

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Flint	County Genesee
Audit Date 6/30/04	Opinion Date 12/6/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

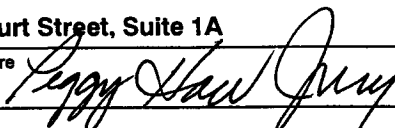
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) BKR Dupuis & Ryden			
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Accountant Signature 		ZIP 48502	Date 12/28/04

CITY OF FLINT, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2004



Prepared by
Department of Finance and Administration
Peter Dobrzeniecki, Director of Finance

City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2004

**City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004**

Table of Contents

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	1-4
Organizational Chart.....	5
List of Elected, Civil Service, and Appointed Officials	6-7
Certificate of Achievement for Excellence in Financial Reporting.....	8
Financial Section:	
Report of Independent Auditors.....	9-10
Management's Discussion and Analysis	11-22
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	23-26
Statement of Activities	27-28
Fund Financial Statements:	
Balance Sheet Governmental Funds.....	29-30
Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	32-33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	34
Statement of Net Assets – Proprietary Funds.....	35-38
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	39-40
Statement of Cash Flows – Proprietary Funds	41-44
Statement of Net Assets – Fiduciary Funds.....	45
Statement of Changes in Fiduciary Net Assets	46
Notes to the Basic Financial Statements	47-90

City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

Table of Contents – (continued)

	<u>Page</u>
Required Supplementary Information Section:	
Analysis of PERS Funding Progress and Schedule of PERS Employers Contributions	91-92
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) General and Major Special Revenue Funds	93-96
Notes to Required Supplementary Information	97
Combining Fund Statements and Fund Descriptions:	
Fund Descriptions	98-103
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	104-108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	109-113
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds.....	114-126
Combining Statement of Net Assets – Nonmajor Proprietary Funds.....	127
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Proprietary Funds	128
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	129
Combining Statement of Net Assets – Internal Service Funds.....	130-133
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	134-135
Combining Statement of Cash Flows – Internal Service Funds	136-139
Combining Statement of Net Assets – Pension Trust and Benefit Funds	140-141
Combining Statement of Changes in Net Assets – Pension Trust and Benefit Funds	142-143

City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

Table of Contents – (continued)

	<u>Page</u>
Combining Fund Statements and Fund Descriptions: - (continued)	
Combining Statements: - (continued)	
Combining Balance Sheet – Agency Funds	144
Combining Statement of Changes in Asset and Liabilities – All Agency Funds.....	145-146
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Function and Activity	147-148
Schedule of Changes by Function and Activity	149
Statistical Section (Unaudited):	
Table 1. General Governmental Expenditures by Function.....	150
Table 2. General Governmental Revenues by Source	151
Table 3. Property Tax Levies and Collections.....	152
Table 4. Assessed and Estimated Actual Value of Taxable Property.....	153
Table 5. Property Tax Rates and Tax Levies – Direct and Overlapping Governments	154-155
Table 6. Principal Ad Valorem Taxpayers	156
Table 7. Computation of Legal Debt Margin.....	157
Table 8. Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	158
Table 9. Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	159
Table 10. Computation of Direct and Overlapping Bonded Debt	160

City of Flint, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

Table of Contents – (continued)

Page

Statistical Section (Unaudited):

Table 11. Schedule of Revenue Bond Coverage –	
a. Hurley Medical Center Revenue Bonds	161
b. Water Supply System Revenue Bonds	162
Table 12. Debt Service Requirements to Maturity –	
a. Governmental-Type Activity	163
b. Business-Type Activities	164
Table 13. Demographic Statistics	165-167
Table 14. Miscellaneous Statistical Data	168-172
Table 15. Salaries and Surety Bonds of Principal Officials	173
Table 16. Property Value, Construction & Bank Deposits	174
Table 17. Employees' Retirement System - Comparative	
Schedule Actuarial Valuations	175

Introductory Section



CITY OF FLINT

Department of Finance

Donald J. Williamson
Mayor

Peter Dobrzeniecki
Director of Finance

December 29, 2004

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, 2004.

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

The City of Flint's financial statements have been audited by BKR Dupuis & Ryden, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Flint for the fiscal year ended June 30, 2004, 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, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flint for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. 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, 2004, continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Profile of the Government

The City of Flint, incorporated in 1855, is located in the eastern part of the State of Michigan. The City currently occupies a land area of 32.8 square miles and serves a population of 120,292. The City is empowered to levy a property tax on both real and personal properties located within its boundaries, as well as a 1% income tax for those who live within the City limits (or .5% for those who only work within the City limits).

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

On May 22, 2002, the State of Michigan determined that a financial emergency existed in the City of Flint, pursuant to Section 15(1) of Public Act 72 of 1990, the Local Government Fiscal Responsibility Act of the State of Michigan. Pursuant to Section 18(1) of the Act the Governor, on July 2, 2002, assigned responsibility for managing the financial emergency to the Local Emergency Financial Assistance Loan Board. On July 8, 2002, the Board appointed an Emergency Financial Manager. The Emergency Financial Manager then became responsible for overseeing all aspects of the City government related to the City's finances, including: 1) analysis of factors and circumstances that contributed to the financial condition and recommendation of steps to be taken to correct the condition, 2) amendment, revision, approval, or disapproval of the budget, including appropriations and

expenditures, 3) administration of all outstanding debt of the local government, 4) making reports to the State as to the progress the City is making in eliminating the deficit, 5) (re)negotiation of labor contracts, 6) appointment and removal of administrative staff, as needed, 7) consolidation of departments and transfer of functions, as needed, 8) entering into agreements with other local governments for the provision of services, and 9) exercising the authority and responsibilities affecting the financial condition of the local government as provided by law. The Emergency Financial Manager and the Administrative Officials created a deficit elimination plan designed to overcome years of deficit spending and issued balanced budgets for fiscal years 2003 and 2004. Three key factors involved in this plan were: 1) a reorganization of City operations, 2) critical management and administrative reforms, and 3) reinventing the operation of the City of Flint. As a result of these reforms, the deficit has been reduced from approximately \$26.3 million to \$7.7 million as of the end of this fiscal year. To eliminate this debt, the City plans to sell fiscal stabilization bonds during fiscal year 2005. Also, as of July 1, 2004, the Emergency Financial Manager returned the control of the City to the Mayor and City Council, although the State of Michigan has not yet officially declared an end to the state of emergency.

The City of Flint provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructures; recreational activities and cultural events; water and sewer services; and sanitation/garbage pickup services. The Board of Hospital Managers has the exclusive authority to manage and operate Hurley Hospital. The Flint Downtown Development Authority Board promotes the rehabilitation of the downtown area. The City of Flint Economic Development Corporation provides financing and development opportunities for businesses located in the City of Flint.

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

Factors Affecting Financial Condition

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

Local Economy. The City's unemployment rate improved somewhat, from 9.1% in October 2003, to 7.9% in October 2004. The City of Flint's economy is strongly tied to the automobile industry.

Cash management policies and practices. Safety of principal is the foremost objective of the City of Flint. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. The surplus funds of

the City of Flint were invested in accordance with Act 20 of the Public Acts of 1943, as amended, and the City's Code of Ordinances. These funds were invested in obligations of the U.S. Treasury, certificates of deposit, commercial paper and investment pools. The maturity dates of the investments range from one day to 5-1/2 years, with an average maturity of 273 days. The yield on investments improved during the fiscal year, paying 2.24% as of June 30, 2004.

