-	19.5	20.7	19.5	20.7
Golf Course	-	-	1.1	1.4	1.1	1.4
Parking facilities	-	-	0.1	-	0.1	-
Total Expenses	<u>107.7</u>	<u>109.9</u>	<u>397.7</u>	<u>396.0</u>	<u>505.4</u>	<u>505.9</u>
Increase (decrease) in net assets before transfers	<u>(1.9)</u>	<u>6.0</u>	<u>4.0</u>	<u>(9.6)</u>	<u>2.1</u>	<u>(3.6)</u>
Transfers	0.3	-	-	-	0.3	-
Increase (decrease) in net assets	<u>(1.6)</u>	<u>6.0</u>	<u>4.0</u>	<u>(9.6)</u>	<u>2.4</u>	<u>(3.6)</u>
Net assets - beginning	<u>150.7</u>	<u>149.1</u>	<u>254.5</u>	<u>258.5</u>	<u>405.2</u>	<u>407.6</u>
Net assets - end	<u>\$ 149.1</u>	<u>\$ 155.1</u>	<u>\$ 258.5</u>	<u>\$ 248.9</u>	<u>\$ 407.6</u>	<u>\$ 404.0</u>

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 2006 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$30.8 million, an increase of \$4.7 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 \$8.9 million fund balance in the general fund is 14% of 2006 total expenditures. The general fund has \$9.2 million in pooled cash and investments and an advance from the sewer fund of \$7.3 million at June 30, 2006. The unreserved portion of the general fund fund balance is \$5.2 million.

The City continued to control payroll costs issuing 1,600 W-2 forms totaling \$41.4 million during calendar year 2005 as compared to 1,669 W-2 forms for wages totaling \$40.7 million in tax year 2004 an increase of \$0.7 million (1.7%).

The remaining governmental funds have a fund balance of \$21.9 million of which \$7.3 million is unreserved. The Major and Local Street funds have \$14.2 million in fund balance. Other special revenue funds include Federal Grants, \$1.0 million, Economic Development Revolving Loan with \$0.9 million, Parks and Recreation with \$1.3 million, and Capital Improvement with \$4.0 million in fund balance. Federal or local laws restrict the spending of the money in these funds.

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 \$71.2 million, a decrease of \$17.2 million. The decrease is primarily a result of an \$11.9 million operating loss. Hurley has labor agreements with all nine of its bargaining units. The Hurley Medical Center did not issue any bonds in 2006.

Unrestricted net assets in the Water Fund are \$11.3 million, an increase of \$5.9 million from the previous year. The Water Fund has a bond reserve account of \$2.8 million and an equipment reserve account of \$2.5 million. Water operating revenues increased by \$3.3 million while cost of water purchased remained about the same. Water operating revenues plus interest income exceeded total operating costs less depreciation by \$8.3 million. The combined debt service requirement, with interest and principal payments, were \$2.7 million during 2006, providing a debt service margin well above the 125% required by the bonds.

Unrestricted net assets of the Sewer Fund increased by \$0.7 million to \$49.0 million. Sewer operating revenues decreased by \$1.2 million from the previous year. The decrease was due in part to a change in sewer rates for biological oxygen demand and the elimination of chemical oxygen demand rates. Sewer operating costs increased by \$1.4 million, primarily in salaries and wages, utilities and supplies.

General Fund Budgetary Highlights

Original to Amended. The difference between the general fund's original and amended budget was an increase of \$3.7 million (5%) of which \$2.5 million was from federal revenue that was not included when the original budget was prepared. Staffing additions in the Department of Community and Economic Development enabled the Department to apply for and receive additional grant funding. Of the \$2.5 million, Community Development received \$1.5 million, the Law Department received \$0.5 million, and the Transportation Department received \$0.5 million. Other revenue items where the budget was amended were Charges for Service and Local Grants. The Charges for Services budget increased (\$0.5 million) because of better efforts to bill for services. The Local Grants budget increased by \$0.5 million and came from a variety of sources in conjunction with a celebration of the City's 150th year. The increased expenses are reflected in the Mayor's budget (\$0.5 million) and in the Parks & Recreation budget (\$0.5 million).

Amended to Actual. The difference between the amended budget and actual expenditures was favorable, recording an excess of \$2.8 million (4%). General Fund expenditures totaled \$65.6 million, \$4.5 million below the final amended budget. General Fund revenues are \$68.9 million, \$2 million below the amended budget. Most of the difference between budget and actual is in federal grant revenue and expenditures from which only \$1.3 million was spent from the \$3.1 million budget. Lower than expected Property Taxes (\$0.8 million) and Income Taxes (\$0.6) million were offset by better than expected revenue from Charges for Services (\$1.2 million) and Interest (\$1.4 million). The various differences in expenditures are under budget (except for Union Representatives) as a result of continued cost “watching” by all departments. A reduced number of employees and hiring freezes resulted in delays in filling vacant positions. Healthcare and other benefits total \$12.4 million of which \$7.7 million is allocated to the General Fund. Total fiscal year 2006 charges for post-retirement health care are \$15.8 million, of which \$9.7 million is allocated to the General Fund. The City will implement GASB 43 and 45 in fiscal year 2007. Budget to actual for Other financing uses in the General Fund recorded a favorable \$0.6 million from the Sale of Capital Assets but an unfavorable \$0.6 million in Transfers Out. This year (2006), the General Fund transferred \$1.2 million, which is favorable when compared to the \$4.2 million (net) transferred last year. Transfers Out were made to avoid deficits in other City funds.

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, 2006 amounts to \$347.7 million (net of accumulated depreciation) a net increase of \$1.5 million. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City of Flint’s capital assets can be found in Note III D.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Land	\$ 13.8	\$ 13.4	\$ 5.3	\$ 5.5	\$ 19.1	\$ 18.9
Construction in progress	-	-	21.3	22.6	21.3	22.6
Buildings and System	6.6	6.3	58.2	55.5	64.8	61.8
Improvements other than buildings	5.3	5.1	7.7	7.3	13.0	12.4
Machinery and Equipment	7.9	11.2	113.6	113.5	121.5	124.7
Infrastructure	106.5	107.3	-	-	106.5	107.3
Total	<u>\$ 140.1</u>	<u>\$ 143.3</u>	<u>\$ 206.1</u>	<u>\$ 204.4</u>	<u>\$ 346.2</u>	<u>\$ 347.7</u>

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

- The City made \$11.5 million dollars of infrastructure improvements, mostly to streets and purchased \$5.4 million in machinery and equipment in the governmental activities funds.
- The Hurley Medical Center purchased \$26.1 million in capital assets.
- Water System Capital Asset additions amounted to \$3.0 million.
- Sewer System Capital Asset additions amounted to \$2.8 million.
- Golf Course Capital Asset additions amounted to \$0.8 million.

Debt Administration. Debt is administered through three debt service funds. The 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 (see Table 5).

Revenue Bonds. 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.

Long-term Debt. At year-end the City had \$13.9 million in bonds and notes outstanding for governmental activities and \$111.3 million in bonds and notes outstanding for business-type activities. Total long-term debt decreased by \$1.9 million to \$134.1 million at year-end. Additional information on the City of Flint's long-term debt can be found in Note III G.

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

	Governmental		Business-type Activities		Total Primary Government	
	Activities					
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
General Obligation Bonds	\$ 9.2	\$ 6.8	\$ 3.0	\$ 1.7	\$ 12.2	\$ 8.5
Revenue Bonds and Notes	-	-	106.1	105.9	106.1	105.9
Other Notes	3.7	7.1	0.4	0.3	4.1	7.4
Capital Leases	0.2	-	5.3	3.5	5.5	3.5
Accrued Annual & Sick Pay	8.1	8.8	-	-	8.1	8.8
Total	<u>\$ 21.2</u>	<u>\$ 22.7</u>	<u>\$114.8</u>	<u>\$111.4</u>	<u>\$136.0</u>	<u>\$134.1</u>

Limitations on Debt. The City Charter limits the amount of general obligation debt the City can issue to 7% of the assessed value of all taxable property within the City's corporate limits. This Charter provision is consistent with State law that limits debt to 10% of assessed value. The City's legal debt limit is \$137.6 million. The amount of debt available to the City (unused portion of the debt limitation) is \$129.2 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state shared revenue program. The program pledges the City's future state shared revenues. The City as of June 30, 2006 can issue up to \$20 million in additional bonds through the Michigan Municipal Bonding Authority.

Bond Ratings. Moody's Investors' Service rates the City of Flint's general obligation unlimited bonds at Ba1 with a stable outlook. Moody's plans to visit the City of Flint in February 2007. Existing debt service requirements for governmental activities will drop significantly due to the expiration of debt service obligations over the next two years.

Economic Factors and Next Year's Budget and Rates

Economic Factors. The City of Flint, like the State of Michigan, remains closely tied to activity in the North America automobile industry. Flint's manufacturing sector accounted for the largest share of the business receipts flowing into the City's private sector. The City of Flint is the primary source of the four door models of General Motors highest volume products, the standard size Chevrolet Silverado pick-up truck and the GMC Sierra. The Flint truck assembly plant is also the sole source for the Chevrolet Kodiak and GMC Topkick medium duty trucks. In addition, according to recent issues of the Harbour Report, prepared by the Troy based consultant Harbour and Associates, Flint's engine plants produce about 19% of the engines required by GM's North American vehicle assembly operations. Local pressed metal plants in Flint and Grand Blanc produce about 7% of the major metal stampings fabricated within GM for those cars and trucks.

North American production of all models of General Motors standard size pick-ups declined about 11% in calendar 2006 as a result of the surge in gasoline prices and lower levels of business activity in the construction industry and other select sectors. Production of pick-ups at Flint's highest profile factory, however, contracted by only about 4.6% to 165,000 units from 173,000 in 2005. Medium duty truck production, on the other hand, rose 6.2% to about 41,000 from 38,600. Local engine plant and pressed metal plant output of stampings declined in 2006 as North American production of all GM cars and trucks fell 4% to about 4.65 million units from 4.86 million units.

One of the measures of the status of the City's household sector is participation of their membership in the labor force. About 48% of City residents were in the labor force at mid-year 2006, up from about 47% in 2005. According to surveys conducted by the Michigan Department of Labor and Economic Growth, an average of 85.4% of the City's labor force held jobs during 2006 compared with 86.4% in 2005. The remaining 14.6% of the labor force during 2006 were unemployed, which is defined as persons without a job, but actively looking for work. By comparison, unemployment in the Flint metropolitan area (comprising Genesee County) averaged 9.2% in 2006, up from 7.7% in 2005.

Another measure of the household sector is its buying power. According to calculations by Claritas, Inc. reported in the 2005 ZIP Edition of Demographics USA published by Trade Dimensions International, Inc., household buying power amounted to \$2.23 billion in 2005 in the zip codes (48501 to 48507) that most closely comprise Flint's municipal boundaries. That compares with \$2.18 billion in 2004 and \$2.17 billion in 2003. That buying power, plus the buying power of Flint's suburban households, resulted in calculated retail expenditures of \$2.5 billion in those zip codes in 2005, up from \$2.43 billion in 2004 and \$2.19 billion in 2003.

The best measure of economic activity in the City's business sector is wage and salary earnings as represented by the City income taxes levied on the gross value of those earnings. According to tax receipts flowing into the Income Tax Division of the City's Treasurer's Office, Flint's overall economy continued to contract during calendar year 2005. Total income tax receipts declined to \$19.1 million in 2005, down from \$20.2 million in 2004 and \$20.7 million in 2003. The decline in 2005 from 2004 occurred primarily as a result of an 11.8% drop in earnings in manufacturing related to changes in GM's sources of supply, lower production volumes and little or no replacement of workers who were laid off, retired, or quit.

Earnings in private non-manufacturing sectors, now clearly the largest segment of Flint's labor market, posted a moderate 2.5% drop in 2006 from 2005 while earnings in the public sector fell 1.3%. Private sector investment in the City's industrial and commercial sectors was at an estimated actual value of \$1.81 billion at the close of the FY 2005-06; down from \$1.85 billion one year earlier, according to data calculated by the City's Assessment Division.

Construction activity in Flint jumped 46% to \$82.6 million in the 1,593 building permits issued by the City's Building Inspection staff during FY 2005-06, up from the \$56.5 million worth of work authorized in the 1,336 permits issued in FY 2004-05. Residential real estate activity in Flint, as tabulated by the City's Assessment Division, also surged during calendar 2005, the last year of recent housing market boom. Sales of existing homes in the City rose 54% to 2,452 units from 1,590 in 2004. The average selling price increased slightly to \$57,600.

Budgets. The City has again produced a timely and balanced budget for Fiscal Year 2007. The 2007 amended General Fund budget was intentionally adopted with a budget deficit of \$2.5 million. Of the \$8.9 million fund balance, \$0.8 million is reserved for contracts issued but not completed at year-end, \$0.4 million is designated for the City Jail, \$2.5 million is designated for the planned budget deficit, and \$5.2 million is available from fund balance for future appropriation in the General Fund. The City faces a number of issues that will impact the 2008 budget. State wide, reductions in State Shared Revenue and the combined effect of laws that place limitations on millage rates and taxable values, keep revenue collections well below the rate of inflation. The City of Flint also faces loss of City Income Tax Revenue from layoffs at the Flint Delphi facility, and the increase in payroll expenditure with the settlement of the police and fire union contracts.

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

The City has set rates each year to meet the requirements of the resolution. However, in order to reduce the impact of the annual water rate increase, the sewer rates have been reduced so that the total water and sewer bill has remained about the same over the last few years. The City plans to continue this policy for budget year 2008.

The City Water Department has successfully processed water from the Flint River system. The City, in conjunction with the Michigan Department of Natural Resources, continues to test the new water plant. The water plant currently has the ability to produce 36 million gallons of water per month, and has storage capacity of another 56 million gallons. The water plant is capable of supplying all of the City Of Flint water demands at a cost that is substantially lower than the cost of purchasing water from the City of Detroit.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

City of Flint, Michigan

Statement of Net Assets June 30, 2006

	Primary Government	
	Governmental Activities	Business-Type Activities
Assets		
Pooled cash and investments	\$ 32,757,447	\$ 36,267,981
Cash and equivalents	3,456,567	22,750,169
Cash with agent	-	-
Investments	-	-
Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$25,888,534)		
Taxes	3,530,720	-
Accounts	2,839,453	80,590,901
Notes and leases receivable	6,344,318	-
Due from component units	855,905	-
Due from primary government	-	-
Due from other governments	7,777,707	-
Internal balances	(14,300,919)	14,300,919
Inventories	304,479	4,665,047
Real estate held for resale - seized property	-	-
Prepaid items	927,676	3,637,584
Restricted assets:		
Pooled cash and investments	3,114,056	5,332,008
Cash and equivalents	-	14,209,730
Investments	-	57,952,346
Accrued interest receivable	-	774,398
Capital assets (not depreciated)	13,449,987	28,062,713
Capital assets (net of accumulated depreciation)	129,852,837	176,313,138
Other assets	-	3,961,361
Investment in joint ventures	-	7,450,437
Total assets	190,910,233	456,268,732

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

<u>Total</u>	<u>Component Units</u>
\$ 69,025,428	\$ -
26,206,736	1,227,747
-	102,886
-	499,091
3,530,720	-
83,430,354	54,778
6,344,318	2,333,813
855,905	-
-	29,904
7,777,707	-
-	-
4,969,526	-
-	113,000
4,565,260	17,641
8,446,064	-
14,209,730	-
57,952,346	-
774,398	-
41,512,700	5,592,372
306,165,975	908,950
3,961,361	-
7,450,437	-
<u>647,178,965</u>	<u>10,880,182</u>

(continued)

City of Flint, Michigan

Statement of Net Assets (continued) June 30, 2006

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Liabilities		
Accounts payable	5,997,022	19,055,304
Accrued liabilities	2,057,424	75,944,731
Deposits and advances	792,190	1,015,976
Due to other governments	57,851	-
Due to primary government	-	-
Due to component unit	29,904	-
Unearned revenue	521,707	-
Claims payable	3,683,443	-
Noncurrent liabilities:		
Debt due within one year	1,655,225	7,347,905
Debt due in more than one year	21,081,735	103,969,491
	<hr/>	<hr/>
Total liabilities	35,876,501	207,333,407
	<hr/>	<hr/>
Net Assets		
Invested in capital assets, net of related debt	131,561,717	108,506,065
Restricted for:		
Streets	14,243,976	-
Public Improvement	4,369,064	-
Police	567,163	-
Parks and Recreation	1,385,804	-
Debt Service	51,765	2,809,860
Economic Development	1,138,832	-
Community Development	1,046,395	-
Capital Improvements	-	2,522,147
Other Purposes	322,199	3,523,037
Unrestricted	346,817	131,574,217
	<hr/>	<hr/>
Total net assets	\$ 155,033,732	\$ 248,935,326
	<hr/> <hr/>	<hr/> <hr/>

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

<u>Total</u>	<u>Component Units</u>
25,052,326	35,559
78,002,155	22,647
1,808,166	43,758
57,851	7,108
-	855,905
29,904	-
521,707	109,700
3,683,443	-
9,003,130	-
125,051,226	-
243,209,908	1,074,677
240,067,782	6,501,322
14,243,976	-
4,369,064	-
567,163	-
1,385,804	-
2,861,625	-
1,138,832	697,555
1,046,395	2,168,694
2,522,147	10,570
3,845,236	-
131,921,034	427,364
<u>\$ 403,969,058</u>	<u>\$ 9,805,505</u>

City of Flint, Michigan

Statement of Activities Year Ended June 30, 2006

Functions\Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
Legislative	\$ 1,269,747	\$ 21,280	\$ -
Judicial	5,329,461	2,237,892	285,238
General government	19,464,139	12,729,217	193,676
Police	28,825,763	1,537,789	779,018
Fire	13,916,825	224,142	29,100
Emergency dispatch	2,548,480	1,707,704	-
Building inspection	4,386,646	1,961,099	1,674,122
Transportation	14,745,074	48,429	13,736,694
Public works	4,743,878	63,846	-
Parks and recreation	4,506,042	33,370	278,178
Community enrichment and development	9,708,503	152,119	4,724,981
Interest on long-term debt	436,774	-	-
Total governmental activities	109,881,332	20,716,887	21,701,007
Business-type Activities:			
Hospital	343,729,836	327,335,663	541,689
Water	30,225,762	34,177,436	-
Sewer	20,708,029	18,782,008	-
Golf courses	1,371,902	1,035,664	-
Total business-type activities	396,035,529	381,330,771	541,689
Total primary government	\$ 505,916,861	\$ 402,047,658	\$ 22,242,696
Component units:			
Downtown Development Authority	\$ 1,249,329	\$ 785,809	\$ 32,700
Atwood Stadium Building Authority	-	-	-
Flint Area Enterprise Community	783,046	103,977	375,241
Economic Development Authority	322,652	128,742	29,904
Total component units	\$ 2,355,027	\$ 1,018,528	\$ 437,845

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

Program Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
\$ -	\$ (1,248,468)	\$ -	\$ (1,248,468)	\$ -
-	(2,806,331)	-	(2,806,331)	-
-	(6,541,246)	-	(6,541,246)	-
-	(26,508,956)	-	(26,508,956)	-
110,699	(13,552,885)	-	(13,552,885)	-
-	(840,776)	-	(840,776)	-
-	(751,424)	-	(751,424)	-
408,979	(550,971)	-	(550,971)	-
-	(4,680,032)	-	(4,680,032)	-
163,896	(4,030,597)	-	(4,030,597)	-
3,840,000	(991,404)	-	(991,404)	-
-	(436,774)	-	(436,774)	-
4,523,574	(62,939,864)	-	(62,939,864)	-
-	-	(15,852,484)	(15,852,484)	-
642,419	-	4,594,093	4,594,093	-
-	-	(1,926,021)	(1,926,021)	-
-	-	(336,238)	(336,238)	-
642,419	-	(13,520,650)	(13,520,650)	-
<u>\$ 5,165,993</u>	<u>(62,939,864)</u>	<u>(13,520,650)</u>	<u>(76,460,514)</u>	-
\$ -	-	-	-	(430,820)
-	-	-	-	-
-	-	-	-	(303,828)
-	-	-	-	(164,006)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(898,654)</u>

(continued)

City of Flint, Michigan

Statement of Activities (continued) Year Ended June 30, 2006

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
General Revenues:			
Income taxes			
Property taxes			
State shared revenues			
Franchise fees			
Unrestricted investment earnings			
Unrestricted contributions			
Joint venture income			
Gain (loss) on sale of capital assets			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

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

Program Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
	19,660,536	-	19,660,536	-
	25,441,852	-	25,441,852	67,684
	19,541,013	-	19,541,013	-
	1,022,191	-	1,022,191	-
	2,875,063	1,932,514	4,807,577	166,411
	-	-	-	436,734
	-	2,734,278	2,734,278	-
	335,928	(712,535)	(376,607)	-
	68,876,583	3,954,257	72,830,840	670,829
	5,936,719	(9,566,393)	(3,629,674)	(227,825)
	149,097,013	258,501,719	407,598,732	10,033,330
	\$ 155,033,732	\$ 248,935,326	\$ 403,969,058	\$ 9,805,505

Fund Financial Statements

City of Flint, Michigan

Balance Sheet Governmental Funds June 30, 2006

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investments	\$ 9,233,337	\$ 16,757,019	\$ 25,990,356
Cash and cash equivalents	1,298,079	1,968,971	3,267,050
Receivable (net of allowance for estimated uncollectible accounts of \$5,850,151)			
Property taxes receivable	2,443,105	1,014,486	3,457,591
Special assessment receivable	73,129	-	73,129
Notes and leases receivable	-	5,434,318	5,434,318
Other receivables	2,752,405	63,811	2,816,216
Due from other funds	-	8,811	8,811
Due from other governments	4,314,216	3,463,491	7,777,707
Due from component units	-	855,905	855,905
Prepaid items	343,475	432,000	775,475
Inventories	-	126,510	126,510
Restricted pooled cash and investments	-	3,114,056	3,114,056
Total assets	<u>\$ 20,457,746</u>	<u>\$ 33,239,378</u>	<u>\$ 53,697,124</u>

(continued)

City of Flint, Michigan

Balance Sheet Governmental Funds (continued) June 30, 2006

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,790,029	\$ 2,473,114	\$ 4,263,143
Retainage payable	-	47,987	47,987
Due to other funds	7,279,154	1,987,245	9,266,399
Due to other governments	30,276	27,575	57,851
Due to component unit	29,904	-	29,904
Deposits payable	-	792,190	792,190
Deferred revenue	2,413,129	6,057,669	8,470,798
Total liabilities	11,542,492	11,385,780	22,928,272
Fund balances			
Reserved for encumbrances	448,431	1,215,811	1,664,242
Reserved for long-term lease receivable	-	1,336,000	1,336,000
Reserved for prepaids	343,475	432,000	775,475
Reserved for inventory	-	126,510	126,510
Reserved for Saginaw street repairs	-	3,000,000	3,000,000
Designated for City jail	430,265	-	430,265
Designated for subsequent years' expenditures -			
General fund	2,512,158	-	2,512,158
Special revenue funds	-	6,828,065	6,828,065
Capital project funds	-	1,657,333	1,657,333
Unreserved, reported in:			
General fund	5,180,925	-	5,180,925
Special revenue funds	-	6,254,926	6,254,926
Debt service funds	-	6,721	6,721
Capital project funds	-	996,232	996,232
Total fund balances	8,915,254	21,853,598	30,768,852
Total liabilities and fund balances	\$ 20,457,746	\$ 33,239,378	\$ 53,697,124

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

City of Flint, Michigan

Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended June 30, 2006

Fund balances reported in the governmental funds	\$ 30,768,852
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	136,196,522
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	7,949,091
Internal service funds are included as part of governmental activities. This amount is the net assets held by the internal service funds.	2,856,228
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(13,905,581)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current resources: therefore, they are not reported as fund liabilities	(8,831,380)
Net Assets of governmental activities	<u>\$ 155,033,732</u>

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

City of Flint, Michigan

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2006

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 12,540,496	\$ 12,783,556	\$ 25,324,052
Income taxes	19,660,536	-	19,660,536
Special assessments	174,930	-	174,930
Federal revenue	1,343,724	6,202,508	7,546,232
State revenue	20,040,661	13,506,144	33,546,805
Licenses and permits	1,155,971	1,418,428	2,574,399
Fines and forfeits	2,414,034	189,581	2,603,615
Charges for services	8,683,052	743,493	9,426,545
Local grants	605,034	326,218	931,252
Interest	1,877,114	863,660	2,740,774
Other	453,766	601,641	1,055,407
Total revenue	68,949,318	36,635,229	105,584,547
Expenditures			
Current:			
Legislative	1,274,989	-	1,274,989
Judicial	5,325,026	-	5,325,026
General government	12,144,081	241,632	12,385,713
Police	24,291,062	4,101,154	28,392,216
Emergency dispatch	2,364,558	-	2,364,558
Fire	13,291,689	19,056	13,310,745
Building inspection	-	4,669,425	4,669,425
Transportation	2,192,082	13,587,045	15,779,127
Public works	-	4,963,933	4,963,933
Parks and recreation	3,559,042	695,029	4,254,071
Community development	1,166,670	8,225,051	9,391,721
Debt Service:			
Principal retirement	-	2,844,077	2,844,077
Interest and fiscal charges	-	436,945	436,945
Total expenditures	65,609,199	39,783,347	105,392,546
Excess of revenues over expenditures	3,340,119	(3,148,118)	192,001
Other financing sources (uses):			
Proceeds from sale of capital assets	678,848	-	678,848
Note proceeds	-	3,840,000	3,840,000
Transfers in	-	4,569,980	4,569,980
Transfers out	(1,203,670)	(3,366,310)	(4,569,980)
Total other financing sources	(524,822)	5,043,670	4,518,848
Net change in fund balances	2,815,297	1,895,552	4,710,849
Fund Balances - Beginning of year	6,099,957	19,958,046	26,058,003
Fund Balances - End of year	\$ 8,915,254	\$ 21,853,598	\$ 30,768,852

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

City of Flint, Michigan

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2006

Net change in fund balances - total governmental funds \$ 4,710,849

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

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

Capital outlay	12,239,711
Depreciation expense	(12,690,504)
Net book value of assets disposed of	(342,920)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 2,844,077

The issuance of long term debt is recorded as note proceeds revenue in the fund financial statements. However on the statement of net assets, note proceeds are recorded as an addition to long term debt payable and do not affect net assets. (3,840,000)

Increases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment (688,584)

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end 3,703,468

Internal service funds are also included as governmental activities 622

Changes in net assets of governmental activities \$ 5,936,719

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

City of Flint, Michigan

Statement of Net Assets Proprietary Funds June 30, 2006

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Assets		
Current assets:		
Pooled cash and investments	\$ -	\$ 8,110,120
Cash and cash equivalents	22,665,908	81,236
Receivables:		
Customer receivables (net of uncollectible allowance of \$19,487,408)	67,116,061	7,400,546
Due from other funds	-	321
Inventories	3,343,833	460,326
Prepaid items	3,637,584	-
Note receivable - current portion	-	-
	<hr/>	<hr/>
Total current assets	96,763,386	16,052,549
Noncurrent assets:		
Restricted assets:		
Pooled cash and investments	-	5,332,008
Cash and equivalents	14,209,730	-
Investments	57,952,346	-
Accrued interest receivable	774,398	-
Advances to other funds	-	-
Note receivable - long term	-	-
Capital assets - not depreciated	6,777,870	20,376,561
Capital assets - net of accumulated depreciation	55,333,032	36,516,974
Investment in joint ventures	7,450,437	-
Other	3,527,043	-
	<hr/>	<hr/>
Total noncurrent assets	146,024,856	62,225,543
	<hr/>	<hr/>
Total assets	242,788,242	78,278,092

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

Enterprise Funds				
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds		Governmental Activities Internal Service Funds
\$ 28,056,642	\$ 101,219	\$ 36,267,981		\$ 6,767,091
-	3,025	22,750,169		189,517
5,463,894	-	79,980,501		14,424
10,371,594	-	10,371,915		-
848,249	12,639	4,665,047		177,969
-	-	3,637,584		152,201
-	-	-		130,000
44,740,379	116,883	157,673,197		7,431,202
-	-	5,332,008		-
-	-	14,209,730		-
-	-	57,952,346		-
-	-	774,398		-
5,251,361	-	5,251,361		-
-	-	-		780,000
38,077	870,205	28,062,713		-
80,588,587	3,874,545	176,313,138		7,106,302
-	-	7,450,437		-
434,318	-	3,961,361		-
86,312,343	4,744,750	299,307,492		7,886,302
131,052,722	4,861,633	456,980,689		15,317,504

(continued)

City of Flint, Michigan

Statement of Net Assets (continued)

Proprietary Funds

June 30, 2006

	Enterprise Funds	
	Hurley Medical Center	Water Supply Division
Liabilities and Net Assets		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	15,017,133	3,008,023
Accrued liabilities	33,839,335	393,423
Deposits and advances	-	1,015,976
Retainage payable	-	334,567
Due to other funds	-	-
Capital lease obligation - current portion	1,602,912	152,894
Note payable - current portion	-	4,245
General obligation bonds - current portion	-	-
Revenue bonds - current portion	2,195,000	1,860,000
Total current liabilities	<u>52,654,380</u>	<u>6,769,128</u>
Noncurrent liabilities:		
Accrued expenses - long term	40,952,281	-
Claims payable	-	-
Advances from other funds	-	-
Capital lease obligation - long term portion	1,379,634	79,037
Note payable - long term portion	-	16,769
General obligation bonds - long term portion	-	-
Revenue bonds - long term portion	66,130,000	35,664,432
Total noncurrent liabilities	<u>108,461,915</u>	<u>35,760,238</u>
Total liabilities	<u>161,116,295</u>	<u>42,529,366</u>
Net Assets:		
Invested in capital assets, net of related debt	6,954,524	19,124,557
Restricted for debt service	-	2,809,860
Restricted for capital replacement	-	2,522,147
Restricted for donor restrictions and other	3,523,037	-
Unrestricted	71,194,386	11,292,162
Total net assets	<u>\$ 81,671,947</u>	<u>35,748,726</u>

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

Enterprise Funds			
Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Governmental Activities Internal Service Funds
1,011,562	18,586	19,055,304	1,733,876
282,438	58,481	34,573,677	2,009,437
-	-	1,015,976	-
84,206	-	418,773	-
-	-	-	495,116
152,894	-	1,908,700	-
57,580	5,442	67,267	-
1,316,938	-	1,316,938	-
-	-	4,055,000	-
2,905,618	82,509	62,411,635	4,238,429
-	-	40,952,281	-
-	-	-	3,683,443
-	711,957	711,957	4,539,404
79,037	-	1,537,708	-
227,451	21,498	265,718	-
371,633	-	371,633	-
-	-	101,794,432	-
678,120	733,456	145,633,729	8,222,847
3,583,738	815,965	208,045,364	12,461,276
78,421,131	4,005,853	108,506,065	2,566,898
-	-	2,809,860	-
-	-	2,522,147	-
-	-	3,523,037	-
49,047,854	39,815	131,574,217	289,330
\$ 127,468,985	\$ 4,045,668	\$ 248,935,326	\$ 2,856,228

City of Flint, Michigan

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds Year Ended June 30, 2006

	<u>Enterprise Funds</u>	
	Hurley Medical Center	Water Supply Division
Operating revenue		
Charges for services	\$ 327,335,663	\$ 34,177,436
Costs of materials or services rendered	-	15,779,772
Operating expenses:		
Salaries, wages, and fringe benefits	212,550,725	7,176,705
Utilities	4,467,448	529,576
Equipment operation	-	204,309
Repairs and maintenance	3,441,639	143,367
Supplies	37,738,735	496,659
Insurance	15,554,162	-
Depreciation and amortization	10,571,377	3,792,119
Bad debt	25,783,919	4,679
Professional services	14,831,503	507,347
Claims and settlements	-	-
Administrative costs	-	1,089,345
Miscellaneous	14,287,271	485,197
Total operating expenses	339,226,779	14,429,303
Total materials, services, and operating expenses	339,226,779	30,209,075
Operating income (loss)	(11,891,116)	3,968,361
Non-operating revenues (expenses)		
Interest and dividend income	329,840	571,007
Interest expense	(4,503,057)	(16,687)
Net income from joint ventures	2,734,278	-
Grants for capital improvements	-	642,419
Restricted contributions net of expenses	541,689	-
Gain (loss) on sale of capital assets	(477,746)	-
Total non-operating revenues (expenses)	(1,374,996)	1,196,739
Change in net assets	(13,266,112)	5,165,100
Net assets - beginning of year	94,938,059	30,583,626
Net assets - end of year	\$ 81,671,947	\$ 35,748,726

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

Enterprise Funds

Sewage Disposal Division	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 18,782,008	\$ 1,035,664	\$ 381,330,771	\$ 32,159,006
-	-	15,779,772	22,198,797
9,125,462	596,196	229,449,088	3,276,677
2,715,650	49,426	7,762,100	-
223,272	13,275	440,856	-
759,116	114,310	4,458,432	509,299
1,014,596	59,226	39,309,216	1,537,361
-	-	15,554,162	515,130
4,879,071	370,231	19,612,798	1,017,503
8,529	-	25,797,127	-
578,268	38,000	15,955,118	1,917,679
-	-	-	1,290,960
713,233	125,378	1,927,956	-
538,740	4,183	15,315,391	13,908
20,555,937	1,370,225	375,582,244	10,078,516
20,555,937	1,370,225	391,362,016	32,277,313
(1,773,929)	(334,561)	(10,031,245)	(118,307)
1,031,373	294	1,932,514	133,744
(152,092)	(1,677)	(4,673,513)	(14,815)
-	-	2,734,278	-
-	-	642,419	-
-	-	541,689	-
-	(234,789)	(712,535)	-
879,281	(236,172)	464,852	118,929
(894,648)	(570,733)	(9,566,393)	622
128,363,633	4,616,401	258,501,719	2,855,606
\$ 127,468,985	\$ 4,045,668	\$ 248,935,326	\$ 2,856,228

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2006

	Enterprise Funds		
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities:			
Receipts from customers and users	\$ 282,979,411	\$ 34,543,980	\$ 18,199,081
Payments to vendors	(116,417,682)	(19,322,910)	(5,540,008)
Payments for interfund services	-	(500,321)	(500,000)
Payments to employees	(140,526,566)	(7,131,301)	(9,115,455)
Net cash provided by operating activities	26,035,163	7,589,448	3,043,618
Cash flows from investing activities:			
Distributions from joint ventures	2,100,000	-	-
Disposal (purchases) of investments	(14,579,891)	-	-
Interest on investments	146,440	571,007	1,031,373
Net cash provided by (used in) investing activities	(12,333,451)	571,007	1,031,373
Cash flows from non-capital financing activities:			
Contributions for restricted purposes	541,689	-	-
Pooled cash advances repaid to other funds	-	-	-
Payments received on long term note receivable	-	-	-
Advances to other funds	-	-	(5,733,652)
Interest paid	-	-	-
Net cash provided by (used in) non-capital financing activities	541,689	-	(5,733,652)
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds	-	3,650,942	-
Principal payments on long term debt	(3,627,256)	(1,960,264)	(1,508,297)
Grants received for capital asset purchase	-	642,419	-
Purchase of capital assets	(13,105,828)	(3,849,484)	(1,639,669)
Proceeds from sale of assets	684,250	-	-
Interest payments	(4,373,849)	(16,687)	(152,092)
Net cash provided by (used in) capital and related financing activities	(20,422,683)	(1,533,074)	(3,300,058)
Net increase (decrease) in cash and cash equivalents	(6,179,282)	6,627,381	(4,958,719)
Cash and cash equivalents - beginning of year	43,054,920	6,895,983	33,015,361
Cash and cash equivalents - end of year	<u>\$ 36,875,638</u>	<u>\$ 13,523,364</u>	<u>\$ 28,056,642</u>

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2006

	Enterprise Funds		
	Nonmajor Enterprise Fund Golf Course	Total Enterprise Funds	Governmental Activities Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,035,664	\$ 336,758,136	\$ 32,344,903
Payments to vendors	(391,444)	(141,672,044)	(26,353,368)
Payments for interfund services	-	(1,000,321)	-
Payments to employees	(600,307)	(157,373,629)	(3,096,878)
Net cash provided by operating activities	43,913	36,712,142	2,894,657
Cash flows from investing activities:			
Distributions from joint ventures	-	2,100,000	-
Disposal (purchases) of investments	-	(14,579,891)	-
Interest on investments	294	1,749,114	108,436
Net cash provided by (used in) investing activities	294	(10,730,777)	108,436
Cash flows from non-capital financing activities:			
Contributions for restricted purposes	-	541,689	-
Pooled cash advances repaid to other funds	-	-	(52,479)
Payments received on long term note receivable	-	-	130,000
Advances to other funds	-	(5,733,652)	-
Interest paid	-	-	14,518
Net cash provided by (used in) non-capital financing activities	-	(5,191,963)	92,039
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds	-	3,650,942	-
Principal payments on long term debt	(5,161)	(7,100,978)	(154,026)
Grants received for capital asset purchase	-	642,419	-
Purchase of capital assets	(64,222)	(18,659,203)	(464,541)
Proceeds from sale of assets	74,912	759,162	-
Interest payments	(1,677)	(4,544,305)	(4,025)
Net cash provided by (used in) capital and related financing activities	3,852	(25,251,963)	(622,592)
Net increase (decrease) in cash and cash equivalents	48,059	(4,462,561)	2,472,540
Cash and cash equivalents - beginning of year	56,185	83,022,449	4,484,068
Cash and cash equivalents - end of year	\$ 104,244	\$ 78,559,888	\$ 6,956,608

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2006

	Enterprise Funds		
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities:			
Operating income (loss)	\$ (11,891,116)	\$ 3,968,361	\$ (1,773,929)
Adjustments to reconcile operating income (loss) to net cash provided by operations:			
Depreciation and amortization	10,571,377	3,792,119	4,879,071
Provision for bad debt	25,783,919	-	-
Amortization of deferred defeasance and bond issuance costs	412,136	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(18,572,333)	370,902	(569,427)
Inventories	241,885	(35,567)	64,077
Prepaid items and other assets	(48,902)	-	-
Accounts payable	838,375	(459,581)	433,820
Customer deposits	-	(92,190)	-
Accrued liabilities	18,699,822	45,404	10,005
	<u>\$ 26,035,163</u>	<u>\$ 7,589,448</u>	<u>\$ 3,043,618</u>
Net cash provided by operating activities	<u>\$ 26,035,163</u>	<u>\$ 7,589,448</u>	<u>\$ 3,043,618</u>

Non cash transactions:

During 2006, the Golf course fund purchased equipment of \$711,957 with monies advanced from the sewer fund.

City of Flint, Michigan

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2006

	<u>Enterprise Funds</u>		
	<u>Nonmajor Enterprise Fund Golf Course</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (334,561)	\$ (10,031,245)	\$ (118,307)
Adjustments to reconcile operating income (loss) to net cash provided by operations:			
Depreciation and amortization	370,231	19,612,798	1,017,503
Provision for bad debt	-	25,783,919	-
Amortization of deferred defeasance and bond issuance costs	-	412,136	-
Changes in operating assets and liabilities:			
Accounts receivable	-	(18,770,858)	119,384
Inventories	13,028	283,423	(2,817)
Prepaid items and other assets	-	(48,902)	644,216
Accounts payable	(674)	811,940	1,054,880
Customer deposits	-	(92,190)	-
Accrued liabilities	(4,111)	18,751,120	179,798
	<u>\$ 43,913</u>	<u>\$ 36,712,142</u>	<u>\$ 2,894,657</u>

Non cash transactions:

During 2006, the Golf course fund purchased equipment with monies advanced from the sewer fund.