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

In FY 2002, organizational restructuring resulted in the Workers' Compensation function being transferred to the Risk Management department, which allows for a more coordinated effort to minimize accident-related losses. In addition, in FY 2003 the City of Flint added a Security/Fraud Manager to complement the already-existing efforts undertaken to control fraudulent exposures. Additional information on the City of Flint's risk management activities can be found in Section V.C. of the Notes of the June 30, 2004 Audited Financial Statements.

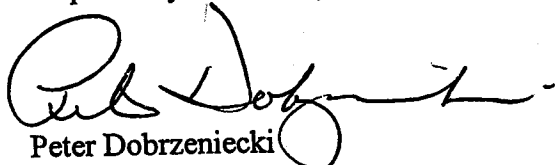
Pension and other post-employment benefits. The City of Flint sponsors a single-employer defined benefit plan for its public safety and non-public safety employees. Each year, an independent actuary engaged by the pension system calculates the amount of the annual contribution that the City of Flint must make to the pension system to ensure that the plan will be able to fully meet its obligations to retired employees. The City of Flint makes monthly contributions to the system in accordance with the contribution rate determined by the independent actuary. As a result of the City of Flint's funding activities, the overall retirement system as of December 31, 2002, was 91.2% funded.

The City of Flint also provides post-retirement health and vision care benefits for retirees and their dependents. As of the end of the current fiscal year, there were approximately 1,739 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Additional information on the City of Flint's Retirement Plan can be found in Section V.C. of the Notes of the June 30, 2004 Audited Financial Statements. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Acknowledgements

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

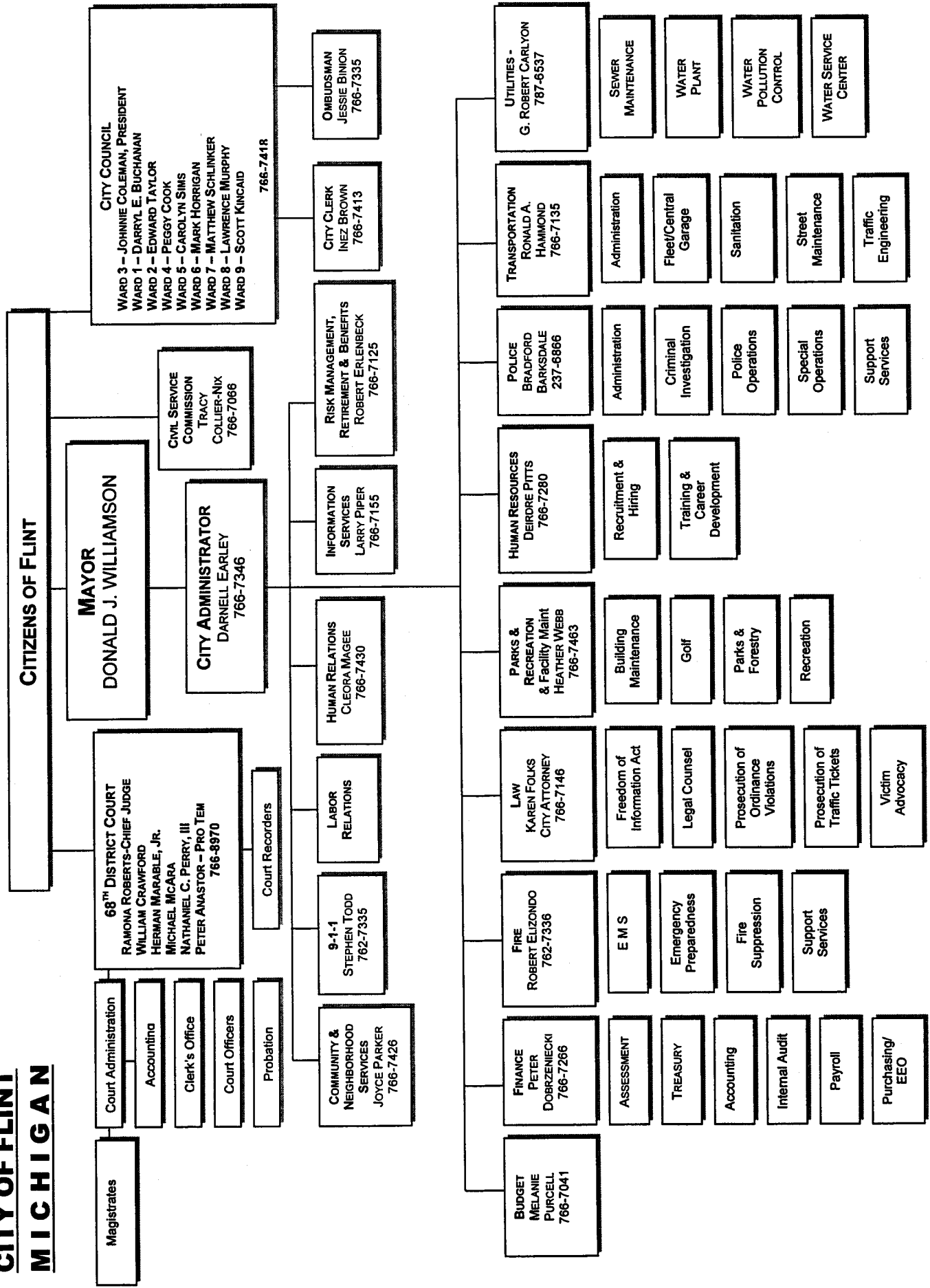
Respectfully submitted,



Peter Dobrzeniecki
Director of Finance

ORGANIZATIONAL CHART - Fiscal Year 2004

CITY OF FLINT MICHIGAN



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

Edward J. Kurtz	Emergency Financial Manager
Donald J. Williamson	Mayor
Darnell Earley	City Administrator
Bradford Barksdale	Chief of Police
G. Robert Carlyon	Director of Water/Sewer Utilities
Peter Dobrzeniecki	Director of Finance
Robert Elizondo	Fire Chief
Robert Erlenbeck	Risk Management, Insurance, Retirement & Benefits Administrator
Karen L. Folks	Chief Legal Officer
Ronald A. Hammond	Transportation Director (Traffic Engineering,
.....	Engineering, Streets, Sanitation, Fleet)
Joyce A. Parker	Community & Neighborhood Services/Major Grants Director
Larry Piper	Information Services Administrator
Deirdre G. Pitts	Human Resources Director
Melanie Purcell	Director of Budget Management
Stephen Todd	Emergency 911 Administrator
Heather Webb	Director of Parks & Recreation & Facility Maintenance

Other City Officials

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

**Appointed by City Council*

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

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

Flint Employees Retirement Board

Board Members

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

Alternates

Vacant (Hurley)

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Flint,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Zelle

President

Jeffrey R. Enen

Executive Director

Independent Auditors' Report

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan (City) as of June 30, 2004, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flint, Michigan at June 30, 2004, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "*Government Auditing Standards*" we have also issued a report dated December 6, 2004 on our consideration of City of Flint's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The management's discussion and analysis on pages 11 through 22 and the information in the required supplementary information section on pages 91 through 97 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flint's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants
Flint Office