City of Flint, Michigan

Statement of Net Assets

Fiduciary Funds

June 30, 2006

	Pension & Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents:		
Pooled cash and investments	\$ 273,310	\$ 2,107,373
Cash and cash equivalents	58,817,494	897,992
Investments:		
U.S. Government obligations	91,883,293	-
Domestic stocks	454,696,902	-
Domestic corporate bonds	148,090,108	-
Partnership investment	33,256,723	-
Cash and securities held as collateral for securities lending	108,193,056	-
Taxes receivable	-	5,478,885
Accrued interest and dividends	1,571,414	-
Due from component unit	-	7,108
Prepaid items	-	-
Loans receivables	-	345,797
	<u> </u>	<u> </u>
Total assets	<u>896,782,300</u>	<u>8,837,155</u>
Liabilities		
Accounts payable	750,930	587,488
Deposits and advances	-	466,473
Due to other governments	-	7,670,965
Due to component unit	-	102,885
Due to other funds	609,867	9,344
Obligations under securities lending agreements	108,193,056	-
	<u> </u>	<u> </u>
Total liabilities	<u>109,553,853</u>	<u>8,837,155</u>
Net Assets		
Held in trust for pension benefits and other employee benefits	<u>\$ 787,228,447</u>	

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

City of Flint, Michigan

Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2006

	Pension & Benefit Trust Funds
Additions	
Investment income:	
Interest	\$ 9,482,814
Dividends	2,894,846
Net increase in fair value of investments	51,834,987
Other investment income	394,045
Less investment expense	(2,546,087)
Net investment income	<u>62,060,605</u>
Contributions:	
Members' contributions	3,873,758
Employer contributions	22,295,491
Total contributions	<u>26,169,249</u>
Securities lending income:	
Interest and fees	5,047,173
Less borrower rebates and bank fees	(4,888,200)
Net securities lending income	158,973
Transfers in	1,426,618
Total additions	<u>89,815,445</u>
Deductions	
Benefits payments	80,762,028
Refunds of contributions	927,863
Administrative expenses	630,002
Transfers out	1,426,618
Total deductions	<u>83,746,511</u>
Net Increase in Net Assets Held in Trust	6,068,934
Net Assets	
Beginning of year	<u>781,159,513</u>
End of year	<u>\$ 787,228,447</u>

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

City of Flint, Michigan

Component Units Combining Statement of Net Assets June 30, 2006

	Downtown Development Authority	Atwood Stadium Building Authority
	<hr/>	<hr/>
Assets		
Cash and equivalents	\$ 549,306	\$ 16,450
Investments	-	-
Receivables:		
Accounts	33,800	-
Notes and leases receivable (net allowance of (\$550,975))	767,837	-
Due from primary government	-	-
Assets held for resale - seized property	-	-
Prepaid and other current assets	-	-
Capital assets (not depreciated)	5,498,512	-
Capital assets (net of accumulated depreciation)	411,564	-
	<hr/>	<hr/>
Total assets	7,261,019	16,450
	<hr/>	<hr/>

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

Economic Development Corporation	Flint Area Enterprise Community	Totals
\$ 153,942	\$ 508,049	\$ 1,227,747
499,091	-	499,091
-	20,978	54,778
10,159	1,555,817	2,333,813
132,789	-	132,789
-	113,000	113,000
12,900	4,742	17,642
93,860	-	5,592,372
451,932	45,454	908,950
1,354,673	2,248,040	10,880,182

(continued)

City of Flint, Michigan

Component Units

Combining Statement of Net Assets (continued)

June 30, 2006

	Downtown Development Authority	Atwood Stadium Building Authority
Liabilities		
Accounts payable	15,509	-
Due to primary governmental units	767,837	-
Due to other governments	-	7,108
Refundable bonds and deposits	15,525	-
Accrued liabilities	9,135	-
Deferred revenue	109,700	-
Restricted liabilities-deposits payable	-	-
	<hr/>	<hr/>
Total liabilities	917,706	7,108
	<hr/>	<hr/>
Net Assets		
Invested in capital assets, net of related debt	5,910,076	-
Restricted for:		
Economic development	-	-
Community development	-	-
Capital improvements	10,570	-
Revolving loan program	-	-
Unrestricted (deficit)	422,667	9,342
	<hr/>	<hr/>
Total net assets	\$ 6,343,313	\$ 9,342
	<hr/> <hr/>	<hr/> <hr/>

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

Economic Development Corporation	Flint Area Enterprise Community	Totals
9,502	10,548	35,559
88,068	-	855,905
-	-	7,108
22,005	-	37,530
-	13,512	22,647
-	-	109,700
6,228	-	6,228
<hr/> 125,803	<hr/> 24,060	<hr/> 1,074,677
545,792	45,454	6,501,322
697,555	-	697,555
-	2,168,694	2,168,694
-	-	10,570
-	-	-
(14,477)	(985,278)	(567,746)
<hr/> <hr/> \$ 1,228,870	<hr/> <hr/> \$ 1,228,870	<hr/> <hr/> \$ 8,810,395

City of Flint, Michigan

**Component Units
Combining Statement of Activities
Year Ended June 30, 2006**

Functions\Programs	<u>Program revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Downtown Development Authority:			
Governmental activities:			
Development administration	\$ 227,883	\$ -	\$ -
Community promotion and development	702		
Business-type activities:			
Parking	1,020,744	785,809	32,700
Atwood Stadium Building Community	-	-	-
Flint Area Enterprise Community:			
Governmental activities:			
Community development	783,046	103,977	375,241
Economic Development Corporation:			
Governmental activities:			
Economic development	136,002	35,062	29,904
Business-type activities:			
Economic development	186,650	93,680	-
Total component units	<u>\$ 2,355,027</u>	<u>\$ 1,018,528</u>	<u>\$ 437,845</u>
General Revenues:			
Property taxes			
Interest			
Unrestricted income			
Unrestricted other revenues			
Total general revenues			
Change in net assets			
Net assets - Beginning of year			
Net assets - Ending of year			

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

**Net (Expense) Revenue and
Changes in Net Assets**

Component Units			
Downtown Development Authority	Atwood Stadium Building Authority	Economic Development Corporation	Flint Area Enterprise Community
\$ (227,883)	\$ -	\$ -	\$ -
(702)	-	-	-
(202,235)	-	-	-
-	-	-	-
-	-	-	(303,828)
-	-	(71,036)	-
-	-	(92,970)	-
(430,820)	-	(164,006)	(303,828)
67,684	-	-	-
-	-	44,820	121,591
15,035	-	-	249,142
172,557	-	-	-
255,276	-	44,820	370,733
(175,544)	-	(119,186)	66,905
6,518,857	9,342	1,348,056	2,157,075
<u>\$ 6,343,313</u>	<u>\$ 9,342</u>	<u>\$ 1,228,870</u>	<u>\$ 2,223,980</u>

Notes to Basic Financial Statements

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

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. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The aggregate discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Blended component units:

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

Discretely presented component units:

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

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

The City of Flint Economic Development Corporation (Corporation) was created under State law to provide financing and development opportunities for businesses located within the City. The Corporation provides loans to start up or expanding businesses and manages rental property that lease space to commercial and light industrial manufacturing companies. Surplus funds existing at the termination of the Corporation vest to the City. The Corporation has both governmental and business-type activities.

The Flint Area Enterprise Community (FAEC) is a non-profit organization, established under state law. FAEC is responsible for coordinating and implementing a strategic plan to advocate and develop business and community development in a federally designated zone that includes portions of Mt. Morris Township and the City of Flint. The City appoints a majority of the Board of Directors, provides the majority of its funding for operations, and any assets remaining at the cessation of its operating activities would be returned to the City of Flint. The FAEC is presented as a governmental activity.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Discretely presented component units: - (continued)

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

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

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

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

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

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

Hurley Medical Center Joint Ventures:

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.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Hurley Medical Center Joint Ventures: - (continued)

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, 2006 was \$3,471,309. A total of \$1,600,000 was distributed to the Medical Center during the year ended June 30, 2006.

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 \$(258,060) at June 30, 2006. The arrangement provides that the three entities will share in the excess revenues or expenditures of the joint venture. This joint venture was dissolved as of December 31, 2005.

Hurley PHO of Mid-Michigan is a joint venture between Hurley Medical Center and its medical staff. The venture was established during 1997 to provide vertically integrated continuous care which will facilitate the Medical Center participating in managed care contracts in the future. The Medical Center's net investment at June 30, 2006 was \$493,156. The arrangement provides that the Medical Center will be allocated 50 percent in income or losses 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, 2006 was \$-0-. The arrangement provides that the seven hospitals will share equally in the income or losses of the joint venture. The Michigan Lithotripsy Network was sold in 2006 for \$500,000, resulting in a net gain to the Medical Center of \$468,939.

Genesys Hurley Cancer Institute is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001, to provide outpatient oncology services, including laboratory, and radiation oncology. The Medical Center's net investment at June 30, 2006 was \$2,590,223. The arrangement provides that the two entities will share equally in the income or losses of the joint venture.

HPMS has a 50 percent ownership in Hurley/Binson's Medical Equipment, Inc. The equity method of accounting was adopted for this investment, which was \$1,140,309 at June 30, 2006. Investment loss recognized in the year ended June 30, 2006 using the equity method was \$316,169.

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally 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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when they are collectible within the current period 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

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

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following 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 and Employee Benefit 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 in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

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

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

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 revenue include all taxes and interest income.

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and cash equivalents

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

2. Pooled cash and investments

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

At June 30, 2006, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as an interfund liability of that fund. Management has selected the Sewage Disposal Enterprise Fund to report the interfund receivable. Accordingly, this Sewer 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 Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity

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.

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.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

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

7. Capital assets - (continued)

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$914,677 of interest expense was capitalized as part of the cost of assets under construction.

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

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

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

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

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

9. Long-term obligations and interest payments - (continued)

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

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, 2006, the City levied the full 10 mills allowed. The levy consists of 7.5 mills for operating costs and 2.5 mills restricted for public improvement. The City levies 3.0 mills for garbage collection in accordance with State law. This resulted in \$11,768,036 for operating, \$3,995,434 for public improvement and \$4,792,680 for garbage collection.

A special voted assessment of .5 mills is levied for both paramedic services and dedicated funds for the improvement and maintenance of City parks, forestry and recreation services. The park millage is a ten year millage for the period August 1996 - December 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 February 2006-December 2011). Because these additional levies were approved by a special vote, they do not fall under the 10 mill charter limitation. This resulted in \$772,461 for paramedic services, \$798,922 for parks and \$3,196,389 for neighborhood police.

Taxes on the operating, public improvement, garbage collection, parks, and neighborhood police levies are billed July 1 and may be paid in three (3) equal installments due by July 31, October 31, and February 28, following the levy date. Taxes on the paramedic service levy are billed on December 1 and due in one installment by February 28. Property tax receivables are recorded as a receivable and offsetting deferred revenue when levied and due. Property taxes are recognized as revenues when collected or when considered measurable and available. The City considers property taxes as available if they are collected within 60 days after year end.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

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

12. Hurley Medical Center - cost based reimbursement

Patient accounts receivable at June 30, 2006, and revenues for the year then ended, include estimated amounts due from various third-party payors which are computed in accordance with their respective reimbursement formulas.

In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$15,650,000 for 2006.

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 74% of the Medical Center's revenues are based on participation in the Blue Cross Blue Shield, Medicare, and Medicaid programs for the year ended 2006.

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. During 2006, the Medical Center changed the method in which it applies its charity care policy. The eligibility criteria for 2006 was based on levels of income. The affect of the change was to decrease revenue recognized of approximately \$10 million with a corresponding increase in bad debt expense as compared to 2005.

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.

E. Use of Estimates

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

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

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

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

A. Budgetary information - (continued)

A reconciliation of the budgetary comparison schedule to the fund based statements of changes in fund balance is as follows.

Federal Grants:	<u>Total Revenue</u>	<u>Total Expenditures</u>
Balance per budgetary comparison schedules	\$11,712,588	\$ 11,624,450
Revenues and expenditures budgeted for in other funds	<u>(3,442,980)</u>	<u>(3,442,980)</u>
Balance per fund based statements	<u>\$ 8,269,608</u>	<u>\$ 8,181,470</u>

B. Excess of expenditures over appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	Actual Over Amended <u>Budget</u>
General Fund:			
Union representatives	\$ 289,832	\$ 300,669	\$ 10,837
Transfers out	511,205	1,203,670	692,645
Neighborhood Policing Special Revenue			
Police department	3,584,692	3,694,416	109,724

III. 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, 2006 is comprised of the following:

Cash deposits	\$ 5,199,804
Investments	<u>74,652,371</u>
	<u>\$ 79,852,175</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

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

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the Sewage Disposal Enterprise Fund at June 30, 2006, follows:

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
General Fund	\$ 9,233,337	\$ -
Special Revenue Funds:		
Major Streets Fund	10,835,046	-
Local Streets Fund	3,644,848	-
Federal Grants Fund	-	(908,155)
Neighborhood Policing Fund	-	(13,484)
State Act 251 - Forfeitures Fund	1,098,073	-
EDA Revolving Loan Fund	27,394	-
Atwood Stadium Fund	5,807	-
Local Law Enforcement Grant	69,442	-
Parks and Recreation	1,245,231	-
City Park Fund	7,184	-
Longway Fund	8,016	-
Building Department Fund	176,360	-
Garbage Fund	56,758	-
Debt Service Funds:		
Windmill Place Debt Service Fund	6,206	-
Buick City Debt Service Fund	515	-
Capital Projects Funds:		
Public Improvement Fund	2,576,139	-
Enterprise Funds:		
Water Supply Division Fund	13,442,128	-
Sewage Disposal Division Fund	30,197,320	-
Golf Course Fund	101,219	-
Internal Service Funds:		
Data Processing Fund	-	(495,116)
Fringe Benefits Fund	1,265,709	-
Self-Insurance Fund	3,622,454	-
Central Maintenance	1,878,928	-
Pension Trust Funds:		
Flint Employees' Retirement System Fund	-	(609,867)
Retiree Health Care Fund	273,310	-
Agency Funds:		
Miscellaneous Agency Fund	2,107,373	-
	<u>\$81,878,797</u>	<u>\$2,026,622</u>
Total pooled cash and investments	<u>\$79,852,175</u>	

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds – (continued)

B. Deposits and investments

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

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

The city has designated four banks for the deposit of its funds. The investment policy adopted by the City Council is in accordance with statutory authority.

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

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

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

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

The City deals only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements.

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

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 \$39,759,335 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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, collateralized securities of \$18,634,720 were uninsured and unregistered, and held by the counterparty or by its trust department, or agent, but not in the City's name.

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, 2006, 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	\$ 18,090	0.13
U.S. government bonds	11,365	.72
Non government CMO's	5,399	1.25
Commercial paper	18,669	0.04
Corporate bonds	14,556	.52
U.S. Government agency	116,187	4.7
Government mortgage backed securities	45,101	4.33
Asset backed securities	<u>1,157</u>	.04
	<u>\$230,524</u>	

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Credit risk:

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

As of June 30, 2006, 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	\$ 91,816	AAA	Standard and Poors
	5,994	Not rated	N/A
Non government CMO's	4,570	AAA	Standard and Poors
	828	Not rated	N/A
Commercial paper	8,002	A1	Standard and Poors
	7,872	A2	Standard and Poors
	2,795	P1	Moody's
Repurchase Agreement	18,090	Not rated	N/A
Mutual fund	4,571	Not rated	N/A
Asset backed securities	1,157	AAA	Standard and Poors
Corporate bonds	469	AAA	Standard and Poors
	6,884	AA	Standard and Poors
	5,291	A	Standard and Poors
	1,699	BBB	Standard and Poors
	210	Not rated	N/A
Money market	1,235	AAA	Standard and Poors
	1,307	AAA	Fitch
	52,248	Pool Average A1	Standard and Poors
	434	Not rated	N/A
Government mortgage backed securities	24,945	Not rated	N/A
Bonds	58,080	Pool Average AA	Standard and Poors
	68,896	Pool Avg AA1/AA2	Standard and Poors
U.S. government bonds	11,269	AAA	Standard and Poors
	<u>95</u>	BBB	Standard and Poors
	<u>\$378,767</u>		

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Credit risk: - (continued)

Foreign currency risk:

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

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u> <u>(amounts in thousands)</u>
Foreign stocks	Australia	\$ 737
	Chinese	342
	Canadian Dollar	1,604
	European Euro	34,780
	Japanese Yen	5,578
	Mexican	555
	Netherlands	3,430
	Swiss Franc	245
	Taiwan	1,427
	Israel	793
	Korean	882
	British Pound	<u>938</u>
		<u>\$ 51,311</u>

Securities lending agreement:

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

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

The System and the borrower maintain the right to terminate all securities lending transactions on demand. Cash collateral of \$108,657,353 was received for lent securities with a fair market value of \$106,802,577. Cash collateral was invested in a short term invest pool, with an average duration of 41 days at June 30, 2006. Noncash collateral was also received of \$1,414,344, for a securities lent with a fair market value of \$1,390,478. Noncash collateral cannot be pledged or sold unless the borrower defaults. The average term of the System's overall loans was approximately 54 days at June 30, 2006.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Securities lending agreement: - (continued)

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>
Equities	\$453,258
US government bonds	10,847
US government agencies	65,893
Government mortgage backed securities	20,566
Non-government mortgage backed securities	5,399
Corporate bonds	14,556
Asset back securities	1,157
Aggregate bond index funds	126,997
Partnerships	33,256
Short-term money market funds	<u>52,248</u>
	<u>\$784,161</u>

The following represents the balances relating to the securities lending transactions as of June 30, 2006. (Amounts are in thousands; investments are reported at fair value.)

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Collateral Received</u>	<u>Collateral Invested</u>	<u>Collateral Investment Type</u>
US government bonds	\$ 10,432	\$ 10,607	\$ 10,434	Cash
			172	US gov't securities & bank letters
US government agencies	10,046	10,215	9,358	Cash
			857	US gov't. securities & bank letters
US corporate bonds	3,275	3,328	3,280	Cash
			48	US gov't securities & bank letters
US equities	84,439	85,919	85,584	Cash
			335	US gov't securities & bank letters
	<u>\$108,193</u>	<u>\$110,071</u>	<u>\$110,071</u>	

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

C. Receivables

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

Governmental activities and fiduciary funds:

	<u>General Fund</u>	<u>Nonmajor, Internal Service, and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 2,824,661	\$ 6,493,372	\$ 9,318,033
Accounts	4,852,688	336,887	5,189,575
Special assessment	73,129	-	73,129
Intergovernmental	4,314,216	4,383,944	8,698,160
Interest and dividends	-	1,571,414	1,571,414
Notes and leases	-	9,865,487	9,865,487
	<hr/>	<hr/>	<hr/>
Gross receivables	12,064,694	22,651,104	34,715,798
Less: allowance for uncollectibles	(2,481,839)	(3,491,465)	(5,973,304)
	<hr/>	<hr/>	<hr/>
Net receivables	<u>\$ 9,582,855</u>	<u>\$19,159,639</u>	<u>\$28,742,494</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)	\$ 2,074,960	\$ -	\$2,074,960
Delinquent property taxes receivable	1,007,975	-	1,007,975
Long-term notes receivable	4,098,319	-	4,098,319
Long-term advance to component unit	767,837	-	767,837
Grant receipts prior to meeting all eligibility requirements	-	521,707	521,707
	<hr/>	<hr/>	<hr/>
Total deferred/unearned revenue for governmental funds	<u>\$7,949,091</u>	<u>\$521,707</u>	<u>\$8,470,798</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

C. Receivables - (continued)

Business type activities:

	Hurley Medical Center	Water Supply	Sewage Disposal	Total
Receivables:				
Interest - restricted	\$ 774,398	\$ -	\$ -	\$ 774,398
Accounts	82,766,061	10,570,429	6,103,070	99,439,560
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	83,540,459	10,570,429	6,103,070	100,213,958
Less: allowance for uncollectibles	(15,650,000)	(3,169,884)	(639,176)	(19,459,060)
	<hr/>	<hr/>	<hr/>	<hr/>
Net total receivables	<u>\$ 67,890,459</u>	<u>\$ 7,400,545</u>	<u>\$ 5,463,894</u>	<u>\$ 80,754,898</u>

D. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,792,907	\$ -	\$ 342,920	\$ 13,449,987
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings	19,687,556	100,113	-	19,787,669
Improvements other than buildings	9,221,092	241,283	-	9,462,375
Machinery and equipment	28,994,663	5,444,114	1,412,747	33,026,030
Infrastructure	298,630,241	11,456,136	321,000	309,765,377
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	356,534,552	17,241,646	1,733,747	372,041,451
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Buildings	13,119,163	405,972	-	13,525,135
Improvements other than buildings	3,953,271	399,054	-	4,352,325
Machinery and equipment	21,023,604	2,188,621	1,412,747	21,799,478
Infrastructure	192,118,316	10,714,360	321,000	202,511,676
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	230,214,354	13,708,007	1,733,747	242,188,614
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated, net	126,317,198	3,533,639	-	129,852,837
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	<u>\$140,110,105</u>	<u>\$ 3,533,639</u>	<u>\$ 342,920</u>	<u>\$143,302,824</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,328,072	\$ 120,544	\$ -	\$ 5,448,616
Construction in progress	21,265,276	16,107,575	14,758,754	22,614,097
Total capital assets, not being depreciated	<u>26,593,348</u>	<u>16,228,119</u>	<u>14,758,754</u>	<u>28,062,713</u>
Capital assets, being depreciated:				
Buildings and system	167,611,560	3,908,248	444,405	171,075,403
Improvements other than buildings	15,043,642	240,326	98,706	15,185,262
Machinery and equipment	317,959,696	15,120,371	16,519,547	316,560,520
Total capital assets, being depreciated	<u>500,614,898</u>	<u>19,268,945</u>	<u>17,062,658</u>	<u>502,821,185</u>
Less accumulated depreciation for:				
Buildings and system	109,402,953	6,510,176	362,235	115,550,894
Improvements other than buildings	7,274,803	599,112	29,446	7,844,469
Machinery and equipment	204,466,418	12,382,042	13,735,776	203,112,684
Total accumulated depreciation	<u>321,144,174</u>	<u>19,491,330</u>	<u>14,127,457</u>	<u>326,508,047</u>
Total capital assets, being depreciated, net	<u>179,470,724</u>	<u>(222,385)</u>	<u>2,935,201</u>	<u>176,313,138</u>
Business-type activities capital assets, net	<u>\$206,064,072</u>	<u>\$16,005,734</u>	<u>\$17,693,955</u>	<u>\$204,375,851</u>

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

Governmental activities:

Current:

Legislative	\$ 889
Judicial	5,106
General government	1,324,886
Police	294,357
Fire	535,526
Transportation	10,742,864
Emergency dispatch	1,571
Parks and recreation	744,566
Community enrichment and development	<u>58,242</u>

Total depreciation expense - governmental activities \$13,708,007

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

Business-type activities:

Hospital	\$10,558,488
Water	3,792,119
Sewer	4,770,492
Golf	<u>370,231</u>

Total depreciation expense – Business-type activities	<u>\$19,491,330</u>
---	---------------------

Construction commitments:

The government has active construction projects as of June 30, 2006. The projects include water plant improvements, street construction in areas with newly developed housing, and widening and construction of existing streets and bridges. 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	\$13,870,836	\$14,070,836
Road and bridge construction	<u>5,790,457</u>	<u>7,113,431</u>
Total	<u>\$19,661,293</u>	<u>\$21,184,267</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.

Discretely presented component units capital asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office furniture and equipment	\$ 47,186	\$ -	\$ -	\$ 47,186
Less accumulated depreciation for:				
Office furniture and equipment	<u>46,276</u>	<u>702</u>	<u>-</u>	<u>46,978</u>
Governmental activities capital total				
capital assets, net of depreciation	<u>910</u>	<u>(702)</u>	<u>-</u>	<u>208</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	5,498,512	-	-	5,498,512
Capital assets, being depreciated:				
Buildings	260,252	38,159	-	298,411
Land improvements	1,457,327	-	-	1,457,327
Leasehold improvements	5,519,160	-	-	5,519,160
Totals, capital assets being depreciated	<u>7,236,739</u>	<u>38,159</u>	<u>-</u>	<u>7,274,898</u>
Less accumulated depreciation for:				
Buildings	217,445	13,437	-	230,882
Land improvements	1,382,326	30,000	-	1,412,326
Leasehold improvements	5,036,350	183,984	-	5,220,334
Total accumulated depreciation	<u>6,636,121</u>	<u>227,421</u>	<u>-</u>	<u>6,863,542</u>
Total business-type activities, total capital assets, net of depreciation	<u>6,099,130</u>	<u>(189,262)</u>	<u>-</u>	<u>5,909,868</u>
Capital assets – net	<u>\$ 6,100,040</u>	<u>\$ (189,964)</u>	<u>\$ -0-</u>	<u>\$ 5,910,076</u>

Activity for the Flint Economic Development Corporation for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 93,860	\$ -	\$ -	\$ 93,860
Capital assets, being depreciated:				
Buildings	514,782	-	-	514,782
Building improvements	686,577	-	-	686,577
Machinery and equipment	17,046	-	-	17,046
Totals, capital assets being depreciated	<u>1,218,405</u>	<u>-</u>	<u>-</u>	<u>1,218,405</u>
Less accumulated depreciation for:				
Buildings	418,905	25,739	-	444,644
Building improvements	270,145	34,638	-	304,783
Machinery and equipment	17,046	-	-	17,046
Total accumulated depreciation	<u>706,096</u>	<u>60,377</u>	<u>-</u>	<u>766,473</u>
Total capital assets, being depreciated, net	<u>512,309</u>	<u>(60,377)</u>	<u>-</u>	<u>451,932</u>
Capital assets, net	<u>\$ 606,169</u>	<u>\$ (60,377)</u>	<u>\$ -0-</u>	<u>\$ 545,792</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

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

Activity for the Flint Area Enterprise Community for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 189,254	\$ -	\$ -	\$ 189,254
Equipment	39,619	3,388	-	43,007
Totals, capital assets being depreciated	<u>228,873</u>	<u>3,388</u>	<u>-</u>	<u>232,261</u>
Less accumulated depreciation for:				
Leasehold improvements	128,065	18,925	-	146,990
Equipment	39,619	198	-	39,817
Total accumulated depreciation	<u>167,684</u>	<u>19,123</u>	<u>-</u>	<u>186,807</u>
Total capital assets, being depreciated, net	<u>\$ 61,189</u>	<u>\$ (15,735)</u>	<u>\$ -0-</u>	<u>\$ 45,454</u>

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Disposal Division Fund	General	\$ 7,279,154
	Special Revenue Funds:	
	Federal Grants	1,935,674
	Neighborhood Policing Fund	13,484
	Building Fund	38,087
	Internal Service Funds:	
	Data Processing	495,116
	Pension Trust Funds:	
	Flint Employee's Retirement System	609,867
	Fiduciary Funds:	
Sewage Disposal Division	Miscellaneous Agency Fund	212
Neighborhood Parking	Miscellaneous Agency Fund	2,203
Parks and Recreation Fund	Miscellaneous Agency Fund	551
Garbage Collection	Miscellaneous Agency Fund	3,304
Public Improvement	Miscellaneous Agency Fund	2,753
Water Supply Division	Miscellaneous Agency Fund	321
		<u>\$10,380,726</u>

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

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

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government:		
State Grant Special Revenue Fund	Component Unit – DDA	\$ 767,837
Miscellaneous Agency Fund	Component Unit – Atwood Stadium	7,108
Public Improvement Fund	Component Unit – EDC	88,068
Component Unit:		
Component Unit – EDC	Miscellaneous Agency Fund	102,885
Component Unit – EDC	Primary Government – General Fund	<u>29,904</u>
		<u>\$ 995,802</u>

Advances to/from other funds:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Sewer Disposal Division Fund	Central Maintenance Fund	\$4,539,404
	Golf Course Fund	<u>711,957</u>
		<u>\$5,251,361</u>

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

	<u>Transfer In</u>		
	<u>Nonmajor Governmental</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Transfer out:			
General fund	\$1,203,670	\$ -	\$1,203,670
Nonmajor governmental funds	3,366,310	-	3,366,310
Fiduciary funds	-	1,426,618	<u>1,426,618</u>
Total transfers out	<u>\$4,569,980</u>	<u>\$1,426,618</u>	<u>\$5,996,598</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 Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

F. Capital and operating leases

The City has entered into agreements for the lease of automobiles, water treatment equipment, office equipment, construction equipment, fire equipment, and a fire station. The terms of each agreement provide options to purchase the fixed assets at any time during the lease terms, which range from three to five years. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "**Accounting for Leases**" which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$3,888,808 has been capitalized as equipment and related accumulate depreciation was \$2,830,809.

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, 2006:

2007	\$2,033,126
2008	1,500,564
2009	<u>75,544</u>
Total future minimum payments	3,609,234
Less amount representing interest	<u>(162,825)</u>
Long-term obligation under capital leases	<u><u>\$3,446,409</u></u>

Also, Hurley Medical Center and HHS 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, 2006:

2007	\$ 2,485,346
2008	2,241,771
2009	1,943,349
2010	1,588,846
2011	1,195,725
2012 and after	<u>2,846,290</u>
Total minimum payment required	<u><u>\$12,301,327</u></u>

Rental expense for all operating leases for the year ended June 30, 2006, was \$2,634,099.

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 Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Long-term liability activity for the year ended June 30, 2006 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, 2005	\$ 9,175,000	\$ -	\$3,734,658	\$154,025	\$8,142,796
New Debt:					
HUD Section 108					
500 Block Project	-	-	3,840,000	-	-
Annual and sick pay	-	-	-	-	6,028,552
Principal payments made	<u>(2,410,000)</u>	<u>-</u>	<u>(434,078)</u>	<u>(154,025)</u>	<u>(5,339,968)</u>
Total governmental activities long-term debt	<u>6,765,000</u>	<u>-</u>	<u>7,140,580</u>	<u>-</u>	<u>8,831,380</u>

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2006:

	<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, 2005	2,996,030	106,098,490	396,768	5,276,146	-
New Debt:					
MI Drinking Water	-	-	-	-	-
Revolving Fund Program	-	3,650,942	-	-	-
Principal payments made	<u>(1,307,459)</u>	<u>(3,900,000)</u>	<u>(63,783)</u>	<u>(1,829,738)</u>	<u>-</u>
Total business type activities long-term debt at June 30, 2006	<u>1,688,571</u>	<u>105,849,432</u>	<u>332,985</u>	<u>3,446,408</u>	<u>-</u>
Total long-term debt - all activities June 30, 2006	<u>\$8,453,571</u>	<u>\$105,849,932</u>	<u>\$7,473,567</u>	<u>\$3,446,409</u>	<u>\$8,831,380</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

A summary of long-term liability transactions for the year ended June 30, 2006, and the composition of the June 30, 2006, long-term debt balance follows:

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at June 30, <u>2005</u>	Issuances (Retirements) <u>During Year</u>
Governmental Activities:					
MEDC Economic Development loan	1/18	6%	\$ 767,837	\$ 767,837	\$ -
1993 Tax Increment Financing Authority Refunding Bonds	6/06	5.8	16,640,000	1,175,000	(1,175,000)
2004 Financial Recovery General Obligation United Tax Bonds	5/10	3-3.25	8,000,000	8,000,000	(1,235,000)
Section 108 loan	8/2016	Variable	2,624,000	2,372,000	(276,000)
Section 108 loan – 500 Block	8/07	Variable	3,840,000	-	3,840,000
Capital lease obligation	9/05	5.0	1,213,000	136,890	(163,890)
Capital lease	7/05	6.625	112,573	4,982	(4,982)
Capital lease	10/05	0.55	44,200	12,153	(12,153)
Purchase contract	9/05	5.59	659,425	74,418	(74,418)
Purchase contract	9/10	5.39	895,009	520,403	(83,660)
Accrued annual and sick pay				8,142,796	6,028,552
				<hr/>	<hr/>
				\$21,206,479	\$ 1,530,481
				<hr/>	<hr/>
Total governmental activities				<hr/>	<hr/>

Balance at June 30, <u>2006</u>	Due Within One <u>Year</u>
\$ 767,837	\$ 15,997
-	-
6,765,000	1,275,000
2,096,000	276,000
3,840,000	-
-	-
-	-
-	-
-	-
436,743	88,228
<u>8,831,380</u>	-
<u><u>\$22,736,960</u></u>	<u><u>\$1,655,225</u></u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. 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>2005</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	\$ 5,683,994	\$ (315,000)
2002 MMBA Drinking Water Revolving Fund Revenue Bonds	4/21	2.5	8,035,000	6,730,000	(345,000)
2003 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	9,480,000	7,834,581	(400,000)
2004 MMBA Drinking Water Revolving Fund Revenue Bonds	4/22	2.5	19,180,000	15,434,915	(750,000) 3,650,942
McCollum Avenue Drain Contract	5/10	5.10	1,500,000	591,030	(107,459)
Sewage Disposal	11/06	4.0-5.0	8,455,000	2,405,000	(1,200,000)
1995a Medical Center Revenue Refunding Bonds	7/07	6.0	16,445,000	2,200,000	(1,070,000)
1998a Medical Center Revenue Refunding Bonds	7/21	4.0-5.375	18,560,000	14,705,000	(615,000)
1998B Medical Center Revenue Refunding Bonds	7/29	4.0-5.375	20,570,000	18,510,000	(405,000)
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	396,768	(63,783)
Capital lease	2008	0.0	490,015	257,822	(130,984)
Capital lease	2009	4.7	8,000,000	4,238,232	(1,394,399)
Capital lease	11/07	4.5	2,549,202	756,342	(292,479)
Capital lease	2007	0.0	35,625	23,750	(11,876)
Total Business - Type Activities				<u>\$114,767,434</u>	<u>\$(3,450,038)</u>

Balance at June 30, <u>2006</u>	Due Within One <u>Year</u>
\$ 5,368,994	\$ 325,000
6,385,000	355,000
7,434,581	410,000
-	770,000
18,335,857	-
483,571	111,938
1,205,000	1,205,000
1,130,000	1,130,000
14,090,000	645,000
18,105,000	420,000
35,000,000	-
332,985	67,268
126,838	116,824
2,843,833	1,474,213
463,863	305,789
11,874	11,875
<u>\$111,317,396</u>	<u>\$7,347,905</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. 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
2007	1,655,225	536,107	\$7,347,906	\$4,911,135
2008	5,583,034	365,509	6,354,312	4,522,314
2009	1,683,117	250,114	5,180,417	4,269,956
2010	1,733,478	198,838	5,314,274	4,032,072
2011	1,723,833	144,146	5,376,054	3,735,833
2012-2016	1,174,932	523,519	31,215,000	14,914,329
2017-2021	351,961	96,460	36,558,575	6,838,900
2022-2026	-	-	10,215,859	1,757,263
2027-2029	-	-	3,755,000	209,088
Total	\$13,905,580	\$2,114,693	\$111,317,398	\$45,190,890

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 March 28, 2006	<u>\$1,947,237,500</u>
Legal debt limit - (7% of assessed valuation)	\$ 136,306,625
Total Bonded Debt at June 30, 2006	\$114,303,502
Less debt not subject to limitation under City charter and state statute:	
Revenue bonds and notes	<u>105,849,932</u>
Debt subject to limitation	<u>8,453,570</u>
Unused debt limitation	<u>\$127,853,055</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 loans were obtained through 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 Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Advance refundings and defeasances:

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, 2006. The outstanding balance on the 1977 revenue rental and general obligation bonds was \$1,940,000 at June 30, 2006.

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, 2006. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2006, is \$1,225,000.

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, 2006. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2006, is \$2,525,000.

Total defeased debt still outstanding at June 30, 2006:

Governmental activities	\$ 2,525,000
Business type activities	<u>3,165,000</u>
	<u>\$ 5,690,000</u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

III. Detailed notes on all funds - (continued)

H. Restricted assets

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

Federal Grants Fund:	
Mott Grant for University Park	\$ 114,056
Major Streets Fund:	
Saginaw Street Improvements	<u>3,000,000</u>
Total restricted assets in governmental funds	<u>\$3,114,056</u>

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

Hurley Medical Center:	
Equipment replacement and improvement	\$43,194,781
Self insurance	16,893,608
Revenue Bond Indenture – held by trustee	12,457,972
Children’s Miracle Network	390,113
Water Supply Fund:	
Revenue bond equipment replacement account	2,522,147
Debt service reserve	<u>2,809,861</u>
Total restricted assets in enterprise funds	<u>\$78,268,482</u>

IV. Other information

A. 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 Financial Statements
June 30, 2006

IV. Other information – (continued)

B. Retirement plans and other post-employment benefits

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

Assets

Pooled cash and investments	\$ -	\$ -	\$ -	\$ 273,310	\$ -
Cash and cash equivalents	58,745,851	-	20,081	-	51,562
Investments:					
U.S. government obligations	91,327,819	-	-	-	555,473
Corporate bonds	148,090,108	-	-	-	-
Partnerships	33,256,723	-	-	-	-
Corporate stocks	452,775,954	-	1,101,366	-	819,583
Receivables:					
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Accrued interest	1,571,414	-	-	-	-
Due from component unit	-	-	-	-	-
Cash and securities held as collateral for securities lending	108,193,056	-	-	-	-
Total assets	<u>893,960,925</u>	<u>-</u>	<u>1,121,447</u>	<u>273,310</u>	<u>1,426,617</u>

Liabilities

Accounts payable	477,620	-	-	273,310	-
Deposits and advances	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to component units	-	-	-	-	-
Due to other funds	609,867	-	-	-	-
Obligations under securities lending agreement	108,193,056	-	-	-	-
Total liabilities	<u>109,280,543</u>	<u>-</u>	<u>-</u>	<u>273,310</u>	<u>-</u>

Net Assets

Held in trust for pension benefits and other employee benefits	<u>\$ 784,680,382</u>	<u>\$ - 0 -</u>	<u>\$ 1,121,447</u>	<u>\$ - 0 -</u>	<u>\$ 1,426,617</u>
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City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information – (continued)

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

	Pension and Benefit Trust Funds				
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit	Retiree Health Care	Health Benefits Plan and Trust
Additions					
Investment income:					
Interest	\$ 9,482,814	\$ -	\$ -	\$ -	\$ -
Dividends	2,856,407	-	38,439	-	-
Other income	360,217	33,828	-	-	-
Net increase in fair value of investments	51,821,574	-	13,413	-	-
Less investment expense	(2,546,087)	-	-	-	-
Net investment income	61,974,925	33,828	51,852	-	-
Contributions:					
Members' contributions	3,508,783	-	22,840	342,135	-
Employer contributions	6,773,153	19,053	-	15,503,285	-
Total contributions	10,281,936	19,053	22,840	15,845,420	-
Securities lending income:					
Interes and fees	5,047,173	-	-	-	-
Less borrower rebates and bank fees	(4,888,200)	-	-	-	-
Net securities lending income	158,973	-	-	-	-
Transfers in	-	-	-	-	1,426,618
Total additions	72,415,834	52,881	74,692	15,845,420	1,426,618
Deductions					
Benefit payments	64,454,031	52,881	95,500	16,159,616	-
Refunds of contributions	927,863	-	-	-	-
Administrative	495,671	-	265	134,066	-
Transfers out	-	-	1,426,618	-	-
Total deductions	65,877,565	52,881	1,522,384	16,293,682	-
Net Increase(Decrease) in Net Assets Held	6,538,269	-	(1,447,691)	(448,262)	1,426,618
Net Assets Held in Trust for Pension Benefits					
Beginning of year	778,142,113	-	2,569,138	448,262	-
End of year	\$ 784,680,382	\$ - 0 -	\$ 1,121,447	\$ - 0 -	\$ 1,426,618

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information – (continued)

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

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

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. The City Council has the authority to amend the benefits offered. 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.

Membership in the plan at June 30, 2004, the date of the latest actuarial valuation, was comprised of 3,032 active plan members 309 inactive vested members and 3,016 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 2.9% to 5.5%. 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 Financial Statements
June 30, 2006

IV. Other information - (continued)

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

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

The City forwarded \$1,861,817 of pension contributions withheld from employees during the year ended June 30, 2006. During 2006, employer contributions rates ranged from 0% to 32.13% of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

Actuarial assumptions:

Valuation date	June 30, 2004
Actuarial cost method	Hurley – individual entry age City – individual entry age
Amortization method	Level percent
Remaining amortization period	30 years (closed) – General, Fire and Hurley 10 years (closed) – 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:

Fiscal Year <u>End</u>	Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost (APC)</u>	% of APC <u>Contributed</u>	Net Pension Obligation (Asset) <u>at June 30</u>
6/30/04	12/31/01	\$ 6,226,037	100%	\$ -
6/30/05	12/31/02	14,805,710	100	-
6/30/06	12/31/03	15,738,992	43	7,790,552

During the fiscal year ended June 30, 2004, 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. As of June 30, 2006, no transfers of pension funds have been made from the City of Flint PERS to MERS. A contribution of \$1,175,287 was made to MERS by the Medical Center during the year ended June 30, 2006. Employer contribution rates of the MERS plan are expected not to be greater than those of the City of Flint PERS. The net pension obligation at June 30, 2006 consists solely of amounts owed by Hurley Medical Center.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

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

2. Charter Retirement Plan:

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a monthly benefit. The current membership of the plan at June 30, 2006, is 15 members. The City intends to pay retirement benefits as they become due from future years' General Fund revenue. The City's contribution to the plan for the year ended June 30, 2006, was \$229,636 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, 2006 were \$-0-.

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

The City has made available to appointed and elected 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, 2006, were \$218,450, 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, 2006, were \$47,129,693 and \$866,378 respectively.

On January 1, 2002, a new plan was adopted for appointed and elected officials. The City contributes 11% of employees' gross earnings and employees have a mandatory 4% contribution. Employee accounts are fully vested after 5 years of service. The current year contribution was calculated based on covered payroll of \$597,944 resulting in an employer contribution of \$68,196 and employee contribution of \$28,148.

4. Defined contribution retirement plans:

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. Employees hired on or after October 1, 2003, are not eligible to participate in the Flint Employees Retirement System defined benefit pension plan. Employees hired prior to October 1, 2003 had the option of transferring assets from the defined benefit pension plan upon implementation of the defined contribution plan. The City contributes 10% of employees' gross earnings and employees have a mandatory 5% contribution. Employee accounts are fully vested after 5 years of service. The City's total payroll during the current year was \$47,129,693. The current year contribution was calculated based on covered payroll of \$2,008,933 resulting in an employer contribution of \$200,260 and employee contribution of \$102,722.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

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

4. Defined contribution retirement plan: - (continued)

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

The City's total payroll during the current year was \$47,129,693. The current year contribution was calculated based on covered payroll of \$307,394, resulting in an employer contribution of \$33,813 and employee contributions of \$13,519.

The Medical Center has a defined contribution plan for employees who meet certain requirements as to date of hire. Contributions to the plan are 4.5% of the employee's annual contribution. Each employee's interest is vested as specified in the plan. Pension expense included in the statements was \$644,566 for the year ended June 30, 2006.

5. Profit Sharing and 403(b) Plan

Hurley Health Services (HHS), a component unit of Hurley Medical Center, has a qualified 401(k) profit sharing plan for HPMS employees. Eligible employees, those that have attained the age of 21 and completed 90 days of service, may defer up to 15% of their salary. HHS may make a discretionary contribution. HHS's contribution to the 401(k) plan was \$45,919 for the year ended June 30, 2006. HHS also maintains two tax deferred annuity plans under section 403(b) of the Internal Revenue codes. Under the plans, HHS and THC employees may elect to defer up to a percentage of their salary, subject to the Internal Revenue Service limits. HHS may make a discretionary contribution. HHS's contribution to the 403(b) plan amounted to \$335,680 for the year ended June 30, 2006.

6. Excess Benefits Pension Plan:

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

Participation in the Plan is limited to FERS retirees whose benefit under the FERS defined benefit plan is limited by Section 415 of the Code and who 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.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

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

6. Excess Benefits Pension Plan: - (continued)

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, 2006, employer contributions of \$52,881 were made to the plan and benefits of \$52,881 were paid out.

The City has not requested an actuarial valuation of the plan because of the immateriality of the plan's potential unfunded pension benefit obligation and the fact that the City is paying benefits as they become due. Net assets available for pension benefits at June 30, 2006 were \$-0-.

7. Retiree Death Benefits Plan:

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

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

As of year end, there were 687 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2006, were both \$22,840. Net assets available for benefits, reported at fair value were \$1,258,500 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2006, death benefits of \$95,500 were paid.