December 6, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this Comprehensive Annual Financial Report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The City's General Fund deficit was \$7.8 million at fiscal year end 2004. The deficit has been reduced by \$6.2 million from the \$14.0 million deficit at fiscal year end 2003 and reduced \$18.4 million from the \$26.2 million deficit at fiscal year end 2002.
- The assets of the City of Flint exceeded its liabilities at the close of the most recent fiscal year by \$405.2 million (net assets). Of this amount, \$93.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$116.9 million. The addition of \$117.3 million in infrastructure to the City's Capital Assets accounts for the most of the increase.
- As of the close of the current fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$14.7 million, an increase of \$7.1 million over the prior year. Approximately \$6.5 million of this total amount, is available for spending at the government's discretion (unreserved fund balance).
- The City of Flint's governmental activity debt decreased by \$2 million (11%) during this fiscal year. The key factor in this decrease was a \$1.3 million retirement of 1993 TIFA bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Flint's basic financial statements. The City of Flint's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

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

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

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

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

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

The government-wide financial statements include not only the City of Flint itself (known as the primary government), but also a legally separate Downtown Development Authority and Economic Development Corporation, for which the City of Flint is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 23-28 of this report.

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

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

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

The City of Flint maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Major and Local Street funds, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 29-34 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Hospital and the Water & Sewer System, all of which are considered to be major funds of the City of Flint. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 35-44 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Flint's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 45-46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-90 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 91 and 92 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. Combining and individual fund statements and schedules can be found on pages 104-146 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Flint, assets exceeded liabilities by \$405.2 million at the close of the most recent fiscal year. (See Table 2)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$ 25.4	\$ 31.2	\$ 226.5	\$ 231.3	\$ 251.9	\$ 262.5
Capital assets	38.6	147.1	210.3	206.1	248.9	353.2
Total assets	<u>64.0</u>	<u>178.3</u>	<u>436.8</u>	<u>437.4</u>	<u>500.8</u>	<u>615.7</u>
Long-term liabilities outstanding	10.1	16.0	113.0	109.8	123.1	125.8
Other liabilities	20.1	11.6	69.3	73.1	89.4	84.7
Total liabilities	<u>30.2</u>	<u>27.6</u>	<u>182.3</u>	<u>182.9</u>	<u>212.5</u>	<u>210.5</u>
Net assets:						
Invested in capital assets, net of related debt	31.9	141.1	133.0	134.8	164.9	275.9
Restricted	22.8	27.0	3.7	9.2	26.5	36.2
Unrestricted	(20.9)	(17.4)	117.8	110.5	96.9	93.1
Total net assets	<u>\$ 33.8</u>	<u>\$ 150.7</u>	<u>\$ 254.5</u>	<u>\$ 254.5</u>	<u>\$ 288.3</u>	<u>\$ 405.2</u>

By far the largest portion of the City of Flint's net assets (68%) reflects its investment in capital assets (e.g., land, buildings, streets, sidewalks, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Flint uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Flint's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Flint's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 93.1 million (23% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Flint is able to report positive balances in all three categories of net assets, for the government as a whole. The same situation held true for the prior fiscal year. The governmental activities' net assets increased by \$116.9 million during the current fiscal year. The major portion of this increase is the recognition of infrastructure (e.g. street, sidewalks) as capital assets. The balance of the increase represents the continuing efforts of the City to reduce the total deficit in the General Fund. City Council and City Administration have reduced the deficit by reducing the total number of full and part-time employees by almost 500 positions and tightly controlling expenditures. The unrestricted net assets reported in connection with the City of Flint's business-type activities decreased by \$7.3 million (6%).

Governmental Activities. Governmental activities' revenues increased by \$17.0 million during fiscal year 2004. Most of the increase was in Charges for Services resulting from the cost allocation methodology. Income Taxes declined by \$1.6 million and State Revenue Sharing declined by \$2.2 million as a result of the continuing sluggish economy in Michigan. The \$15 million increase in General Government expenses resulted from the cost allocation methodology and offsets the revenue in Charges for Services. The increase in Public Works and Transportation (\$14.9 million) is mostly due to the recognition of depreciation from the retroactive recording of the City's infrastructure. Major and Local Street funds recorded a \$2.6 million increase in activity.

Business-Type Activities. The net assets of the business-type activities remain almost the same as the prior year (\$254.5 million). Revenues also remained the same (the \$10.7 decline in other revenue was the Hurley sale of the Renal (Kidney) program). Total expenses declined by less than 1%. The \$9.3 million reductions in expenses at the hospital are largely a result of the sale of the renal program. Increases in Water expense (\$4.2 million) and Sewer expense (\$2.2 million) are a result of increased operating costs in purchasing water from Detroit and treating/processing sewage.

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 2004 fiscal year, the City of Flint's governmental funds reported combined ending fund balances of \$14.7 million, an increase of \$7.1 million in comparison with the prior year. Approximately \$6.5 million constitutes unreserved fund balance (net), which is available for spending. Although the General Fund has a deficit of \$7.8 million, Special Revenue funds have \$10.9 million available for street improvements, \$1.9 million available for public/capital improvements, and \$1.1 million available in the Economic Development Revolving Loan fund.

The general fund is the chief operating fund of the City of Flint. The deficit in the general fund severely restricts spending. The general fund required an advance from the Sewer Fund of \$10.0 million in cash at June 30, 2004 to complete the fiscal year. The cash advanced from the Sewer fund includes the amount of the \$7.8 million deficit.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Revenues						
Program revenues						
Charges for services	\$ 11.0	\$ 27.3	\$ 379.3	\$ 377.8	\$ 390.3	\$ 405.1
Operating grants and contributions	22.3	23.0	2.3	1.4	24.6	24.4
Capital grants and contributions	1.8	3.9	0.1	0.1	1.9	4.0
General revenues						
Income taxes	21.5	19.9	-	-	21.5	19.9
Property taxes	24.3	24.5	-	-	24.3	24.5
Grants & contributions not restricted to specific programs	22.2	20.0	-	-	22.2	20.0
Other	(0.9)	1.2	12.5	1.8	11.6	3.0
Total revenues	<u>102.2</u>	<u>119.8</u>	<u>394.2</u>	<u>381.1</u>	<u>496.4</u>	<u>500.9</u>
Expenses						
Legislative	0.9	0.5	-	-	0.9	0.5
Judicial	4.6	5.1	-	-	4.6	5.1
General government	17.5	32.5	-	-	17.5	32.5
Public safety	39.4	39.2	-	-	39.4	39.2
Public works	11.2	26.1	-	-	11.2	26.1
Parks and Recreation	4.6	4.3	-	-	4.6	4.3
Community development	9.9	11.4	-	-	9.9	11.4
Interest on long term debt	0.4	0.4	-	-	0.4	0.4
Hospital	-	-	332.5	323.2	332.5	323.2
Water	-	-	28.7	32.9	28.7	32.9
Sewer	-	-	21.8	24.0	21.8	24.0
Golf Course	-	-	1.4	1.5	1.4	1.5
Parking facilities	-	-	0.1	0.1	0.1	0.1
Total Expenses	<u>88.5</u>	<u>119.5</u>	<u>384.5</u>	<u>381.7</u>	<u>473.0</u>	<u>501.2</u>
Increase (decrease) in net assets before transfers	<u>13.7</u>	<u>0.3</u>	<u>9.7</u>	<u>(0.6)</u>	<u>23.4</u>	<u>(0.3)</u>
Transfers	(3.8)	(0.7)	3.8	0.7	-	-
Increase (decrease) in net assets	<u>9.9</u>	<u>(0.4)</u>	<u>13.5</u>	<u>0.1</u>	<u>23.4</u>	<u>(0.3)</u>
Extraordinary item:						
Retroactive implementation of capital infrastructure	-	117.3	-	-	-	117.3
Net assets beginning of the year	23.9	33.8	240.9	254.4	264.8	288.2
Net assets end of the year	<u>\$ 33.8</u>	<u>\$ 150.7</u>	<u>\$ 254.4</u>	<u>\$ 254.5</u>	<u>\$ 288.2</u>	<u>\$ 405.2</u>