8. Health Benefits Plan and Trust

The City established the City of Flint Retiree Health Benefits Plan and Trust for the purpose of providing health insurance benefits adopted by the City or approved by collective bargaining agreements for retirees eligible to receive retirement benefits from the City of Flint Employee's Retirement System. The plan is constituted a "voluntary employee's beneficiary association" (VEBA) under section 501(c)(9) of the Internal Revenue Code of 1986. Beginning July 1, 2006, employees of AFSCME local 1600 and 1799 shall be required to contribute 15% of their pre tax compensation. Net assets available for benefits reported at fair value were \$1,426,618 at year end. During 2006, no benefits were paid.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

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

9. 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 \$156 to \$1,787 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 \$5,942,485 in the year ended June 30, 2006. The number of participants eligible to receive benefits were 667 in the year ended June 30, 2006. 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, 2006, the City paid out \$16,159,616 in retiree health care costs. As of year end, 1,720 retirees were eligible to receive these health care benefits.

C. Building department fund revenue and expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. A separate fund has been established to account for the construction code activity. The City chose the latter because historically the expenditures have exceeded revenue. The activity related to construction code activity for the year ended June 30, 2006 is as follows:

Shortfall at July 1, 2005	\$(1,080,525)
Revenue:	
Building permits	1,412,468
Federal revenue	1,674,122
Charges for services	545,695
Other revenue	2,937
Expenditures	<u>(4,669,425)</u>
Cumulative shortfall at June 30, 2006	<u><u>\$(2,114,728)</u></u>

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

D. Summary disclosures of significant contingent liabilities

Federal, state, and local grants:

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

E. Risk management

Risk Management - primary government:

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

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

The City is self insured for workmen's compensation on a pay as you go basis for claims up to \$500,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self insurance program is administered by a third party administrator. All workman's compensation benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2006 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, 2006 was not material.

The City pays unemployment claims on a reimbursement basis.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

E. 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, 2006, the City paid out \$5,063,432 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 \$19,879,807 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, 2006 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, 2006, there were 1,720 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>2006</u>	<u>2005</u>
Estimated liability, beginning of year	\$3,683,443	\$3,645,022
Estimated claims incurred, including changes in estimates	1,290,960	854,066
Claims payments	<u>(1,290,960)</u>	<u>(815,645)</u>
Estimated liability, end of year	<u>\$3,683,443</u>	<u>\$3,683,443</u>

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

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

E. Risk management – (continued)

Hurley Medical Center Enterprise Fund:

Hurley Medical Center is self insured for all general liabilities claims including 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 \$32,996,608 June 30, 2006.

The following represents the change in the aggregate liabilities for claims and defense costs payable for the years ended June 30, 2006 and 2005.

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Balance - beginning of year	\$25,242,445	\$22,545,354
Claims paid	(2,938,750)	(8,619,433)
Defense costs and other fund expenses	(1,461,412)	(2,155,973)
Excess insurance premium payments	(1,652,230)	(1,821,833)
Increase in claims liability	<u>13,806,555</u>	<u>15,294,330</u>
Balance - end of year	<u>\$32,996,608</u>	<u>\$25,242,445</u>
Insurance Trust assets (at market) - end of year	<u>\$12,510,868</u>	<u>\$ 3,603,534</u>

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, 2006 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 Financial Statements
June 30, 2006

IV. Other information - (continued)

E. Risk management - (continued)

Risk Management - component units:

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

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

F. Commitments

As of June 30, 2006, Hurley Practice Management Services (HPMS) is contingently liable as guarantor with respect to 50% of \$5,447,660 of indebtedness of Hurley/Binson's Medical Equipment, Inc. HPMS owns 50% of Hurley/Binson's Medical Equipment, Inc. The book value of the investment was \$1,140,309 at June 30, 2006. No material loss is anticipated by reason of such guarantee. There are no recourse rights in the event of default by Hurley/Binson's Medical Equipment, Inc.

The future minimum payments related to the above are:

2007	\$ 4,226,717
2008	468,132
2009	234,762
2010	127,400
2011	<u>390,649</u>
Total future minimum payments	<u><u>\$ 5,447,660</u></u>

Subsequent to year end, in September 2006, Hurley/Binson's Medical Equipment, Inc. obtained additional funds from the bank increasing the mortgage note on their building to \$1,260,000. This is an increase of debt to the bank of approximately \$620,000, of which HPMS guarantees 50%.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

G. Related party transactions

The Medical Center provides services to one of its joint ventures, HGH, Inc. As of June 30, 2006, the net settlement receivable from HGH, Inc. was \$3,390,139 and is included in patient accounts receivable on the balance sheet. The net patient revenue recorded from HGH, Inc. was \$14,402,873 for the year ended June 30, 2006.

Included in other operating revenues of HHS are management fees and marketing fees for services rendered paid by Hurley/Binson's Medical Equipment, Inc., a related party to HPMS. Management fee and marketing income from Hurley/Binson's Medical Equipment, Inc. for the year ended June 30, 2006 amounted to \$84,000. There were accounts receivable of \$105,000 from Hurley/Binson's Medical Equipment at June 30, 2006. HPMS and HHS purchase courier services from Hurley/Binson's Medical Equipment, Inc. in the amount of \$240,000 annually.

H. IFT/CFT contingency

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

I. Interest rate swap

During 2005, the Medical Center entered into an interest rate swap agreement with a swap provider. At June 30, 2006, the notional principal amount of the Medical Center's portion of the outstanding interest rate swap agreement was \$35 million. The agreement effectively changes the Medical Center's interest rate exposure on \$35 million of fixed percent bonds due July 1, 2008 and July 1, 2020 to a variable rate. The interest rate swap agreement matures on July 1, 2011. Unrealized losses on the swap agreement of \$1,905,149, as of June 30, 2006, have not been recorded in accordance with governmental accounting standards.

J. Subsequent events

On October 23, 2006, the City Council approved a construction agreement with Sorensen Gross for improvements to the sewer disposal system incinerator feed for \$1,752,977.

Subsequent to year end, the City entered into a loan and contract with MDOT for the Flushing Road improvement project in the amount of \$2,160,477 and also into a contract with MDOT for the Flushing Road water main project in the amount of \$1,758,500.

City of Flint, Michigan
Notes to Financial Statements
June 30, 2006

IV. Other information - (continued)

J. Subsequent events - (continued)

Also, subsequent to year end, the City Council approved a long term advance from the Sewer Disposal Division Fund to the Central Maintenance Garage for the purchase of six street sweepers in the amount of \$618,800, financed for 7 years at 5.5% interest.

K. 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, 2008. Management is currently assessing the impact of this new accounting standard on the City's financial statement for future reporting periods.

Required Supplementary Information

City of Flint, Michigan
Required Supplementary Information
Analysis of Funding Progress
June 30, 2006

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

<u>Actuarial Valuation Year Ended</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Attained Age (AAL) (b)</u>	<u>Unfunded (Over funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll ((b-a)/c)</u>
1999	849,481	837,540	(11,947)	101.43	165,430	(7.22)
2000	880,406	887,022	6,616	99.25	160,047	4.13
2001	906,960	892,262	(14,698)	101.65	151,507	(9.70)
2002	871,274	955,306	84,032	91.20	146,558	57.34
2003	822,813	981,884	159,071	83.80	148,997	106.76
2004	803,420	997,906	194,486	80.51	150,429	129.29

The actuarial methods used to determine the Actuarial Accrued Liability was the individual entry age actuarial funding methods. Unfunded actuarial accrued liabilities are being amortized as a level percent of projected payroll over 17 years for general police, and fire. Significant actuarial assumptions used in the computation of the accrued actuarial liability include: (1) a rate of return on the investment or present and future assets of 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.

During the fiscal year ended June 30, 2004, 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. As of June 30, 2006, no transfers of pension funds have been made from the City of Flint PERS to MERS. A contribution of \$1,175,287 was made to MERS by the Medical Center during the year ended June 30, 2006. Employer contribution rates of the MERS plan are expected not to be greater than those of the City of Flint PERS. There is a net pension obligation of \$7,790,552 at June 30, 2006 owed by Hurley Medical Center.

City of Flint, Michigan
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2006

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

<u>Fiscal</u> <u>Year</u> <u>End</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>Required</u> <u>Contribution (ARC)</u>	<u>% of</u> <u>ARC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u> <u>(Asset) at</u> <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	14,805,710	100	-
6/30/06	12/31/03	15,738,992	51	7,790,552*

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

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue:				
Taxes:				
Property taxes	\$ 13,322,941	\$ 13,322,941	\$ 12,540,496	\$ (782,445)
Income taxes	20,295,433	20,295,433	19,660,536	(634,897)
Intergovernmental:				
Federal revenue	615,645	3,087,892	1,343,724	(1,744,168)
State revenue	20,053,415	20,207,027	20,040,661	(166,366)
Special assessments	352,733	352,733	174,930	(177,803)
Licenses and permits	1,181,860	1,181,860	1,155,971	(25,889)
Fines and forfeits	3,107,625	3,197,625	2,414,034	(783,591)
Charges for services	6,954,387	7,504,387	8,683,052	1,178,665
Local grant revenue	481,662	910,309	605,034	(305,275)
Interest	438,704	438,704	1,877,114	1,438,410
Other	477,819	478,354	453,766	(24,588)
Total revenue	67,282,224	70,977,265	68,949,318	(2,027,947)
Expenditures:				
Current:				
Legislative - City Council	1,523,383	1,485,333	1,274,989	210,344
Judicial-68th District Court	5,881,498	5,726,126	5,325,026	401,100
General government:				
Contributions to agencies and others	385,000	560,000	427,404	132,596
Civil Service	182,748	179,577	161,225	18,352
Human Relations	246,928	167,746	163,974	3,772
Mayor's office	305,185	755,213	740,452	14,761
Finance	6,918,344	6,616,740	5,938,793	677,947
Community service	299,155	520,113	351,753	168,360
City Clerk	1,169,060	1,188,049	987,355	200,694
Human Resources	1,020,886	1,071,940	887,296	184,644
Office of the Ombudsman	202,966	196,624	160,454	36,170
City Administrator	266,881	352,014	336,593	15,421
Union Representatives	299,345	289,832	300,669	(10,837)
Law office	780,840	1,304,039	1,156,609	147,430
Administration	705,332	790,851	531,504	259,347
Total General Government	12,782,670	13,992,738	12,144,081	1,848,657

(continued)

City of Flint, Michigan

General Fund Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (continued) Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Public Safety:				
Police Department	24,692,278	24,681,562	24,291,062	390,500
Emergency dispatch	2,500,530	2,418,088	2,364,558	53,530
Fire Department	13,651,289	13,739,640	13,291,689	447,951
Total Public Safety	40,844,097	40,839,290	39,947,309	891,981
Transportation	2,115,804	2,608,002	2,192,082	415,920
Community development	-	1,486,065	1,166,670	319,395
Parks and Recreation	3,245,242	3,944,497	3,559,042	385,455
Total expenditures	66,392,694	70,082,051	65,609,199	4,472,852
Excess (deficiency) of revenues over expenditures	889,530	895,214	3,340,119	2,444,905
Other financing sources (uses)				
Sale of capital assets	10,000	10,000	678,848	668,848
Transfers out	(897,195)	(511,025)	(1,203,670)	(692,645)
Total other financing sources (uses)	(887,195)	(501,025)	(524,822)	(23,797)
Excess of revenues and other sources over expenditures and other uses	2,335	394,189	2,815,297	2,421,108
Fund balance - beginning of year	6,099,957	6,099,957	6,099,957	-
Fund balance - end of year	\$ 6,102,292	\$ 6,494,146	\$ 8,915,254	\$ 2,421,108

Combining Fund Statements and Fund Descriptions

City of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions
June 30, 2006

Special Revenue Funds

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

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

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

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

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

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

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

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

The 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 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, 2006

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. The fund was closed in 2006.

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, 2006**

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.

City of Flint, Michigan
Internal Service Funds
Summary Descriptions
June 30, 2006

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

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

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

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

City of Flint, Michigan
Fiduciary Funds
Summary Descriptions
June 30, 2006

Pension and Benefit Trust Funds

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

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

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

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

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

Agency Funds

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

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

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds Year Ended June 30, 2006

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Assets			
Pooled cash and investments	\$ 7,835,046	\$3,644,848	\$ -
Cash and cash equivalents	60	-	1,115,791
Taxes receivable	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$192,404)	32,991	-	-
Notes receivable (net of allowance for uncollectible accounts of of (\$3,175,372)	-	-	3,840,000
Due from other funds	-	-	-
Due from other governments	1,216,717	344,745	1,682,964
Due from component unit	-	-	-
Prepaid items	-	-	432,000
Inventories	126,510	-	-
Restricted pooled cash and investments	3,000,000	-	114,056
Total assets	<u>\$12,211,324</u>	<u>\$3,989,593</u>	<u>\$ 7,184,811</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,736,953	\$ 219,988	\$ 236,491
Deposits payable	-	-	-
Retainer payable	-	-	12,195
Due to other funds	-	-	1,935,674
Due to other governments	-	-	-
Deferred revenue	-	-	3,959,364
Total liabilities	<u>1,736,953</u>	<u>219,988</u>	<u>6,143,724</u>
Fund balances			
Reserved for encumbrances	1,197,573	1,827	-
Reserved for long term receivable	-	-	-
Reserved for prepaids	-	-	432,000
Reserved for inventory	126,510	-	-
Reserved for Saginaw street repairs	3,000,000	-	-
Unreserved:			
Designated for subsequent years' expenditures	4,297,395	692,363	609,087
Undesignated	1,852,893	3,075,415	-
Total fund balances	<u>10,474,371</u>	<u>3,769,605</u>	<u>1,041,087</u>
Total liabilities and fund balances	<u>\$12,211,324</u>	<u>\$3,989,593</u>	<u>\$ 7,184,811</u>

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	State Grants	EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant
\$ -	\$ 1,098,073	\$ -	\$ 27,394	\$ 5,807	\$ 69,442
-	-	-	853,120	-	-
300,646	-	-	-	-	-
29,880	-	-	-	-	-
-	-	-	258,318	-	-
2,203	-	-	-	-	-
-	-	-	-	-	-
-	-	767,837	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 332,729	\$ 1,098,073	\$ 767,837	\$ 1,138,832	\$ 5,807	\$ 69,442
\$ 15,299	\$ 15,090	\$ -	\$ -	\$ -	\$ 5,268
-	792,190	-	-	-	-
-	-	-	-	-	-
13,484	-	-	-	-	-
-	27,575	-	-	-	-
300,647	-	767,837	258,319	-	64,174
329,430	834,855	767,837	258,319	-	69,442
-	16,075	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
656	196,027	-	-	-	-
2,643	51,116	-	880,513	5,807	-
3,299	263,218	-	880,513	5,807	-
\$ 332,729	\$ 1,098,073	\$ 767,837	\$ 1,138,832	\$ 5,807	\$ 69,442

(continued)

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2006

	Special Revenue		
	Parks & Recreation Fund	City Park	Longway Park
Assets			
Pooled cash and investments	\$ 1,245,231	\$ 7,184	\$ 8,016
Cash and cash equivalents	-	-	-
Taxes receivable	75,416	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$192,404)	-	-	-
Notes receivable (net of allowance for uncollectible accounts of of (\$3,175,372))	-	-	-
Due from other funds	551	-	-
Due from other governments	103,165	-	-
Due from component unit	-	-	-
Prepaid items	-	-	-
Inventories	-	-	-
Restricted pooled cash and investments	-	-	-
Total assets	<u>\$ 1,424,363</u>	<u>\$ 7,184</u>	<u>\$ 8,016</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 44,876	\$ -	\$ -
Deposits payable	-	-	-
Retainer payable	7,832	-	6,858
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	68,904	-	-
Total liabilities	<u>121,612</u>	<u>-</u>	<u>6,858</u>
Fund balances			
Reserved for encumbrances	-	-	-
Reserved for long term receivable	-	-	-
Reserved for prepaids	-	-	-
Reserved for inventory	-	-	-
Reserved for Saginaw street repairs	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	924,554	-	-
Undesignated	378,197	7,184	1,158
Total fund balances	<u>1,302,751</u>	<u>7,184</u>	<u>1,158</u>
Total liabilities and fund balances	<u>\$ 1,424,363</u>	<u>\$ 7,184</u>	<u>\$ 8,016</u>

Special Revenue		Debt Service			Capital Projects
Building Department	Garbage Collection	Hyatt Debt Service	Windmill Place Debt Service	Buick City Debt Service	Funds
					Public Improvement
\$ 176,360	\$ 56,758	\$ -	\$ 6,206	\$ 515	\$ 2,576,139
-	-	-	-	-	-
-	213,880	924	4,778	39,342	379,500
940	-	-	-	-	-
-	-	-	-	-	1,336,000
-	3,304	-	-	-	2,753
115,900	-	-	-	-	-
-	-	-	-	-	88,068
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 293,200	\$ 273,942	\$ 924	\$ 10,984	\$ 39,857	\$ 4,382,460
\$ 126,028	\$ 59,726	\$ -	\$ -	\$ -	\$ 13,395
-	-	-	-	-	-
21,102	-	-	-	-	-
38,087	-	-	-	-	-
-	-	-	-	-	-
-	213,880	924	4,778	39,342	379,500
185,217	273,606	924	4,778	39,342	392,895
-	336	-	-	-	-
-	-	-	-	-	1,336,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
107,983	-	-	-	-	1,657,333
-	-	-	6,206	515	996,232
107,983	336	-	6,206	515	3,989,565
\$ 293,200	\$ 273,942	\$ 924	\$ 10,984	\$ 39,857	\$ 4,382,460

(continued)

City of Flint, Michigan

Combining Balance Sheet Nonmajor Governmental Funds (continued) Year Ended June 30, 2006

Assets	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 16,757,019
Cash and cash equivalents	1,968,971
Taxes receivable	1,014,486
Accounts receivable (net of allowance for estimated uncollectible accounts of \$192,404)	63,811
Notes receivable (net of allowance for uncollectible accounts of of (\$3,175,372)	5,434,318
Due from other funds	8,811
Due from other governments	3,463,491
Due from component unit	855,905
Prepaid items	432,000
Inventories	126,510
Restricted pooled cash and investments	3,114,056
Total assets	<u>\$ 33,239,378</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 2,473,114
Deposits payable	792,190
Retainer payable	47,987
Due to other funds	1,987,245
Due to other governments	27,575
Deferred revenue	6,057,669
Total liabilities	<u>11,385,780</u>
Fund balances	
Reserved for encumbrances	1,215,811
Reserved for long term receivable	1,336,000
Reserved for prepaids	432,000
Reserved for inventory	126,510
Reserved for Saginaw street repairs	3,000,000
Unreserved:	
Designated for subsequent years' expenditures	8,485,398
Undesignated	7,257,879
Total fund balances	<u>21,853,598</u>
Total liabilities and fund balances	<u>\$ 33,239,378</u>

City of Flint, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2006

	Special Revenue		
	Major Streets	Local Streets	Federal Grants
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	163,819	245,160	3,963,679
State revenue	11,266,485	2,087,872	-
Local revenue	12,109	-	314,109
Licenses and fees	-	-	-
Fines and forfeits	-	-	-
Charges for services	-	-	66,000
Interest	393,320	81,231	46,810
Other	227,159	101,907	39,010
Total revenue	<u>12,062,892</u>	<u>2,516,170</u>	<u>4,429,608</u>
Expenditures			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	-
Transportation	10,436,471	3,150,574	-
Public works	-	-	-
Parks and recreation	32,679	-	-
Community development and enrichment	-	-	7,795,374
Debt Service:			
Principal retirement	-	-	276,000
Interest and fiscal charges	-	-	110,096
Total expenditures	<u>10,469,150</u>	<u>3,150,574</u>	<u>8,181,470</u>
Excess of Revenue Over (Under) Expenditures	<u>1,593,742</u>	<u>(634,404)</u>	<u>(3,751,862)</u>
Other Financing Sources (Uses)			
Note proceeds	-	-	3,840,000
Transfers in	-	1,833,953	-
Transfers out	(1,833,953)	-	-
Total other financing sources (uses)	<u>(1,833,953)</u>	<u>1,833,953</u>	<u>3,840,000</u>
Net Change in Fund Balances	<u>(240,211)</u>	<u>1,199,549</u>	<u>88,138</u>
Fund Balances - Beginning of year	<u>10,714,582</u>	<u>2,570,056</u>	<u>952,949</u>
Fund Balances - End of year	<u>\$ 10,474,371</u>	<u>\$ 3,769,605</u>	<u>\$ 1,041,087</u>

Special Revenue

Neighborhood Policing	State Act 251-Forfeitures	EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant	Parks & Recreation Fund
3,196,389	\$ -	\$ -	\$ -	\$ -	798,922
-	-	-	-	151,765	-
-	-	-	-	-	151,787
-	-	-	-	-	-
-	-	-	-	-	-
-	189,581	-	-	-	-
-	76,876	-	-	-	-
34,909	41,547	45,761	150	1,796	48,633
177,807	2,867	46,990	-	-	-
3,409,105	310,871	92,751	150	153,561	999,342
-	-	-	-	-	-
3,694,416	248,048	-	-	158,289	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	586,440
-	-	429,677	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,694,416	248,048	429,677	-	158,289	586,440
(285,311)	62,823	(336,926)	150	(4,728)	412,902
-	-	-	-	-	-
288,607	-	-	-	-	-
-	-	-	-	-	-
288,607	-	-	-	-	-
3,296	62,823	(336,926)	150	(4,728)	412,902
3	200,395	1,217,439	5,657	4,728	889,849
\$ 3,299	\$ 263,218	\$ 880,513	\$ 5,807	\$ - 0 -	\$ 1,302,751

(continued)

City of Flint, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued) Nonmajor Governmental Funds Year Ended June 30, 2006

	Special Revenue		
	City Park	Longway Park	Building Department
Revenue			
Property taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	1,674,122
State revenue	-	-	-
Local revenue	-	-	-
Licenses and fees	-	-	1,412,468
Fines and forfeits	-	-	-
Charges for services	-	-	545,695
Interest	185	206	-
Other	-	-	2,937
Total revenue	185	206	3,635,222
Expenditures			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Emergency dispatch	-	-	-
Building inspection	-	-	4,669,425
Transportation	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	4,669,425
Excess of Revenue Over (Under) Expenditures	185	206	(1,034,203)
Other Financing Sources (Uses)			
Note proceeds	-	-	-
Transfers in	-	-	1,142,186
Transfers out	-	-	-
Total other financing sources (uses)	-	-	1,142,186
Net Change in Fund Balances	185	206	107,983
Fund Balances - Beginning of year	6,999	952	-
Fund Balances - End of year	\$ 7,184	\$ 1,158	\$ 107,983

Special Revenue		Debt Service		
Garbage Collection	Code Abatement	Hyatt Debt Service	Windmill Place Debt Service	Buick City Debt Service
\$ 4,792,680	\$ -	\$ -	\$ -	\$ 131
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,960	-	-	-	-
-	-	-	-	-
54,922	-	-	-	-
49,978	-	-	263	49
2,964	-	-	-	-
4,906,504	-	-	263	180
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,963,933	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,175,000
-	-	-	-	72,769
4,963,933	-	-	-	1,247,769
(57,429)	-	-	263	(1,247,589)
-	-	-	-	-
57,765	-	-	-	1,247,469
-	(284,888)	-	-	-
57,765	(284,888)	-	-	1,247,469
336	(284,888)	-	263	(120)
-	284,888	-	5,943	635
\$ 336	\$ - 0 -	\$ - 0 -	\$ 6,206	\$ 515

(continued)

City of Flint, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)

Nonmajor Governmental Funds

Year Ended June 30, 2006

Nonmajor Capital Projects

	Public Improvement	Total Nonmajor Governmental Funds
Revenue		
Property taxes	\$ 3,995,434	\$ 12,783,556
Federal revenue	3,963	6,202,508
State revenue	-	13,506,144
Local revenue	-	326,218
Licenses and fees	-	1,418,428
Fines and forfeits	-	189,581
Charges for services	-	743,493
Interest	118,822	863,660
Other	-	601,641
Total revenue	4,118,219	36,635,229
Expenditures		
General government	241,632	241,632
Police	401	4,101,154
Fire	19,056	19,056
Emergency dispatch	-	-
Building inspection	-	4,669,425
Transportation	-	13,587,045
Public works	-	4,963,933
Parks and recreation	75,910	695,029
Community development and enrichment	-	8,225,051
Debt Service:		
Principal retirement	1,393,077	2,844,077
Interest and fiscal charges	254,080	436,945
Total expenditures	1,984,156	39,783,347
Excess of Revenue Over (Under) Expenditures	2,134,063	(3,148,118)
Other Financing Sources (Uses)		
Note proceeds	-	3,840,000
Transfers in	-	4,569,980
Transfers out	(1,247,469)	(3,366,310)
Total other financing sources (uses)	(1,247,469)	5,043,670
Net Change in Fund Balances	886,594	1,895,552
Fund Balances - Beginning of year	3,102,971	19,958,046
Fund Balances - End of year	\$ 3,989,565	\$ 21,853,598

City of Flint, Michigan

Major Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ -	\$ 163,819	\$ 163,819	\$ -
State revenue	8,288,284	11,288,284	11,266,485	(21,799)
Local revenue	-	32,679	12,109	(20,570)
Interest	168,003	168,003	393,320	225,317
Other	264,500	264,500	227,159	(37,341)
Total revenue	8,720,787	11,917,285	12,062,892	145,607
Expenditures				
Transportation	11,773,639	17,550,005	10,436,471	7,113,534
Parks and recreation	-	32,679	32,679	-
Community development	-	-	-	-
Total expenditures	11,773,639	17,582,684	10,469,150	7,113,534
Excess (deficiency) of revenues over expenditures	(3,052,852)	(5,665,399)	1,593,742	7,259,141
Other financing uses:				
Transfers out	-	(1,833,953)	(1,833,953)	-
Excess (deficiency) of revenues over expenditures and other uses	(3,052,852)	(7,499,352)	(240,211)	7,259,141
Fund balance - Beginning of year	10,714,582	10,714,582	10,714,582	-
Fund balance - End of year	\$ 7,661,730	\$ 3,215,230	\$ 10,474,371	\$ 7,259,141

City of Flint, Michigan

Local Streets Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ 200,000	\$ 445,160	\$ 245,160	\$ (200,000)
State revenue	2,125,000	2,125,000	2,087,872	(37,128)
Interest	-	-	81,231	81,231
Other	48,352	48,352	101,907	53,555
Total revenues	2,373,352	2,618,512	2,516,170	(102,342)
Expenditures				
Transportation	3,441,422	4,126,055	3,150,574	975,481
Excess (deficiency) of revenue over expenditures	(1,068,070)	(1,507,543)	(634,404)	873,139
Other financing sources				
Transfers in	-	1,833,953	1,833,953	-
Excess (deficiency) of revenue and other sources over expenditures and sources	(1,068,070)	326,410	1,199,549	873,139
Fund balance - Beginning of year	2,570,056	2,570,056	2,570,056	-
Fund balance - End of year	\$ 1,501,986	\$ 2,896,466	\$ 3,769,605	\$ 873,139

City of Flint, Michigan

Federal Grants Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$6,423,124	\$14,803,295	\$ 11,246,659	\$ (3,556,636)
Local revenue	-	315,868	314,109	(1,759)
Charges for services	-	-	66,000	66,000
Interest	-	-	46,810	46,810
Other	-	-	39,010	39,010
Total revenue	6,423,124	15,119,163	11,712,588	(3,406,575)
Expenditures				
Community enrichment	6,423,124	15,476,205	11,624,450	3,851,755
Excess (deficiency) of revenue over expenditures	-	(357,042)	88,138	445,180
Fund balance - Beginning of year	952,949	952,949	952,949	-
Fund balance - End of year	\$ 952,949	\$ 595,907	\$ 1,041,087	\$ 445,180

City of Flint, Michigan

Neighborhood Policing Special Revenue Fund Budgetary Comparison Schedule and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 3,196,509	\$ 3,196,509	\$ 3,196,389	\$ (120)
Interest	6,000	6,000	34,909	28,909
Other	-	-	177,807	177,807
Total revenue	3,202,509	3,202,509	3,409,105	206,596
Expenditures				
Police department	3,705,185	3,584,692	3,694,416	(109,724)
Excess (deficiency) of revenues over expenditures	(502,676)	(382,183)	(285,311)	96,872
Other financing sources				
Transfers in	502,676	382,183	288,607	(93,576)
Excess of revenues over expenditures and other sources	-	-	3,296	3,296
Fund balance - Beginning of year	3	3	3	-
Fund balance - End of year	\$ 3	\$ 3	\$ 3,299	\$ 3,296

City of Flint, Michigan

State Act 251 - Forfeitures Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Fines and forfeits	\$ 225,000	\$ 225,000	\$ 189,581	\$ (35,419)
Charges for services	-	-	76,876	76,876
Interest	-	-	41,547	41,547
Other	-	-	2,867	2,867
Total revenue	225,000	225,000	310,871	85,871
Expenditures				
Police department	358,995	358,995	248,048	110,947
Excess (deficiency) of revenue over expenditures	(133,995)	(133,995)	62,823	196,818
Fund balance - Beginning of year	200,395	200,395	200,395	-
Fund balance - End of year	\$ 66,400	\$ 66,400	\$ 263,218	\$ 196,818

City of Flint, Michigan

EDA Revolving Loan Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue:				
Principal payments	\$ 117,827	\$ 117,827	\$ 46,990	\$ (70,837)
Interest	74,888	74,888	45,761	(29,127)
Total revenues	192,715	192,715	92,751	(99,964)
Expenditures - current:				
Community development and enrichment	724,486	724,486	429,677	294,809
Excess of revenues over expenditures	(531,771)	(531,771)	(336,926)	194,845
Fund balance - Beginning of year	1,217,439	1,217,439	1,217,439	-
Fund balance - End of year	\$ 685,668	\$ 685,668	\$ 880,513	\$ 194,845

City of Flint, Michigan

Local Law Enforcement Grant Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ -	\$ 43,636	\$ 151,765	\$ 108,129
Interest	-	6,525	1,796	(4,729)
Total revenue	-	50,161	153,561	103,400
Expenditures				
Police department	140,248	230,409	158,289	72,120
Deficiency of revenues over expenditures	(140,248)	(180,248)	(4,728)	175,520
Fund balance - Beginning of year	4,728	4,728	4,728	-
Fund balance - End of year	\$ (135,520)	\$ (175,520)	\$ - 0 -	\$ 175,520

City of Flint, Michigan

Parks & Recreation Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Taxes	\$ 851,369	\$ 851,369	\$ 798,922	\$ (52,447)
State revenue	151,787	151,787	151,787	-
Interest	6,834	6,834	48,633	41,799
Total revenue	1,009,990	1,009,990	999,342	(10,648)
Expenditures				
Parks and Recreation Department:	973,742	1,138,742	586,440	552,302
Excess (deficiency) of revenue over expenditures	36,248	(128,752)	412,902	541,654
Fund balance - Beginning of year	889,849	889,849	889,849	-
Fund balance - End of year	\$ 926,097	\$ 761,097	\$ 1,302,751	\$ 541,654

City of Flint, Michigan

Building Department Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Federal revenue	\$ 1,876,176	\$ 2,118,983	\$ 1,674,122	\$ (444,861)
Licenses and fees	2,180,000	2,180,000	1,412,468	(767,532)
Fines and Forfeitures	-	-	-	-
Charges for Services	-	988,976	545,695	(443,281)
Other	-	-	2,937	2,937
Total revenue	<u>4,056,176</u>	<u>5,287,959</u>	<u>3,635,222</u>	<u>(1,652,737)</u>
Expenditures				
Building inspection	<u>4,056,132</u>	<u>5,002,186</u>	<u>4,669,425</u>	<u>332,761</u>
Excess (deficiency) of revenues over expenditures	44	285,773	(1,034,203)	(1,319,976)
Other financing sources				
Transfers in	<u>-</u>	<u>-</u>	<u>1,142,186</u>	<u>1,142,186</u>
Excess (deficiency) of revenues and other sources over expenditures and other sources	44	285,773	107,983	(177,790)
Fund balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - End of year	<u>\$ 44</u>	<u>\$ 285,773</u>	<u>\$ 107,983</u>	<u>\$ (177,790)</u>

City of Flint, Michigan

Garbage Collection Special Revenue Fund Budgetary Comparison Schedule Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Amended		Amended Budget
Revenue				
Taxes	\$ 4,968,211	\$ 4,968,211	\$ 4,792,680	\$ (175,531)
Licenses and fees	5,000	5,000	5,960	960
Charges for services	200,000	200,000	54,922	(145,078)
Interest	-	-	49,978	49,978
Total revenue	5,173,211	5,173,211	4,903,540	(269,671)
Expenditures				
Public works	5,201,088	5,071,083	4,963,933	107,150
Excess (deficiency) of revenues over expenditures	(27,877)	102,128	(60,393)	(162,521)
Other financing sources:				
Proceeds from sale of capital assets	-	-	2,964	2,964
Transfers in	27,877	-	57,765	57,765
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	102,128	336	(101,792)
Fund balance - Beginning of year	-	-	-	-
Fund balance - End of year	\$ - 0 -	\$ 102,128	\$ 336	\$ (101,792)

City of Flint, Michigan

**Internal Service Fund:
Combining Statement of Net Asset:
June 30, 2006**

	Data Processing	Fringe Benefits	Central Maintenance Garage
Assets			
Current assets:			
Pooled cash and investments	\$ -	\$ 1,265,709	\$ 1,878,928
Cash and cash equivalents	-	189,417	100
Receivables (net of allowance for estimated uncollectible amounts of \$28,348)	-	6,243	2,737
Note receivable - current portion	-	130,000	-
Inventories	-	-	177,969
Prepaid costs	-	21,551	-
Total current assets	-	1,612,920	2,059,734
Noncurrent assets:			
Note receivable - long term	-	780,000	-
Capital assets, net	881,402	-	6,224,900
Total noncurrent assets	881,402	780,000	6,224,900
Total assets	881,402	2,392,920	8,284,634

Self- Insurance	Total
\$ 3,622,454	\$ 6,767,091
-	189,517
5,444	14,424
-	130,000
-	177,969
130,650	152,201
<u>3,758,548</u>	<u>7,431,202</u>
-	780,000
-	<u>7,106,302</u>
-	7,886,302
<u>3,758,548</u>	<u>15,317,504</u>

City of Flint, Michigan

Internal Service Fund: Combining Statement of Net Assets (continued) June 30, 2006

	Data Processing	Fringe Benefits	Central Maintenance Garage
Liabilities			
Current liabilities:			
Accounts payable	18,282	549,855	1,121,437
Accrued salaries and wages	115,399	1,825,229	38,006
Due to other funds	495,116	-	-
Total current liabilities	628,797	2,375,084	1,159,443
Noncurrent liabilities:			
Advances from other funds	-	-	4,539,404
Provision for claims	-	-	-
Total noncurrent liabilities	-	-	4,539,404
Total liabilities	628,797	2,375,084	5,698,847
Net Assets			
Invested in capital assets, net of related debt	881,402	-	1,685,496
Unrestricted (deficit)	(628,797)	17,836	900,291
Total net assets	\$ 252,605	\$ 17,836	\$ 2,585,787

Self- Insurance	Totals
44,302	1,733,876
30,803	2,009,437
-	495,116
75,105	4,238,429
-	4,539,404
3,683,443	3,683,443
3,683,443	8,222,847
3,758,548	12,461,276
-	2,566,898
-	289,330
\$ - 0 -	\$ 2,856,228

City of Flint, Michigan

Internal Service Fund: Combining Statement of Revenues, Expenses and Changes in Net Assets Year Ended June 30, 2006

	Data Processing	Fringe Benefits	Central Maintenance Garage
Operating revenue			
Charges for services	\$ 2,356,558	\$ 23,230,862	\$ 3,910,405
Costs of materials or services rendered	-	22,198,797	-
Operating expenses			
Salaries, wages, and fringe benefits	1,394,505	558,140	1,080,958
Repair and maintenance	153,482	-	353,165
Supplies	23,245	8,342	1,503,025
Insurance	-	-	-
Depreciation	228,033	-	789,470
Professional services	288,300	640,110	277,219
Claims and settlements	-	-	-
Miscellaneous	1,573	389	8,943
Total operating expenses	2,089,138	1,206,981	4,012,780
Total materials, services, and operating expenses	2,089,138	23,405,778	4,012,780
Operating income (loss)	267,420	(174,916)	(102,375)
Nonoperating revenue (expenses)			
Investment income	-	-	25,308
Interest expense	(14,815)	-	-
Total non operating revenue (expense)	(14,815)	-	25,308
Change in Net Assets	252,605	(174,916)	(77,067)
Net Assets - Beginning of year	-	192,752	2,662,854
Net Assets - End of year	\$ 252,605	\$ 17,836	\$ 2,585,787

Self- Insurance	Totals
\$ 2,661,181	\$ 32,159,006
-	22,198,797
243,073	3,276,676
2,652	509,299
2,749	1,537,361
515,130	515,130
-	1,017,503
712,050	1,917,679
1,290,960	1,290,960
3,003	13,908
2,769,617	10,078,516
2,769,617	32,277,313
(108,436)	(118,307)
108,436	133,744
-	(14,815)
108,436	118,929
-	622
-	2,855,606
\$ - 0 -	\$ 2,856,228

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows Year Ended June 30, 2006

	Data Processing	Fringe Benefits	Central Maintenance Garage
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,356,558	\$ 23,228,017	\$ 3,974,181
Payments to vendors	(468,850)	(22,133,694)	(1,142,353)
Payments to and on behalf of employees	(1,395,304)	(385,831)	(1,075,981)
Net cash provided by (used in) operating activities	492,404	708,492	1,755,847
Cash flows from noncapital financing activities:			
Payments received on long term note receivable	-	130,000	-
Interest payments on pooled cash advances	(10,790)	-	25,308
Pooled cash advances from (repayments to) other funds	(52,479)	-	-
Net cash provided by (used in) noncapital financing activities:	(63,269)	130,000	25,308
Cash flows from capital and related financing activities:			
Purchase of capital assets	(271,084)	-	(193,457)
Repayment of debt	(154,026)	-	-
Interest payments	(4,025)	-	-
Net cash used by capital and related financing activities	(429,135)	-	(193,457)
Cash flows from investing activities:			
Interest received	-	-	-
Net increase in cash and cash equivalents	-	838,492	1,587,698
Cash and cash equivalents - beginning of year	-	616,634	291,330
Cash and cash equivalents - end of year	\$ - 0 -	\$ 1,455,126	\$ 1,879,028

Self- Insurance	Totals
\$ 2,786,147	\$ 32,344,903
(2,608,471)	(26,353,368)
(239,762)	(3,096,878)
(62,086)	2,894,657
	130,000
-	14,518
-	(52,479)
	92,039
-	(464,541)
-	(154,026)
-	(4,025)
-	(622,592)
108,436	108,436
46,350	2,472,540
3,576,104	4,484,068
\$ 3,622,454	\$ 6,956,608

(continued)

City of Flint, Michigan

Internal Service Funds Combining Statement of Cash Flows (continued) Year Ended June 30, 2006

	<u>Data Processing</u>	<u>Fringe Benefits</u>	<u>Central Maintenance Garage</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	267,420	(174,916)	(102,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	228,033	-	789,470
Change in assets and liabilities:			
Accounts receivable	-	(2,845)	(2,737)
Inventory	-	-	(2,817)
Prepaid items	-	590,979	-
Accounts payable	(2,250)	122,965	1,069,329
Accrued liabilities	(799)	172,309	4,977
Net cash provided by (used in) operating activities	<u>\$ 492,404</u>	<u>\$ 708,492</u>	<u>\$ 1,755,847</u>

2006 Non cash transactions:

During 2006 the central garage purchased capital assets through an advance from the sewer fund with a cost of \$4,539,404

Self- Insurance	Totals
(108,436)	(118,307)
-	1,017,503
124,966	119,384
-	(2,817)
53,237	644,216
(135,164)	1,054,880
3,311	179,798
\$ (62,086)	\$ 2,894,657

City of Flint, Michigan

Combining Statement of Net Assets Fiduciary Funds June 30, 2006

	Pension and Benefit Trust Funds		
	Flint Employee's Retirement System	Excess Pension Benefit	Death Benefit
Assets			
Pooled cash and investments	\$ -	\$ -	\$ -
Cash and cash equivalents	58,745,851	-	20,081
Investments:			
U.S. government obligations	91,327,819	-	-
Corporate bonds	148,090,108	-	-
Partnerships	33,256,723	-	-
Corporate stocks	452,775,954	-	1,101,366
Receivables:			
Taxes	-	-	-
Loans	-	-	-
Accrued interest	1,571,414	-	-
Due from component unit	-	-	-
Cash and securities held as collateral for securities lending	108,193,056	-	-
Total assets	<u>893,960,925</u>	-	<u>1,121,447</u>
Liabilities			
Accounts payable	477,620	-	-
Deposits and advances	-	-	-
Due to other governmental units	-	-	-
Due to component units	-	-	-
Due to other funds	609,867	-	-
Obligations under securities lending agreement	108,193,056	-	-
Total liabilities	<u>109,280,543</u>	-	-
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 784,680,382</u>	<u>\$ - 0 -</u>	<u>\$ 1,121,447</u>

Pension and Benefit Trust Funds			Agency Funds		
Retiree Health Care	Health Benefits Plan and Trust	Totals	Miscellaneous Agency	County Revolving Loan	Totals
\$ 273,310	\$ -	\$ 273,310	\$ 2,107,373	\$ -	\$ 2,107,373
-	51,562	58,817,494	504,384	393,608	897,992
-	555,473	91,883,292	-	-	-
-	-	148,090,108	-	-	-
-	-	33,256,723	-	-	-
-	819,583	454,696,903	-	-	-
-	-	-	5,478,885	-	5,478,885
-	-	-	-	345,797	345,797
-	-	1,571,414	-	-	-
-	-	-	7,108	-	7,108
-	-	108,193,056	-	-	-
273,310	1,426,618	896,782,300	\$ 8,097,750	\$ 739,405	\$ 8,837,155
273,310	-	750,930	\$ 581,973	\$ 5,515	\$ 587,488
-	-	-	466,473	-	466,473
-	-	-	6,937,075	733,890	7,670,965
-	-	-	102,885	-	102,885
-	-	609,867	9,344	-	9,344
-	-	108,193,056	-	-	-
273,310	-	109,553,853	\$ 8,097,750	\$ 739,405	\$ 8,837,155
\$ - 0 -	\$ 1,426,618	\$ 787,228,447			

City of Flint, Michigan

Combining Statement of Changes in Fiduciary Net Assets Pension and Benefit Trust Funds Year Ended June 30, 2006