A surplus of \$6.2 million during the current fiscal year reduced the deficit balance of the City of Flint's general fund. The key factor in the \$6.2 million reduction is the continuing effect of staff reductions from prior years. The City issued 2,195 W-2 forms for wages paid in 2001 totaling \$56.1 million. Wages dropped to \$47.9 million in 2002 and 2,028 W-2 forms were issued. The City issued only 1,711 W-2 forms in tax year 2003 for wages totaling \$43.7 million. The City, over the two-year period, saved \$20.6 million in wages (all City funds) and eliminated 484 paid positions.

The remaining governmental funds have an unreserved fund balance of \$18.3 million of which \$13.5 million is available in the street funds, and \$1.9 million is available for capital improvements. Approximately \$4.2 million is reserved to indicate that it is not available for new spending. The reserved fund balance has been committed: 1) \$2.6 million to liquidate contracts and purchase orders of the prior period; 2) \$1.3 million for long-term lease receivable; and 3) \$.2 million for inventory. A total of \$3.8 million of unreserved fund balance is designated for future years' expenditures.

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 \$69.3 million. The Hurley Medical Center did not issue any bonds in 2004. The hospital spent \$7.3 million on capital assets, of which \$6.2 million came from the proceeds of the 2003 bond sale. Hurley capital assets declined by \$4.4 million to \$61.9 million.

Unrestricted net asset deficit in the Water Fund is \$1.7 million. A bond reserve account of \$2.6 million was established in the current fiscal year. The Water Fund also has an equipment reserve account of \$3.5 million. Water revenues increased by \$4.2 million (15%) as a result of a rate increase. The cost of water purchased from the City of Detroit increased by \$1.8 million. The cost of the water increase was less than expected due to a favorable look-back review by the City of Detroit. The balance of water operating costs increased by \$2.3 million, the two largest items being an additional \$1.2 million in bad debt and \$1.1 million in administrative costs.

Unrestricted net assets of the Sewer Fund amounted to \$45.3 million. Sewer revenues decreased by \$1.7 million from the previous year. The decrease was due to a reduction in volume, as sewer rates remained the same from the prior year. Sewer operating costs increased by \$2.5 million, the two largest items being an additional \$0.9 million in bad debt and \$1.5 million in administrative and miscellaneous costs.

General Fund Budgetary Highlights

General Fund expenditures totaled \$60.9 million, about \$2.2 million below the final amended budget. However, the amended budget to actual detail indicates some large variances. The variances are a result of an attempt to implement a cost allocation plan. The cost allocation plan was originally based upon the 2004 budget instead of actual numbers. The resulting cost allocation plan did not receive approval from HUD and was then revised using actual numbers for the period ending May 31, 2004 in order to obtain HUD approval. The May 31 actual numbers were on a primarily cash basis. The cost allocation plan also did not allocate to revenue and expenditure accounts, but instead charged everything to either a transfer in or a transfer out account, resulting in a non-GAAP budget presentation. Adjustments were made at year-end to bring the financial statements back into compliance with GAAP.

General Fund revenues are \$9.5 million below the amended budget of \$79.9 million. The large difference is accounted for in Charges for Services. Compared with the prior year actual of \$6.4 million, the current year cost allocation budget for Charges for Services is \$20.8 million. The difference was meant to reflect the total additional cost of pension health care, data processing charges, and self-insurance charges. The actual amount of \$10.4 million is comprised of \$6.1 million in actual Charges for Service (prior year was \$6.4 million) and \$4.3 million in charges to other funds for post-retirement health care.

General Fund expenditures are \$2.2 million below the budget of \$63.1 million. The difference is a result of continued cost cutting by most departments. A reduced number of employees and hiring freezes resulted in delays in filling vacant positions. General government expenditures are \$4.2 million below the \$27.9 million amended budget, the difference primarily due to the cost allocation plan. Total fiscal year 2004 charges for post-retirement health care are \$14.7 million, of which \$10.5 million is allocated to the General Fund. Data processing charges of \$4.9 and self-insurance charges of \$2.5 are allocated \$2.3 million and \$1.3 million to the General Fund. Excess revenues over expenditures are \$9.6 million, \$7.3 million below the cost allocation amended budget. Prior year excess revenues over expenditures were \$10.5 million. Other financing uses totaled an unfavorable \$3.4 million due to the General Fund transferring money 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, 2004 amounts to \$353.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges (see Table 4). Additional information on the City of Flint's capital assets can be found in note IV D on pages 66-68 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Land	\$ 11.7	\$ 11.6	\$ 7.5	\$ 7.5	\$ 19.2	\$ 19.1
Construction in progress	0.4	-	6.3	10.3	6.7	10.3
Buildings and System	7.3	6.9	73.2	68.7	80.5	75.6
Improvements other than buildings	4.8	5.2	2.5	3.1	7.3	8.3
Machinery and Equipment	8.0	6.5	120.8	116.5	128.8	123.0
Infrastructure	6.4	116.9	-	-	6.4	116.9
Total	<u>\$ 38.6</u>	<u>\$ 147.1</u>	<u>\$ 210.3</u>	<u>\$ 206.1</u>	<u>\$ 248.9</u>	<u>\$ 353.2</u>

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

- The City recorded \$117.3 million in infrastructure (e.g. streets, sidewalks) that had not been recorded in prior years. Recording infrastructure completes the City's required accounting conversion to the Governmental Accounting Standards Board statement number 34.
- The Hurley Medical Center purchased \$7.3 million in medical equipment.
- Water System additions and improvements completed in the Water System amounted to \$7.9 million (phase 1, segment 5).
- 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. The Water Fund has received \$4.5 million from the MMBA in fiscal year 2004 for reimbursement.

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

Long-term Debt. At year-end the City had \$6.6 million in bonds and notes outstanding for governmental activities and \$102.9 million in bonds and notes outstanding for business-type activities (see Table 5). Total long-term debt decreased by \$5.2 million to \$126 million at year-end. Annual debt service requirements for governmental activities' debt will increase over the six-year period 2006 to 2012 as a result of the December 2004 sale of \$8 million in financial recovery bonds. Additional information on the City of Flint's long-term debt can be found in note IV G on pages 72-80 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
General Obligation Bonds	\$ 4.8	\$ 2.5	\$ 7.2	\$ 4.2	\$ 12.0	\$ 6.7
Revenue Bonds and Notes	-	-	96.6	98.2	96.6	98.2
Other Notes	4.4	4.1	0.5	0.5	4.9	4.6
Capital Leases	0.8	0.5	8.7	7.0	9.5	7.5
Accrued Annual & Sick Pay	8.0	9.0	-	-	8.0	9.0
Total	<u>\$ 18.0</u>	<u>\$ 16.1</u>	<u>\$ 113.0</u>	<u>\$ 109.9</u>	<u>\$ 131.0</u>	<u>\$ 126.0</u>

Limitations on Debt. The State limits the amount of general obligation debt the City can issue to 7% of the assessed value of all taxable property within the City's corporate limits. The City's legal debt limit is \$130.5 million. The amount of debt available to the City (unused portion of the debt limitation) is \$123.8 million. The City can issue bonds through the Michigan Municipal Bonding Authority's state shared revenue program. The program pledges the City's future state shared revenues.

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

Economic Factors and Next Year's Budget and Rates

Economic Factors. The City of Flint's economy, like that of Michigan, is strongly tied to the automobile industry. Motor vehicle sales in October 2004 were 5.7% higher than October 2003. Sales of the larger trucks of the type manufactured in Flint were especially strong. The unemployment rate for the City of Flint improved from 9.1% in October 2003 to 7.9% in October 2004. The Michigan average unemployment rate was 6.6 % in October 2004. The City of Flint remains an important part of the General Motors Corporation's future manufacturing plans. GM announced, in August 2004, plans to invest \$60 million at the Flint Metal Center. GM announced, in December 2004, plans to invest \$300 million at the Flint Engine South plant and \$150 million at the Flint Truck Assembly plant.

The total assessed and taxable value of property at July 1, 2004 in the City of Flint increased by 1% from the previous year. Property values have increased modestly over each of the last three years.

Budgets. The City has again produced a timely and balanced budget for Fiscal Year 2005. There are no funds available from fund balance for appropriation in the General Fund and all surplus funds are again being dedicated to reducing the deficit. The 2005 General Fund budget was adopted with \$77.0 million in revenues and expenditures. The intent of the 2005 budget was to implement a cost allocation plan. However, the cost allocation plan does not allocate to various revenue and expenditure accounts but instead allocates to a transfer in / transfer out account, resulting in a non-GAAP presentation. The 2005 budget should be amended to remove the effect of the cost allocation plan and bring the budget into compliance with GAAP.

Rates. The engineering firm of Alvord, Burdick, & Howson completed a water and sewer rate study for the City of Flint in June 2003. The study recommended the water rates be increased for the 2004 fiscal year by 27.8% effective July 1, 2003. However, the City did not raise rates until October 22, 2003. At that time, it was necessary to raise the rates by 34% to cover the lost revenue from July 1 through October 22. The water rate increase was necessary to meet the projected costs of the system and to satisfy funding requirements associated with outstanding revenue bonds. The Sewer System's rates remained the same.

Deficit Elimination

The Local Emergency Financial Assistance Loan Board of the State of Michigan accepted, on June 24, 2004, the resignation of the emergency financial manager. The Local Emergency Financial Assistance Loan Board also passed a resolution authorizing the City of Flint to issue \$8 million in financial recovery bonds. The bonds were issued and proceeds received December 16, 2004. The bond sale eliminates the deficit in the General Fund. The Local Emergency Financial Assistance Loan Board made a recommendation to the Governor to end the City of Flint's financial emergency.

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, 2004

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	\$ 22,989,788	\$ 12,072,500	\$ 35,062,288
Cash and equivalents	6,649,622	33,449,727	40,099,349
Cash with agent	-	-	-
Investments	561,960	-	561,960
Receivables (Net, where applicable, of allowances for estimated uncollectible accounts of \$40,097,508)			
Taxes	528,226	-	528,226
Accounts	3,358,093	76,462,128	79,820,221
Accrued interest receivable	-	-	-
Special assessments	21,877	-	21,877
Notes and leases receivable	6,226,386	-	6,226,386
Due from component units	1,203,589	-	1,203,589
Due from primary government	-	-	-
Due from other governments	10,582,982	-	10,582,982
Internal balances	(21,412,789)	21,412,789	-
Inventories	286,011	4,552,461	4,838,472
Prepaid items	220,108	3,130,259	3,350,367
Restricted assets:			
Pooled cash and investments	-	6,093,499	6,093,499
Cash and equivalents	-	22,926,777	22,926,777
Investments	-	39,859,384	39,859,384
Accrued interest receivable	-	93,136	93,136
Capital assets (net of accumulated depreciation)	147,119,725	206,056,993	353,176,718
Other assets	-	5,059,804	5,059,804
Investment in joint ventures	-	6,260,988	6,260,988
Total assets	178,335,578	437,430,445	615,766,023

Component Units

<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>
\$ -	\$ -
468,466	145,357
-	339,262
-	472,448
-	-
-	-
-	9,248
-	-
767,837	113,212
-	-
-	164,240
42,222	-
-	-
-	-
18,140	-
-	-
-	-
-	-
-	-
6,403,298	670,310
-	-
-	-
<u>7,699,963</u>	<u>1,914,077</u>

(continued)

City of Flint, Michigan

Statement of Net Assets (continued) June 30, 2004

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Liabilities and Net Assets			
Liabilities:			
Accounts payable	8,003,480	19,999,191	28,002,671
Accrued liabilities	1,879,245	52,044,509	53,923,754
Deposits and advances	485,133	1,003,463	1,488,596
Due to other governments	92,071	-	92,071
Due to component units	164,240	-	164,240
Due to primary government	-	-	-
Unearned revenue	1,031,956	-	1,031,956
Noncurrent liabilities:			
Debt due within one year	2,462,565	6,010,708	8,473,273
Debt due in more than one year	13,540,296	103,797,357	117,337,653
Total liabilities	27,658,986	182,855,228	210,514,214
Net Assets:			
Invested in capital assets, net of related debt	141,106,021	134,791,542	275,897,563
Restricted for:			
Streets	15,777,856	-	15,777,856
Public improvement	3,482,373	-	3,482,373
Police	592,950	-	592,950
Parks and Recreation	1,188,008	-	1,188,008
Debt Service	61,503	2,578,235	2,639,738
Economic Development	5,598,546	-	5,598,546
Community Development	272,574	-	272,574
Capital Improvements	-	3,515,264	3,515,264
Other purposes	281	3,106,525	3,106,806
Unrestricted (deficit)	(17,403,520)	110,533,651	93,130,131
Total net assets	\$ 150,676,592	\$ 254,525,217	\$ 405,201,809

See notes to financial statements.