	Pension and Benefit Trust Funds	
	Flint Employee's Retirement System	Excess Pension Benefit
Additions		
Investment income:		
Interest	\$ 9,482,814	\$ -
Dividends	2,856,407	-
Other income	360,217	33,828
Net increase in fair value of investments	51,821,574	-
Less investment expense	(2,546,087)	-
Net investment income	61,974,925	33,828
Contributions:		
Members' contributions	3,508,783	-
Employer contributions	6,773,153	19,053
Total contributions	10,281,936	19,053
Securities lending income:		
Interes and fees	5,047,173	-
Less borrower rebates and bank fees	(4,888,200)	-
Net securities lending income	158,973	-
Transfers in	-	-
Total additions	72,415,834	52,881
Deductions		
Benefit payments	64,454,031	52,881
Refunds of contributions	927,863	-
Administrative	495,671	-
Transfers out	-	-
Total deductions	65,877,565	52,881
Net Increase(Decrease) in Net Assets Held	6,538,269	-
Net Assets Held in Trust for Pension Benefits		
Beginning of year	778,142,113	-
End of year	\$ 784,680,382	\$ - 0 -

Pension and Benefit Trust Funds

Death Benefit	Retiree Health Care	Health Benefits Plan and Trust	Totals
\$ -	\$ -	\$ -	\$ 9,482,814
38,439	-	-	2,894,846
-	-	-	394,045
13,413	-	-	51,834,987
-	-	-	(2,546,087)
51,852	-	-	62,060,605
22,840	342,135	-	3,873,758
-	15,503,285	-	22,295,491
22,840	15,845,420	-	26,169,249
-	-	-	5,047,173
-	-	-	(4,888,200)
-	-	-	158,973
-	-	1,426,618	1,426,618
74,692	15,845,420	1,426,618	89,815,445
95,500	16,159,616	-	80,762,028
-	-	-	927,863
265	134,066	-	630,002
1,426,618	-	-	1,426,618
1,522,383	16,293,682	-	83,746,511
(1,447,691)	(448,262)	1,426,618	6,068,934
2,569,138	448,262	-	781,159,513
\$ 1,121,447	\$ - 0 -	\$ 1,426,618	\$ 787,228,447

City of Flint, Michigan

Schedule of Changes in Assets and Liabilities - Agency Fund Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>Miscellaneous Agency</u>				
Assets				
Pooled cash and investments	\$3,371,150	\$ 134,321,891	\$ 135,585,668	\$ 2,107,373
Cash and cash equivalents	464,274	40,110	-	504,384
Taxes receivable	5,178,686	119,827,450	119,527,251	5,478,885
Due from component unit	7,108	-	-	7,108
Other assets	-	25,834	25,834	-
Total assets	<u>\$9,021,218</u>	<u>\$ 254,215,285</u>	<u>\$ 255,138,753</u>	<u>\$ 8,097,750</u>
Liabilities				
Accounts payable	\$ 221,839	\$ 52,625,263	\$ 52,265,129	\$ 581,973
Deposits and advances	358,489	886,955	778,971	466,473
Due to other governments	8,158,937	67,256,338	68,478,200	6,937,075
Due to component unit	281,953	102,885	281,953	102,885
Due to other funds	-	30,533,814	30,524,470	9,344
Total liabilities	<u>\$9,021,218</u>	<u>\$ 151,405,255</u>	<u>\$ 152,328,723</u>	<u>\$ 8,097,750</u>
<u>County Revolving Loan Fund</u>				
Assets				
Pooled cash and investments	\$ 10,682	\$ 186,062	\$ 196,744	\$ -
Cash and cash equivalents	1,211,769	140,594	958,755	393,608
Loan receivable	620,797	120,702	395,702	345,797
Total assets	<u>\$1,843,248</u>	<u>\$ 447,358</u>	<u>\$ 1,551,201</u>	<u>\$ 739,405</u>
Liabilities				
Accounts payable	\$ 5,012	\$ 74,695	\$ 74,192	5,515
Due to other governments	-	733,890	-	733,890
Deferred revenue	620,797	109,526	730,323	-
Total liabilities	<u>\$ 625,809</u>	<u>\$ 918,111</u>	<u>\$ 804,515</u>	<u>\$ 739,405</u>

CITY OF FLINT, MICHIGAN

Statistical Section (unaudited)

GASB Statement 44, Economic Condition Reporting

This part of the City of Flint's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends:

How the City's financial performance and well-being have changed over time.

Net Assets by Component	Schedule 1
Changes in Governmental Net Assets	Schedule 2
Changes in Business Type Net Assets	Schedule 3
Fund Balances, Governmental Funds	Schedule 4
Changes in Fund Balances, Governmental Funds	Schedule 5

Revenue Capacity:

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

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

Debt Capacity:

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

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

Demographic and Economic Information:

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

Demographic and Economic Statistics	Schedule 15
Principal Employers	Schedule 16

Operating & Resource Information:

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

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

Flint Employees' Retirement System:

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

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

Financial Trend Information - Schedule 1

CITY OF FLINT, MICHIGAN

Net Assets by Component

Last Five Fiscal Years

	As of June 30,				
	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in capital assets, net of related debt	38,705,481	31,886,337	141,106,021	138,186,259	131,561,717
Restricted	21,062,035	22,742,107	26,974,091	21,199,405	23,125,198
Unrestricted	(35,826,004)	(20,865,177)	(17,403,520)	(10,288,651)	346,817
Total net assets	23,941,512	33,763,267	150,676,592	149,097,013	155,033,732
Business Type Activities:					
Invested in capital assets, net of related debt	142,009,977	132,971,445	134,791,542	107,239,606	108,506,065
Restricted	3,574,245	3,703,231	9,200,024	7,586,825	8,855,044
Unrestricted	95,276,627	117,814,590	110,533,651	143,675,288	131,574,217
Total net assets	240,860,849	254,489,266	254,525,217	258,501,719	248,935,326
Primary government in total:					
Invested in capital assets, net of related debt	180,715,458	164,857,782	275,897,563	245,425,865	240,067,782
Restricted	24,636,280	26,445,338	36,174,115	28,786,230	31,980,242
Unrestricted	59,450,623	96,949,413	93,130,131	133,386,637	131,921,034
Total net assets	264,802,361	288,252,533	405,201,809	407,598,732	403,969,058

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

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

Financial Trend Information - Schedule 2
CITY OF FLINT, MICHIGAN
Changes in Governmental Net Assets
Last Five Fiscal Years

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

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

Financial Trend Information - Schedule 3

CITY OF FLINT, MICHIGAN

Changes in Business Type Net assets

Last Five Fiscal Years

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Operating Revenue					
Sale of water	25,415,874	27,205,494	31,394,271	30,875,582	34,177,436
Sewage disposal charges	19,235,767	23,391,287	21,684,475	20,985,941	18,782,008
Hurley Medical Center	284,242,833	326,831,605	321,100,785	341,685,734	327,335,663
Other charges for services	333,180	1,420,701	1,199,414	1,165,773	1,035,664
Total operating revenue	329,227,654	378,849,087	375,378,945	394,713,030	381,330,771
Operating Expenses					
Cost of water produced/purchased	10,173,085	13,110,376	14,921,511	15,551,071	15,779,772
Water supply	12,573,076	11,152,958	13,668,105	9,565,732	10,637,184
Sewage disposal	16,263,424	16,209,815	18,894,621	14,377,716	15,676,866
Hurley Medical Center	285,097,713	316,559,531	305,243,841	333,154,375	328,655,402
Nonmajor Enterprise funds	91,767	1,028,644	1,133,198	744,469	999,994
Depreciation	21,118,963	21,560,045	20,078,945	21,016,396	19,612,798
Total operating expenses	345,318,028	379,621,369	373,940,221	394,409,759	391,362,016
Operating Income (Loss)	(16,090,374)	(772,282)	1,438,724	303,271	(10,031,245)
Nonoperating Revenue (Expenses)					
Investment income	3,941,210	3,547,009	1,768,395	3,266,633	1,932,514
Interest expense	(4,537,810)	(4,872,228)	(6,024,326)	(3,257,534)	(4,673,513)
Income from joint venture	1,321,984	486,099	2,098,517	2,677,943	2,734,278
Gain (loss) on disposal of assets	-	9,000,325	(578)	125,583	(712,535)
Capital grants and contributions	4,892,681	2,412,748	51,963	1,110,785	1,184,108
Write off of accounts receivable	(9,779,685)	-	-	-	-
Income (Loss) - Before transfers	(20,251,994)	9,801,671	(667,305)	4,226,681	(9,566,393)
Transfers from other funds	-	5,411,200	703,256	736,405	-
Transfers to other funds	-	(1,584,454)	-	(986,584)	-
Change in Net Assets	(20,251,994)	13,628,417	35,951	3,976,502	(9,566,393)

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

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

	As of June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund:										
Reserved	1,013,728	2,827,833	2,470,602	1,612,069	1,091,217	362,368	82,435	82,082	19,388	1,222,171
Designated for subsequent years' expenditures	4,387,195	1,667,903	685,321	-	-	-	-	-	1,572,584	2,512,158
Unreserved (deficit)	4,556,810	-	-	(14,709,249)	(27,676,563)	(26,617,953)	(14,069,159)	(7,871,141)	4,507,985	5,180,925
Total general fund (deficit)	9,957,733	4,495,736	3,155,923	(13,097,180)	(26,585,346)	(26,255,585)	(13,986,724)	(7,789,059)	6,099,957	8,915,254
All Other Governmental Funds:										
Reserved	3,524,145	2,675,652	4,293,561	1,489,892	2,656,219	1,931,161	1,797,570	2,029,831	3,392,943	6,110,321
Designated for subsequent years' expenditures	3,879,543	4,753,214	1,092,745	1,134,611	278,197	-	730,295	1,239,710	8,539,080	8,485,398
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	2,206,825	1,519,985	7,931,807	6,254,926
Debt service funds	-	-	-	-	-	-	573	54,045	6,578	6,721
Capital projects funds	-	-	-	-	-	-	2,618,573	1,909,930	87,638	996,232
Undesignated	654,041	397,011	-	332,050	343,293	5,695,228	-	-	-	-
Total all other governmental funds	8,057,729	7,825,877	5,386,306	2,956,553	3,277,709	7,626,389	7,353,836	6,753,501	19,958,046	21,853,598
Total governmental fund balance	18,015,462	12,321,613	8,542,229	(10,140,627)	(23,307,637)	(18,629,196)	(6,632,888)	(1,035,558)	26,058,003	30,768,852

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

	2002	2003	2004	2005	2006
Revenue					
Property taxes	24,661,910	24,752,965	24,501,522	24,852,131	25,324,052
Income taxes	24,119,519	20,813,829	19,941,781	20,670,108	19,660,536
Special assessments	-	-	-	327,834	174,930
Federal revenue	8,645,009	10,879,408	13,510,468	6,055,201	7,546,232
State-shared revenues (and grants)	35,659,912	34,260,541	31,114,612	30,377,126	33,546,805
Licenses and permits	2,822,141	1,993,056	2,121,053	2,546,380	2,574,399
Fines and forfeitures	2,530,780	2,506,075	2,687,404	2,801,511	2,603,615
Charges for services	7,343,059	7,555,264	12,667,671	7,713,078	9,426,545
Local grants	252,619	578,894	1,816,437	778,851	931,252
Interest and Other	4,433,165	2,828,792	3,291,662	2,561,743	3,796,181
Total revenue	110,468,114	106,168,824	111,652,610	98,683,963	105,584,547
Expenditures					
Current:					
Legislative	1,137,913	892,569	518,190	915,521	1,274,989
Judicial	5,242,975	4,556,480	4,527,082	5,156,051	5,325,026
General government	17,819,780	17,119,340	28,287,256	12,388,079	12,385,713
Public safety	44,763,124	37,185,128	32,666,458	41,437,041	44,067,519
Building inspections		1,596,003	2,593,178	2,883,968	4,669,425
Public works	22,756,930	14,684,702	17,304,349	23,064,773	20,743,060
Parks & Recreation	4,458,451	4,989,311	4,020,712	3,810,410	4,254,071
Community development	11,127,446	10,603,546	11,522,650	4,014,867	9,391,721
Debt Service:					
Principal	2,717,447	2,889,575	2,017,031	1,628,048	2,844,077
Interest and fiscal charges	623,933	415,823	360,690	313,032	436,945
Total expenditures	110,647,999	94,932,477	103,817,596	95,611,790	105,392,546
Excess of Revenue Over (Under) Expenditures	(179,885)	11,236,347	7,835,014	3,072,173	192,001
Other Financing Sources (Uses)					
Debt issuance	1,172,000	1,452,000	-	8,000,000	3,840,000
Sale of fixed assets	-	-	-	221,403	678,848
Transfers in	6,275,018	8,594,889	8,788,999	4,701,209	4,569,980
Transfers out	(6,676,886)	(6,375,166)	(9,533,690)	(4,669,738)	(4,569,980)
Total other financing sources (uses)	770,132	3,671,723	(744,691)	8,252,874	4,518,848
Net change in fund balances	590,247	14,908,070	7,090,323	11,325,047	4,710,849
Fund Balances - Beginning of year	(7,846,342)	(7,256,095)	7,651,975	14,732,956	26,058,003
Fund Balances - End of year	(7,256,095)	7,651,975	14,742,298	26,058,003	30,768,852
Debt service as a percentage of noncapital expenditures	3.0%	3.5%	2.3%	2.0%	3.1%

Notes: This schedule will eventually provide 10 years of data, going back to the implementation of GASB 34 in 2002.
The fund balance at 6-30-04 was restated.

Revenue Capacity Information - Schedule 6

CITY OF FLINT, MICHIGAN

Taxable Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Taxable Value by Property Type:										
Real Property:										
Tax Year	Fiscal year ended June 30,	Residential	Commercial	Industrial	Personal Property	Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual	Industrial Facilities Tax Abated Taxable Value
1997	1998	648,385,095	184,904,548	219,686,706	530,431,350	1,583,407,699	53.0500	3,298,028,880	48.01%	166,148,100
1998	1999	664,725,448	190,642,374	337,752,282	548,689,267	1,741,809,371	53.0500	3,469,509,608	50.20%	113,279,100
1999	2000	681,457,780	196,101,603	225,850,126	546,683,717	1,650,093,226	53.0086	3,531,489,514	46.73%	109,017,100
2000	2001	702,316,712	201,737,535	229,725,019	460,189,472	1,593,968,738	55.9086	3,563,778,172	44.73%	99,643,400
2001	2002	735,141,459	213,306,825	195,586,761	395,076,836	1,539,111,881	56.8956	3,511,923,954	43.83%	92,409,000
2002	2003	773,884,137	221,047,898	187,870,246	387,314,141	1,570,116,422	56.8103	3,607,345,434	43.53%	90,951,800
2003	2004	799,987,359	214,010,263	206,211,779	365,427,300	1,585,636,701	55.6705	3,650,323,064	43.44%	80,787,500
2004	2005	827,296,569	216,263,221	209,511,131	345,183,800	1,598,254,721	56.9759	3,727,536,086	42.88%	82,758,600
2005	2006	859,573,375	221,731,987	216,022,960	358,327,845	1,655,656,167	56.9759	3,796,650,962	43.61%	66,498,151
2006	2007	901,052,488	227,755,465	214,355,673	337,708,900	1,680,872,526	56.9705	3,894,475,000	43.16%	92,789,751

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

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

Source: City Assessor

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

Millage Rates - Direct City Taxes

Tax Year	General Operating	Public Improve-ments	Police	Public Transp	Parks	Total Direct Taxes**	Waste Collection	Paramedic Services	Genesee County	Parks & Recreation
1997	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4925	5.5948	0.4925
1998	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4925	5.5948	0.4925
1999	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2000	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4910	5.5780	0.4910
2001	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4906	5.5735	0.4906
2002	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4886	5.5512	0.4886
2003	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4861	5.5228	0.4861
2004	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2005	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5095	0.4849
2006	7.5000	2.5000	2.0000	0.6000	0.5000	13.1000	3.0000	0.4849	5.5072	0.4849

Note: The City's property tax rates may be increased only by a majority vote of the City's residents.

**Overlapping rates are those of local and county governments that apply to property owners within the City.*

***Under Charter & Applicable State Law - Under the Michigan Home Rule Cities Act, a Home Rule City is allowed to extend the operating millage not to exceed two percent (2% or 20 mills) of assessed value of all real and personal property in the City*

Source: City Assessor

Overlapping Tax Rates***Total Tax Rate**

Mott									
Bishop	District	Michigan	Community	Intermediate	School:	School: Non-			
Airport	MTA	Library	S.E.T.	College	School District	Homestead	homestead	Homestead	Non-homestead
0.4925	0.4000	0.0000	6.0000	1.8745	3.6032	0.0000	18.0000	35.0500	53.0500
0.4925	0.4000	0.0000	6.0000	1.8745	3.6032	0.0000	18.0000	35.0500	53.0500
0.4910	0.3988	0.0000	6.0000	1.8694	3.5894	0.0000	18.0000	35.0086	53.0086
0.4910	0.3988	2.9000	6.0000	1.8694	3.5894	0.0000	18.0000	37.9086	55.9086
0.4906	0.3996	2.9000	6.0000	2.8672	3.5835	0.0000	18.0000	38.8956	56.8956
0.4886	0.3980	2.9000	6.0000	2.8280	3.5673	0.0000	18.0000	38.8103	56.8103
0.4861	0.3959	2.9000	5.0000	2.7466	3.5469	0.0000	18.0000	37.6705	55.6705
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6807	3.5361	0.0000	18.0000	38.9759	56.9759
0.4849	0.7949	2.9000	6.0000	2.6796	3.5341	0.0000	18.0000	38.9705	56.9705

Revenue Capacity Information - Schedule 8
CITY OF FLINT, MICHIGAN
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
General Motors	299,125,876	1	15.36% *	560,771,100	1	34.01%
Delphi	93,517,172	2	4.80%			
Consumers Energy	40,970,907	3	2.10%	46,115,600	2	2.80%
The Herald Company, Inc. (Flint Journal)	8,468,867	4	0.43%	5,338,500	5	0.32%
UPF, Inc.	6,204,705	5	0.32%			
Automotive Component Carriers	5,852,874	6	0.30%			
PPG Industries, Inc.	5,668,846	7	0.29%	3,520,800	7	0.21%
Michigan Coca-Cola Bottling	5,180,443	8	0.27%			
Citizens Bank	4,835,839	9	0.25%	5,575,100	4	0.34%
McDonald Dairy/Country Fresh	4,795,562	10	0.25%	3,448,800	8	0.21%
E.D.S. Corporation				29,814,200	3	1.81%
Ramco Lapeer Assoc.				3,657,500	6	0.22%
Continental Mortgage (Genesee Towers)				2,992,500	9	0.18%
Xerox Corporation				2,948,600	10	0.18%
Total Assessed Value, Top Ten	474,621,091		24.37%	664,182,700		40.28%
Total Assessed Value, City of Flint	\$ 1,947,237,500			\$ 1,649,014,440		

*In 1997, General Motors included Delphi

Source: City Assessor

Revenue Capacity Information - Schedule 9

CITY OF FLINT, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal year ended June 30,	Total Tax Levy^(a)	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
1996	1997	28,656,629	26,524,082	92.56%	1,501,735	28,025,817	97.80%
1997	1998	26,233,903	24,061,214	91.72%	1,686,046	25,747,260	98.14%
1998	1999	27,174,398	24,674,656	90.80%	2,190,832	26,865,488	98.86%
1999	2000	26,766,043	23,432,022	87.54%	2,123,634	25,555,656	95.48%
2000	2001	25,446,591	22,338,786	87.79%	2,721,703	25,060,489	98.48%
2001	2002	24,516,058	21,395,879	87.27%	2,344,978	23,740,857	96.84%
2002	2003	25,848,083	22,817,811	88.28%	2,403,504	25,221,314	97.58%
2003	2004	25,943,768	22,764,388	87.75%	2,880,345	25,644,733	98.85%
2004	2005	26,133,367	23,305,046	89.18%	2,232,901	25,537,947	97.72%
2005	2006	26,334,371	22,885,087	86.90%	3,136,411	26,021,508	98.81%

^(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

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

Source: City Treasurer & City Assessor

Debt Capacity Information - Schedule 10

CITY OF FLINT, MICHIGAN

Ratios of Outstanding Debt

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities:										
General obligation bonds	16,315,093	14,335,604	12,078,470	9,887,554	7,731,724	8,145,494	4,825,137	2,455,000	9,175,000	6,765,000
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	8,833,026	7,610,354	6,154,369	5,329,645	4,505,134	4,061,364	4,419,082	4,082,706	3,734,658	7,140,581
Capital leases	288,238	200,833	541,519	575,516	454,547	1,283,408	815,767	493,636	154,025	-
Total Governmental Activities	25,436,357	22,146,791	18,774,358	15,792,715	12,691,405	13,490,266	10,059,986	7,031,342	13,063,683	13,905,581
Business Type Activities:										
General obligation bonds	9,450,000	9,025,000	20,381,530	18,524,210	19,875,834	9,263,140	7,228,424	4,204,534	2,996,030	1,688,571
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	66,380,000	84,525,000	80,955,000	77,125,000	73,145,000	85,994,660	96,568,575	98,172,350	106,098,490	105,849,432
Notes payable	1,558,570	870,856	162,024	594,162	5,013,946	8,293,516	514,680	457,248	396,768	332,986
Capital leases	-	537,779	528,533	462,141	1,359,792	-	8,679,229	6,973,933	5,276,146	3,446,409
Total Business Type Activities	77,388,570	94,958,635	102,027,087	96,705,513	99,394,572	103,551,316	112,990,908	109,808,065	114,767,434	111,317,398
Total debt of the government	102,824,927	117,105,426	120,801,445	112,498,228	112,085,977	117,041,582	123,050,894	116,839,407	127,831,117	125,222,979
Total residential personal income	\$3,576,060,650	\$3,439,269,525	\$3,281,661,814	\$3,150,325,981	\$2,861,065,143	\$2,371,144,784	\$2,595,966,375	\$2,505,060,765	\$2,150,985,535	\$2,071,630,014
Total debt as percentage of personal income	2.88%	3.40%	3.68%	3.57%	3.92%	4.94%	4.74%	4.66%	5.94%	6.04%
Total population	129,689	128,107	126,525	124,943	124,780	123,624	121,839	120,740	119,596	118,551
Total debt per capita	792.86	914.12	954.76	900.40	898.27	946.75	1,009.95	967.69	1,068.86	1,056.28