Component Units

<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>
59,223	2,056
2,781	-
16,140	31,305
-	-
-	-
767,837	435,752
7,015	-
-	-
-	-
<u>852,996</u>	<u>469,113</u>
6,403,298	670,310
-	-
-	-
-	-
-	-
-	-
-	782,283
-	-
10,570	-
-	-
<u>433,099</u>	<u>(7,629)</u>
<u>\$ 6,846,967</u>	<u>\$ 1,444,964</u>

City of Flint, Michigan

Statement of Activities For the Year Ended June 30, 2004

Functions/Programs	Program revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
Legislative	\$ 519,465	\$ -	\$ -
Judicial	5,135,841	718,454	332,040
General government	32,523,192	22,869,917	292,930
Police	23,343,300	2,480,493	1,429,641
Fire	13,010,970	142,046	226,177
Building inspection	2,851,237	835,492	716,322
Transportation	20,283,141	17,480	10,625,964
Public works	5,825,185	6,785	-
Parks and recreation	4,320,780	96,438	61,416
Community enrichment and development	11,404,334	111,737	9,331,495
Interest on long-term debt	360,690	-	-
Total governmental activities	119,578,135	27,278,842	23,015,985
Business-type Activities			
Hospital	323,239,388	323,520,002	1,424,991
Water	32,891,268	31,394,271	-
Sewer	23,985,623	21,684,475	-
Golf courses	1,549,612	1,112,839	-
Parking	44,925	86,575	-
Total business-type activities	381,710,816	377,798,162	1,424,991
Total primary government	\$501,288,951	\$ 405,077,004	\$ 24,440,976
Component units:			
Downtown Development Authority	\$ 907,172	\$ 559,163	\$ 22,952
Economic Development Authority	246,492	116,280	62,065
Total component units	\$ 1,153,664	\$ 675,443	\$ 85,017
General Revenues:			
Income taxes			
Property taxes			
Unrestricted grants and contributions			
Unrestricted investment earnings			
Unrestricted earnings			
Transfers			
Total general revenues and transfers			
Change in net assets			
Extraordinary item:			
Retroactive implementation of capital infrastructure			
Net assets - beginning			
Net assets - ending			

See notes to financial statements.

Program Revenues	Net (Expense) Revenue and Changes in Net Assets				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Economic Development Corporation
Capital Grants and Contributions					
\$ -	\$ (519,465)	\$ -	\$ (519,465)	\$ -	\$ -
-	(4,085,347)	-	(4,085,347)	-	-
1,611,051	(7,749,294)	-	(7,749,294)	-	-
318,877	(19,114,289)	-	(19,114,289)	-	-
231,176	(12,411,571)	-	(12,411,571)	-	-
-	(1,299,423)	-	(1,299,423)	-	-
1,069,498	(8,570,199)	-	(8,570,199)	-	-
-	(5,818,400)	-	(5,818,400)	-	-
679,820	(3,483,106)	-	(3,483,106)	-	-
-	(1,961,102)	-	(1,961,102)	-	-
-	(360,690)	-	(360,690)	-	-
3,910,422	(65,372,886)	-	(65,372,886)	-	-
-	-	1,705,605	1,705,605	-	-
51,963	-	(1,445,034)	(1,445,034)	-	-
-	-	(2,301,148)	(2,301,148)	-	-
-	-	(436,773)	(436,773)	-	-
-	-	41,650	41,650	-	-
51,963	-	(2,435,700)	(2,435,700)	-	-
\$ 3,962,385	(65,372,886)	(2,435,700)	(67,808,586)	-	-
\$ -	-	-	-	(325,057)	-
-	-	-	-	-	(68,147)
\$ -	-	-	-	(325,057)	(68,147)
	19,948,853	-	19,948,853	-	-
	24,501,378	-	24,501,378	59,479	-
	19,978,653	-	19,978,653	-	-
	1,156,340	1,768,395	2,924,735	1,785	12,898
	74,649	-	74,649	-	30,758
	(703,256)	703,256	-	-	-
	64,956,617	2,471,651	67,428,268	61,264	43,656
	(416,269)	35,951	(380,318)	(263,793)	(24,491)
	117,329,594	-	117,329,594	-	-
	33,763,267	254,489,266	288,252,533	7,110,760	1,469,455
\$ 150,676,592	\$ 254,525,217	\$ 405,201,809	\$ 6,846,967	\$ 1,444,964	

Fund Financial Statements

City of Flint, Michigan

Balance Sheet

Governmental Funds

June 30, 2004

With Comparative Totals for June 30, 2003

	General	Major Streets Special Revenue Fund	Local Streets Special Revenue Fund
Assets			
Pooled cash and investments	\$ -	\$ 10,885,297	\$ 3,197,423
Cash and cash equivalents	4,389,307	60	-
Investments	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$5,633,341)	-	-	-
Taxes	345,497	-	-
Accounts	3,320,477	19,906	20
Special assessments	21,877	-	-
Notes and leases receivable	-	-	-
Due from other governments	6,850,262	1,575,603	372,342
Due from component units	183,444	-	-
Assets held for resale	-	-	-
Inventories	14,030	104,476	-
Total assets	\$ 15,124,894	\$ 12,585,342	\$ 3,569,785
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,826,584	\$ 258,466	\$ 118,805
Matured note payable	-	-	-
Due to other funds	10,389,718	-	-
Advance from other funds	9,986,724	-	-
Due to component unit	164,240	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Deferred revenue	546,687	-	-
Total liabilities	22,913,953	258,466	118,805
Fund balances:			
Reserved for encumbrances	68,052	1,027,352	1,065,663
Reserved for long-term lease receivable	-	-	-
Reserved for inventory	14,030	104,476	-
Designated for subsequent years' expenditures - special revenue funds	-	2,651,849	-
Unreserved (deficit), reported in:			
General fund	(7,871,141)	-	-
Special revenue funds	-	8,543,199	2,385,317
Debt service funds	-	-	-
Capital project funds	-	-	-
Total fund balances (deficit)	(7,789,059)	12,326,876	3,450,980
Total liabilities and fund balances	\$ 15,124,894	\$ 12,585,342	\$ 3,569,785

See notes to financial statements.

Other Governmental Funds	Totals (Memorandum Only)	
	2004	2003
\$ 4,658,577	\$ 18,741,297	\$ 15,403,605
2,021,265	6,410,632	5,578,682
561,960	561,960	561,960
182,729	528,226	428,238
12,854	3,353,257	3,701,015
-	21,877	252,199
5,056,386	5,056,386	4,938,230
1,784,775	10,582,982	12,435,744
1,020,145	1,203,589	1,203,589
-	-	100,000
167,505	286,011	349,667
\$ 15,466,196	\$ 46,746,217	\$ 44,952,929
\$ 1,629,022	\$ 3,832,877	\$ 3,928,458
-	-	-
813,071	11,202,789	10,916,998
-	9,986,724	13,986,724
-	164,240	164,240
92,071	92,071	-
485,133	485,133	167,121
5,693,398	6,240,085	8,137,413
8,712,695	32,003,919	37,300,954
526,326	2,687,393	1,709,650
1,336,000	1,336,000	1,336,000
167,505	286,011	349,667
1,239,710	3,891,559	2,008,479
-	(7,871,141)	(14,069,159)
1,519,985	12,448,501	13,698,192
54,045	54,045	573
1,909,930	1,909,930	2,618,573
6,753,501	14,742,298	7,651,975
\$ 15,466,196	\$ 46,746,217	\$ 44,952,929

City of Flint, Michigan

Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets For the Year Ended June 30, 2004

Total Governmental Funds Fund balance as reported in the Balance Sheet	
Governmental Funds (deficit)	\$ 14,742,298
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	147,119,725
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	5,208,129
Net assets (deficit) held in the internal services funds are classified as held for governmental activities on the statement of net assets but are not reported in the funds. This amount is the net assets held by the internal service fund exclusive of capital assets and long term debt which are reported elsewhere in this reconciliation.	(390,700)
Long term liabilities, including long term notes payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(16,002,860)</u>
Net Assets - Governmental Activities	<u>\$ 150,676,592</u>

See notes to financial statements.

City of Flint, Michigan

**Statement of Revenues, Expenditures,
and Changes in Fund Balances**

Governmental Funds

For the Year Ended June 30, 2004

With Comparative Totals for June 30, 2003

	General Fund	Major Streets Special Revenue Fund	Local Streets Special Revenue Fund
Revenues:			
Property taxes	\$ 12,256,144	\$ -	\$ -
Income taxes	19,941,781	-	-
Federal revenue	990,277	823,536	292,924
State revenue	20,761,420	8,121,522	2,231,670
Licenses and permits	1,278,776	-	-
Fines and forfeits	2,453,490	-	-
Charges for services	10,435,170	-	-
Local grants	403,143	68,957	-
Interest and other	1,964,631	610,110	29,177
Total revenues	70,484,832	9,624,125	2,553,771
Expenditures:			
Current:			
Legislative	518,190	-	-
Judicial	4,448,000	-	-
General government	23,771,761	-	175,949
Police	17,250,203	-	-
Fire	10,761,868	-	-
Building inspection	-	-	-
Transportation	1,809,175	7,333,020	2,929,659
Public works	-	-	-
Parks and recreation	2,388,014	246,275	-
Community enrichment and development	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	60,947,211	7,579,295	3,105,608
Excess (deficiency) of revenues over expenditures	9,537,621	2,044,830	(551,837)
Other financing sources (uses):			
Bond proceeds	-	-	-
Transfers in	1,129,480	-	1,927,301
Transfers out	(4,469,436)	(1,927,301)	-
Total other financing sources (uses)	(3,339,956)	(1,927,301)	1,927,301
Net change in fund balances	6,197,665	117,529	1,375,464
Fund balances (deficit) - beginning of year	(13,986,724)	12,209,347	2,075,516
Fund balances (deficit) - end of year	\$ (7,789,059)	\$ 12,326,876	\$ 3,450,980

See notes to financial statements.

Other Governmental Funds	Totals (Memorandum Only)	
	2004	2003
\$ 12,245,378	\$ 24,501,522	\$24,752,965
-	19,941,781	20,813,829
11,403,731	13,510,468	10,879,408
-	31,114,612	34,260,541
842,277	2,121,053	1,993,056
233,914	2,687,404	2,506,075
2,232,501	12,667,671	7,555,264
1,344,337	1,816,437	578,894
687,744	3,291,662	2,828,792
28,989,882	111,652,610	106,168,824
-	518,190	892,569
79,082	4,527,082	4,556,480
4,339,546	28,287,256	17,196,840
3,905,413	21,155,616	24,575,178
748,974	11,510,842	12,609,950
2,593,178	2,593,178	1,596,003
-	12,071,854	9,773,199
5,232,495	5,232,495	4,911,503
1,386,423	4,020,712	4,989,311
11,522,650	11,522,650	10,603,546
2,017,031	2,017,031	2,889,575
360,690	360,690	415,823
32,185,482	103,817,596	95,009,977
(3,195,600)	7,835,014	11,158,847
-	-	1,452,000
5,732,218	8,788,999	8,594,889
(3,136,953)	(9,533,690)	(6,297,666)
2,595,265	(744,691)	3,749,223
(600,335)	7,090,323	14,908,070
7,353,836	7,651,975	(7,256,095)
\$ 6,753,501	\$ 14,742,298	\$ 7,651,975

City of Flint

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds \$ 7,090,323

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

Certain amounts were recorded as expenditures in the governmental fund statements for monies loaned to third parties on a long term basis. Since the receivables are long term, they are not recognized in the governmental funds. Also, principal payments received on the loans are recorded as revenues in the governmental funds. Long term receivables are recognized in the governmental activities portion of the statement of net assets. This is the amount by which current year loan disbursements exceeded the principal payments received during the year.

91,661

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

(7,353,398)

Payments received on long term receivables in the governmental funds are recognized on a cash basis as the governmental funds do not record long term receivables. These receivables are recorded on the statement of net assets, so payments received in 2004 are not recorded as revenues in the statement of changes in net assets.

(258,738)

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

2,017,031

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

(983,132)

The activities of the internal service funds are considered part of governmental activities on the statement of changes in net assets but are not reported in the funds. The internal services funds had a net loss of \$1,020,016 for the 2004 year. and the revenues and expenses that comprise that loss are included in the statement of changes in net assets of governmental activities:

(1,020,016)

Changes in net assets of governmental activities

\$ (416,269)

Extraordinary item on statement of changes in net assets:

On July 1, 2003, the City implemented the accounting requirement to retroactively capitalize infrastructure assets (roads, bridges, lighting, etc.) which were constructed subsequent to June 30, 1980 and before July 1, 2001. Historical costs as of July 1, 2001 and accumulated depreciation through July 1, 2003 were estimated and recorded as additions in 2004.

These assets are not recognized in the fund statements.

\$ 117,329,594

See notes to financial statements.

City of Flint, Michigan

Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities	
	Hurley Medical Center	Water Supply Division
Assets		
Current assets:		
Pooled cash and investments	\$ -	\$ -
Cash and cash equivalents	33,158,440	192,647
Accounts receivable (net of allowance of \$30,497,994)	63,802,485	6,374,200
Due from other funds	-	-
Inventories	3,222,448	374,903
Prepaid items	3,130,259	-
Note receivable - current portion	-	-
Restricted current assets:		
Pooled cash and investments	-	6,093,499
Cash and equivalents	22,926,777	-
Accrued interest receivable	93,136	-
Total current assets	126,333,545	13,035,249
Restricted assets - long term		
Investments	39,859,384	-
Note receivable - long term	-	-
Advance to other funds	-	-
Capital assets - net of accumulated depreciation	61,880,196	51,004,956
Investment in joint ventures	6,260,988	-
Other	4,408,328	-
Total assets	238,742,441	64,040,205

Enterprise Funds			Governmental Activities Internal Service Funds
Sewage Disposal Division	Other Enterprise Funds	Total Enterprise Funds	
\$ 12,072,500	\$ -	\$ 12,072,500	\$ 4,248,491
-	98,640	33,449,727	238,990
5,287,015	3,760	75,467,460	4,836
17,835,682	-	17,835,682	-
918,851	36,259	4,552,461	-
-	-	3,130,259	220,108
-	-	-	130,000
-	-	6,093,499	-
-	-	22,926,777	-
-	-	93,136	-
36,114,048	138,659	175,621,501	4,842,425
-	-	39,859,384	-
-	-	-	1,040,000
9,986,724	-	9,986,724	-
85,973,270	7,198,571	206,056,993	884,334
-	-	6,260,988	-
651,476	-	5,059,804	-
132,725,518	7,337,230	442,845,394	6,766,759

(continued)

City of Flint, Michigan

Statement of Net Assets (continued)
Proprietary Funds
June 30, 2004

	Business-type Activities	
	Hurley Medical Center	Water Supply Division
Liabilities and Net Assets		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	14,675,412	4,240,150
Accrued liabilities	34,080,218	269,383
Deposits and advances	-	1,003,463
Due to other funds	-	3,135,658
Capital lease obligation - current portion	1,432,320	139,875
Note payable - current portion	-	3,810
General obligation bonds - current portion	-	-
Revenue bonds - current portion	1,975,000	1,040,000
Total current liabilities	52,162,950	9,832,339
Accrued expenses - long term	17,201,050	
Capital lease obligation - long term portion	4,490,805	378,171
Note payable - long term portion	-	25,045
General obligation bonds - long term portion	-	-
Revenue bonds - long term portion	70,415,000	24,742,350
Total liabilities	144,269,805	34,977,905
Net Assets		
Invested in capital assets, net of related debt	22,109,685	24,675,705
Restricted for debt service	-	2,578,235
Restricted for capital replacement	-	3,515,264
Restricted for donor restrictions and other	3,106,525	-
Unrestricted (deficit)	69,256,426	(1,706,904)
Total net assets	\$ 94,472,636	\$ 29,062,300

See notes to financial statements.