Debt Capacity Information - Schedule 11

CITY OF FLINT, MICHIGAN

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Tax-Limited General			Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
	Obligation Bonds (LTGO)	Other General Obligation Debt	Net General Bonded Debt				
1997	16,315,093	9,121,264	25,436,357	1,583,407,699	1.61%	131,270	193.77
1998	14,335,604	7,811,187	22,146,791	1,741,809,371	1.27%	129,689	170.77
1999	12,078,470	6,695,888	18,774,358	1,650,093,226	1.14%	128,107	146.55
2000	9,887,554	5,905,161	15,792,715	1,593,968,738	0.99%	126,525	124.82
2001	7,731,724	4,959,681	12,691,405	1,539,111,881	0.82%	124,943	101.58
2002	8,145,494	5,344,772	13,490,266	1,570,116,422	0.86%	124,780	108.11
2003	4,825,137	5,234,849	10,059,986	1,585,636,701	0.63%	123,624	81.38
2004	2,455,000	4,576,342	7,031,342	1,598,254,721	0.44%	121,839	57.71
2005	9,175,000	3,888,684	13,063,684	1,655,656,167	0.79%	120,740	108.20
2006	6,765,000	7,140,582	13,905,582	1,680,872,526	0.83%	119,596	116.27

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

Debt Capacity Information - Schedule 12

CITY OF FLINT, MICHIGAN

Direct and Overlapping Governmental Activities Debt

Current Fiscal Year and Nine Years Ago

Governmental unit	Fiscal Year 2006			Fiscal Year 1997		
	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt	Debt Outstanding	Estimated % Applicable *	Estimated Share of Overlapping Debt
Overlapping Debt:						
Genesee County	148,945,675	14.22%	\$ 21,180,075	49,576,000	22.70%	\$ 11,253,732
Flint School District	10,534,736	100.00%	10,534,736	3,845,000	100.00%	3,845,000
Genesee Intermediate School District	0	14.22%	-	3,256,480	22.70%	739,220
Airport Authority	31,913,726	14.22%	4,538,132	14,976,861	22.70%	3,399,742
Mott Community College	69,105,933	14.22%	9,826,864	32,650,000	22.70%	7,411,537
Carman School District	45,730,000	13.20%	6,036,360	-	38.00%	-
Kearsley School District	2,500,000	2.00%	50,000	1,350,000	27.01%	388
Swartz Creek School District	0	75.00%	-	0	17.00%	-
Westwood Heights School District	0	2.12%	-	900,000	3.83%	34,506
Mass Transit Authority	0	14.22%	-	0	0.00%	-
Flint Public Library	0	14.22%	-	0	0.00%	-
Total Overlapping Debt			\$ 52,166,166			\$ 26,684,125
Direct City Debt			\$ 114,303,002			\$ 92,145,093
Total Direct and Overlapping Debt			\$ 166,469,168			\$ 118,829,218

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

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

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

Debt Capacity Information - Schedule 13

CITY OF FLINT, MICHIGAN

Legal Debt Margin

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Calculation of legal debt limit:										
Assessed valuation	\$ 1,649,014,440	\$ 1,734,754,804	\$ 1,814,888,657	\$ 1,781,889,086	\$ 1,755,961,977	\$ 1,803,672,717	\$ 1,825,161,532	\$ 1,863,768,043	\$ 1,898,325,481	1,947,237,500
7% of assessed valuation *	\$ 115,431,011	\$ 121,432,836	\$ 127,042,206	\$ 124,732,236	\$ 122,917,338	\$ 126,257,090	\$ 127,761,307	\$ 130,463,763	\$ 132,882,784	\$ 136,306,625
Calculation of debt subject to limit:										
Total bonded debt at June 30	\$ 102,536,689	\$ 116,366,814	\$ 119,731,393	\$ 111,460,571	\$ 110,271,639	\$ 115,758,174	\$ 113,555,898	\$ 109,371,838	\$ 118,269,520	114,303,002
Less debt not subject to limitation under City Charter and State Statute:										
Revenue bonds and notes	\$ 76,771,596	\$ 93,006,210	\$ 87,271,393	\$ 83,048,807	\$ 82,664,081	\$ 98,349,540	\$ 101,502,337	\$ 102,712,304	\$ 106,089,490	105,849,432
Debt subject to limitation (net debt)	\$ 25,765,093	\$ 23,360,604	\$ 32,460,000	\$ 28,411,764	\$ 27,607,558	\$ 17,408,634	\$ 12,053,561	\$ 6,659,534	\$ 12,180,030	\$ 8,453,570
Legal debt margin (unused debt limitation)	\$ 89,665,918	\$ 98,072,232	\$ 94,582,206	\$ 96,320,472	\$ 95,309,780	\$ 108,848,456	\$ 115,707,746	\$ 123,804,229	\$ 120,702,754	\$ 127,853,055
Net debt subject to limit as % of debt limit	22.32%	19.24%	25.55%	22.78%	22.46%	13.79%	9.43%	5.10%	9.17%	6.20%

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

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

Debt Capacity Information - Schedule 14a

CITY OF FLINT, MICHIGAN

Pledged-Revenue Coverage - Water Fund Revenue Bonds

Last Seven Fiscal Years

Water Fund Revenue Bonds

Fiscal Year	Gross Revenues	Applicable		Debt Service			Coverage*
		Expenses	Net Revenues	Principal	Interest	Total	
2000	21,657,386	12,142,481	9,514,905	0	8,422	8,422	1,129.77
2001	19,693,803	11,759,879	7,933,924	285,000	86,391	371,391	21.36
2002	25,958,863	12,573,076	13,385,787	605,000	216,397	821,397	16.30
2003	28,037,317	11,152,958	16,884,359	985,000	454,072	1,439,072	11.73
2004	31,517,778	28,589,616	2,928,162	1,015,000	562,644	1,577,644	1.86
2005	31,160,636	25,116,803	6,043,833	1,040,000	740,160	1,780,160	3.40
2006	34,748,443	26,416,956	8,331,487	1,810,000	914,677	2,724,677	3.06

Notes: Previous revenue bonds were fully paid during 1995. A new issue began in 2000.

*Calculation of revenue bond coverage of 1.25 to 1 is required by the State of Michigan.

Debt Capacity Information - Schedule 14b

CITY OF FLINT, MICHIGAN

Revenue Bond Coverage - Hurley Medical Center

Last Fifteen Fiscal Years (amounts expressed in thousands)

Fiscal Year	Gross Revenue	Applicable		Debt Service			Coverage
		Expenses	Net Revenue	Principal	Interest	Total	
1991	\$ 174,621	\$ 149,320	\$ 25,301	\$ 4,551	\$ 5,421	\$ 9,972	2.54
1992	178,288	158,032	20,256	3,393	5,221	8,614	2.35
1993	181,367	156,844	24,523	3,685	5,007	8,692	2.82
1994	215,137	181,109	34,028	3,670	5,211	8,881	3.83
1995	232,464	196,293	36,171	4,529	5,041	9,570	3.78
1996	250,846	207,600	43,246	1,255	4,474	5,729	7.55
1997	260,099	219,772	40,327	2,840	4,877	7,717	5.23
1998	278,611	238,991	39,620	2,515	4,434	6,949	5.70
1999	272,030	240,522	31,508	3,570	4,668	8,238	3.82
2000	289,380	256,059	33,321	3,830	4,536	8,366	3.98
2001	300,158	261,459	38,699	3,980	4,420	8,400	4.61
2002	287,390	270,027	17,363	4,295	3,594	7,889	2.20
2003	345,034	283,239	61,795	29,585	3,584	33,169	1.86
2004	324,546	278,279	46,267	1,875	4,970	6,845	6.76
2005	347,060	298,184	48,876	2,090	3,964	6,054	8.07
2006	330,464	302,872	27,592	2,195	3,881	6,076	4.54

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

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

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

Demographic and Economic Information - Schedule 15

CITY OF FLINT, MICHIGAN

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemploy-ment rate
1996	131,270	\$3,576,060,650	\$27,242	10.9%
1997	129,689	\$3,439,269,525	\$26,519	9.2%
1998	128,107	\$3,281,661,814	\$25,617	9.5%
1999	126,525	\$3,150,325,981	\$24,899	8.8%
2000	124,943	\$2,861,065,143	\$22,899	8.2%
2001	124,780	\$2,371,144,784	\$19,003	10.8%
2002	123,624	\$2,595,966,375	\$20,999	13.2%
2003	121,839	\$2,505,060,765	\$20,560	14.7%
2004	120,740	\$2,150,985,535	\$17,815	14.5%
2005	119,596	\$2,071,630,014	\$17,322	13.7%

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

Demographic and Economic Information - Schedule 16

CITY OF FLINT, MICHIGAN

Principal Employers

Current Year and Nine Years Ago

Taxpayer	2006 Employees	Percentage of total	1997 Employees	Percentage of total	1997 rank
1 General Motors Corporation	17,854	23.33%	37,055	28.82%	1
2 Delphi Automotive Systems	5,506	7.19%			*
3 Flint School District	4,698	6.14%	5,875	4.57%	2
4 Genesee County	2,880	3.76%	3,507	2.73%	3
5 Hurley Medical Center	2,861	3.74%	3,260	2.54%	4
6 McLaren Regional Medical Center	2,498	3.26%	1,200	0.93%	7
7 State of Michigan	1,208	1.58%	1,250	0.97%	6
8 City of Flint	1,098	1.43%	1,451	1.13%	5
9 United States Postal Service	833	1.09%	800	0.62%	8
10 Genesys Health Systems	815	1.06%	600	0.47%	9
	40,251	52.59%	54,998	42.78%	
 Total Employees Working in City	 76,537		 128,570		

**Note: Delphi split from General Motors in 1998*

Source: City of Flint Income Tax Division

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Administration										
City Administration	10.0	10.0	11.0	11.0	11.0	6.0	4.0	5.0	4.0	2.0
Mayor's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Mayor's Office on Human Services	2.0	2.0	3.0	3.0	3.0	0.0	0.0	0.0	0.0	0.0
Legal Department	14.0	15.0	13.8	14.0	14.0	14.0	14.0	13.0	11.0	6.0
City Clerk's Office	21.7	17.8	16.8	17.8	17.8	16.8	15.8	15.8	15.8	16.8
City Council	13.0	13.0	13.0	14.0	14.0	12.0	12.0	11.0	11.0	13.0
Ombudsman's Office	6.0	6.0	7.0	8.0	8.0	5.0	2.0	1.0	1.0	1.5
Human Resources - Personnel & Labor Relations	13.0	13.0	14.0	14.0	14.0	10.0	8.0	9.0	10.0	7.0
Civil Service Commission	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0
Human Relations Commission	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Union Representatives	0.0	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0
68th District Court	67.7	68.5	68.3	69.0	69.0	58.0	58.0	52.0	48.5	51.0
Finance Administration										
Finance Department/Payroll/Retirement	19.0	20.0	19.0	20.0	21.0	15.0	19.0	18.0	17.0	18.0
Treasury/Customer Service/Income Tax Assessment	61.0	59.6	58.0	58.0	60.0	56.0	51.0	51.0	50.0	50.0
Budget Management	5.0	5.0	5.0	6.0	6.0	4.0	6.0	5.0	2.0	2.0
Information Services/Data Processing	18.0	22.0	21.0	21.0	21.0	24.0	22.0	21.0	23.0	19.0
Benefits/Risk Management										
Insurance, Risk & Benefits Management	3.0	3.0	3.0	3.0	3.0	8.0	9.0	8.0	8.0	9.0
Public Service Attendants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Purchasing										
Administration	3.0	3.0	3.0	3.0	4.0	4.5	3.0	3.0	3.0	3.0
Inventory Control/Stockkeepers	8.0	9.0	8.0	10.0	10.0	8.0	1.0	1.0	4.0	5.0
City Market	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
Equal Opportunity/Contract Compliance	3.1	3.5	5.1	5.1	2.0	1.0	0.0	0.0	0.0	0.0
Community & Economic Development										
Community & Economic Development	19.0	21.0	21.0	22.0	20.0	0.0	0.0	0.0	0.0	0.0
Major Grants	0.0	0.0	0.0	0.0	0.0	17.0	11.5	12.0	12.0	9.0

Operating Information - Schedule 17

CITY OF FLINT, MICHIGAN

Full-time Equivalent Government Employees

Last Ten Fiscal Years (as of June 30)

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fire Department	244.0	252.0	224.0	223.0	216.0	143.0	133.0	132.0	120.0	130.0
Emergency 9-1-1	0.0	0.0	36.0	36.0	36.0	34.0	30.0	29.0	29.0	29.0
Police Department										
Sworn Officers	337.0	337.0	342.0	342.0	336.0	277.0	238.0	249.0	249.0	259.0
Civilians	57.6	51.6	54.6	78.6	71.6	36.0	34.0	35.0	31.0	31.0
School Crossing Guards	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	27.4
Parks & Recreation										
Administration	6.0	7.8	7.0	7.0	6.0	7.0	4.0	5.5	6.0	6.0
Facilities Maintenance	11.0	11.0	12.0	13.0	13.0	11.0	8.0	31.0	24.0	30.0
Forestry Division	24.6	30.2	30.1	27.6	27.6	17.6	17.6	9.0	3.0	7.0
Golf Division	24.0	24.1	28.8	29.6	29.8	27.5	41.0	18.0	27.0	24.0
Recreation Division	32.5	37.2	50.7	45.9	49.4	31.9	26.9	0.0	0.0	0.0
IMA Sports Arena	22.3	24.4	15.8	18.9	21.3	0.0	0.0	0.0	0.0	0.0
Public Works & Utilities Administration										
Public Works & Utilities Administration	4.0	4.0	7.0	7.0	7.0	7.0	0.0	0.0	0.0	0.0
Building Inspections/Development	32.0	37.0	39.0	44.0	45.0	0.0	0.0	25.5	25.5	25.3
Engineering	24.5	21.0	15.0	16.0	16.0	14.0	9.0	8.0	8.0	7.5
Fleet Management	12.0	11.0	11.0	13.0	14.0	14.0	12.0	10.0	11.0	12.0
Street Maintenance	44.0	38.6	38.5	39.4	38.4	36.4	35.4	30.0	37.0	35.0
Traffic Engineering	14.0	14.0	14.0	15.5	15.0	16.0	15.0	15.0	15.0	16.0
Waste Collection/Sanitation	42.7	45.7	48.8	49.8	50.0	56.0	57.0	40.0	40.0	41.0
Transportation-Director/Administration	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
Utilities Administration	0.0	0.0	0.0	0.0	0.0	0.0	4.0	5.0	3.0	5.0
Sewer Maintenance	28.0	28.0	26.0	30.0	31.0	31.0	27.0	27.0	27.0	26.0
Water Plant	34.0	34.0	34.0	35.0	35.0	33.0	27.0	28.0	27.0	27.0
Water Pollution Control	59.0	58.0	60.0	60.0	61.0	66.0	57.0	56.0	54.0	57.0
Water Service Center	54.0	53.0	54.0	51.0	51.0	51.0	43.0	45.0	43.0	45.0
Total Staffing	1451.6	1468.9	1497.2	1539.1	1525.8	1226.6	1114.1	1080.7	1056.7	1098.5

Source: City of Flint Budget Office

Operating Information - Schedule 18
CITY OF FLINT, MICHIGAN
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Election Data (November Elections):										
Registered voters	96,684	96,883	98,798	91,933	92,934	89,854	88,490	92,049	91,288	91,637
Voters (at the polls or absentee)	15,317	35,422	34,125	47,909	14,186	28,770	23,529	46,512	13,204	32,243
Percent voting	15.8%	36.6%	34.5%	52.1%	15.3%	32.0%	26.6%	50.5%	14.5%	35.2%
68th District Court (calendar year):										
Number of court cases	51,111	47,007	48,082	43,748	44,868	47,141	47,801	44,071	44,635	N/A
Police (calendar year):										
Physical arrests	8,743	9,185	9,285	8,311	8,870	6,504	6,081	5,541	6,115	N/A
Traffic violations	31,482	27,251	28,844	24,830	24,062	26,101	25,899	22,907	24,082	N/A
Investigations	N/A	N/A	N/A	31,929	29,258	26,289	24,887	22,497	22,155	N/A
Fire (calendar year):										
Fire runs	N/A	N/A	N/A	3,874	4,482	4,472	4,526	3,944	7,119	N/A
Emergency medical runs	N/A	N/A	N/A	13,439	16,571	16,300	16,752	16,170	* 3115	N/A
Inspections	N/A	N/A	N/A	N/A	N/A	38	66	296	281	N/A
Public Works:										
Miles of streets resurfaced	N/A	N/A	N/A	N/A	19.34	18.26	13.36	11.81	18.07	51.39
Potholes repaired	N/A	N/A	N/A	N/A	N/A	935	906	1,348	832	678
Refuse Collection:										
Household waste & residential compost - cubic yards { A massive City clean-up campaign occurred in 2005 }	N/A	N/A	N/A	N/A	N/A	N/A	102,113	112,801	214,654	133,747
Parks and Recreation (calendar year):										
Recreation Centers - Senior & Youth Participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	610	683	1,091
Water:										
Number of customers billed	48,369	47,152	46,641	48,369	44,148	46,400	45,600	45,890	43,900	43,278
Total consumption (ccf)	14,339,296	15,785,334	14,667,127	14,911,536	16,450,108	15,498,367	13,426,910	13,297,217	13,610,901	12,258,619
Average consumption per user (ccf)	296	335	314	308	373	334	294	290	310	283
Wastewater (calendar year):										
Average daily sewage treatment - gallons	28,700,000	25,700,000	20,400,000	22,500,000	26,000,000	22,100,000	20,800,000	26,800,000	23,700,000	24,300,000

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

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

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

Operating Information - Schedule 19

CITY OF FLINT, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Mini-Stations	5	5	5	7	7	8	9	9	8	8
Patrol units	116	116	116	116	116	116	88	88	88	88
Fire:										
Stations	7	6	6	6	6	6	6	6	6	6
Fire response vehicles	18	18	18	18	18	17	16	16	16	17
Emergency response vehicles	11	11	11	11	11	11	9	7	4	4
Public Works:										
City Streets (miles):	506.22	505.50	506.63	505.47	505.47	505.47	509.31	509.33	507.60	508.62
Major streets	149.12	149.12	149.12	149.12	149.12	149.12	152.96	152.98	152.29	152.29
Local streets	357.10	356.38	357.51	356.35	356.35	356.35	356.35	356.35	355.31	356.33
Interstate Highways	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Sidewalks	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25	986.25
Streetlights	11,244	10,134	9,823	11,319	11,086	11,154	11,182	11,267	11,173	11,150
Traffic Signals/Beacons	276	276	275	275	275	275	274	274	274	275
Refuse Collection:										
Collection trucks in service	23	23	23	23	25	26	26	22	23	20*
Parks and Recreation:										
Acreage	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836
Developed parks/playgrounds	67	67	67	67	67	67	67	67	67	67
Baseball/softball stadiums/diamonds	29	29	29	29	29	29	29	29	29	29
Soccer/football/rugby fields	12	12	12	12	12	12	12	12	12	12
Community centers	6	6	6	6	6	6	6	6	6	6
Golf courses	4	4	4	4	4	4	4	4	4	4
Water:										
Water mains (miles)	540	540	540	540	540	540	540	540	540	540
Fire hydrants	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Storage capacity (gallons)	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
Sewer:										
Sanitary sewers (miles)	570	570	570	570	570	570	570	570	570	570
Storm sewers (miles)	350	350	350	350	350	350	350	350	350	350
Treatment capacity (gallons/day)	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000

Source: Various City Departments

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

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

Schedule 20
CITY OF FLINT, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM - COMPARATIVE SCHEDULE - ACTUARIAL VALUATIONS
LAST 15 ACTUARIAL REPORTS

(\$ amounts expressed in thousands)

Continuation Indicators

Valuation Date December 31	Valuation Assets	APVCPB	Funded Ratio	UAPVCPB	Ratio of UAPVCPB to APVCPB	Member Payroll	Ratio of UAPVCPB to Payroll		
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%		
2005	Not yet completed								

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

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

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

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

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

**Reflects early retirement incentive program.*

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

Source: Gabriel, Roeder, Smith & Company Actuarial Valuation Reports