Enterprise Funds			Governmental Activities Internal Service Funds
Sewage Disposal Division	Other Enterprise Funds	Total Enterprise Funds	
1,066,300	17,329	19,999,191	4,170,604
416,957	76,901	34,843,459	1,879,245
-	-	1,003,463	-
-	2,329,291	5,464,949	223,276
139,874	14,716	1,726,785	351,850
51,770	4,838	60,418	-
1,208,505	-	1,208,505	-
-	-	3,015,000	-
2,883,406	2,443,075	67,321,770	6,624,975
-	-	17,201,050	-
378,171	-	5,247,147	141,784
339,629	32,156	396,830	-
2,996,030	-	2,996,030	-
-	-	95,157,350	-
6,597,236	2,475,231	188,320,177	6,766,759
80,859,291	7,146,861	134,791,542	390,700
-	-	2,578,235	-
-	-	3,515,264	-
-	-	3,106,525	-
45,268,991	(2,284,862)	110,533,651	(390,700)
\$ 126,128,282	\$ 4,861,999	\$ 254,525,217	\$ -

City of Flint, Michigan

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2004

	Business-type Activities	
	Hurley Medical Center	Water Supply Division
Operating revenues - charges for services	\$ 321,100,785	\$ 31,394,271
Costs of materials or services rendered	-	14,921,511
Operating expenses:		
Salaries, wages, and fringe benefits	192,587,713	7,428,062
Utilities	4,630,281	407,300
Equipment operation	-	179,296
Repairs and maintenance	3,434,306	99,064
Supplies	36,215,070	559,533
Insurance	10,031,888	-
Depreciation and amortization	11,279,371	3,622,143
Bad debt	26,964,785	1,718,875
Professional services	17,367,911	1,256,889
Dietary	1,706,128	-
Claims and settlements	-	-
Administrative costs	-	1,086,750
Miscellaneous	12,305,759	932,336
Total operating expenses	316,523,212	17,290,248
Total materials, services, and operating expenses	316,523,212	32,211,759
Operating income (loss)	4,577,573	(817,488)
Non-operating revenues (expenses):		
Interest and dividend income	1,027,008	123,507
Interest expense	(4,969,907)	(679,509)
Net income (loss) from joint ventures	2,098,517	-
Grants for capital improvements	-	51,963
Restricted contributions and related income-net of expenses	320,700	-
Loss on sale of capital assets	(321,278)	-
Total non-operating revenues (expenses)	(1,844,960)	(504,039)
Net income (loss) before transfers	2,732,613	(1,321,527)
Transfers in	-	-
Net assets - beginning of year	91,740,023	30,383,827
Net assets - end of year	\$ 94,472,636	\$ 29,062,300

See notes to financial statements.

Enterprise Funds			Governmental
Sewage Disposal Division	Other Enterprise Funds	Total Enterprise Funds	Activities Internal Service Funds
\$ 21,684,475	\$ 1,199,414	\$ 375,378,945	\$ 28,640,675
-	31,895	14,953,406	19,668,818
8,615,822	733,882	209,365,479	3,163,427
2,408,879	45,473	7,491,933	-
112,721	-	292,017	-
989,292	87,320	4,609,982	435,383
901,999	49,081	37,725,683	31,435
-	-	10,031,888	503,756
4,765,224	412,207	20,078,945	1,731,764
2,071,614	-	30,755,274	-
1,993,355	38,655	20,656,810	1,330,757
-	-	1,706,128	-
-	-	-	2,745,020
846,360	137,238	2,070,348	-
954,579	9,654	14,202,328	36,847
23,659,845	1,513,510	358,986,815	9,978,389
23,659,845	1,545,405	373,940,221	29,647,207
(1,975,370)	(345,991)	1,438,724	(1,006,532)
617,880	-	1,768,395	9,066
(325,778)	(49,132)	(6,024,326)	(63,985)
-	-	2,098,517	-
-	-	51,963	-
-	-	320,700	-
-	-	(321,278)	-
292,102	(49,132)	(2,106,029)	(54,919)
(1,683,268)	(395,123)	(667,305)	(1,061,451)
-	703,256	703,256	41,435
127,811,550	4,553,866	254,489,266	1,020,016
\$ 126,128,282	\$ 4,861,999	\$ 254,525,217	\$ - 0 -

City of Flint, Michigan

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2004

	Business-type Activities		
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities:			
Receipts from customers and users	\$ 334,357,744	\$ 31,338,556	\$ 20,360,119
Payments to vendors	(165,555,693)	(17,243,870)	(8,005,232)
Payments to employees	(136,547,021)	(8,514,918)	(8,628,275)
Net cash provided by operating activities	32,255,030	5,579,768	3,726,612
Cash flows from investing activities:			
Distributions from joint ventures	2,721,011	-	-
Investment in joint venture	(1,742,000)	-	-
Disposal (purchases) of investments	(28,258,427)	-	-
Interest on investments	1,027,008	123,507	617,880
Net cash provided by investing activities	(26,252,408)	123,507	617,880
Cash flows from non-capital financing activities:			
Contributions for restricted purposes	320,700	-	-
Pooled cash advanced from (repaid to) other funds	-	3,135,658	-
Payments on long term note receivable	-	-	-
Advance to general fund	-	-	4,000,000
Pooled cash advances repaid by (advanced to) other funds	-	-	(3,188,297)
Interest paid	-	-	-
Operating transfers from other funds	-	-	-
Net cash provided by (used in) non-capital financing activities	320,700	3,135,658	811,703
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds	-	4,493,775	-
Repayment of long-term debt	(3,198,330)	(2,097,381)	(2,261,871)
Grants received for capital asset purchase	-	51,963	-
Purchase of capital assets	(7,284,597)	(7,863,972)	(965,538)
Proceeds from sale of assets	177,575	-	-
Interest payments	(4,089,531)	(679,509)	(325,778)
Net cash used in capital and related financing activities	(14,394,883)	(6,095,124)	(3,553,187)
Net increase (decrease) in cash and cash equivalents	(8,071,561)	2,743,809	1,603,008
Cash and cash equivalents - beginning of year	64,156,778	3,542,337	10,469,492
Cash and cash equivalents - end of year	\$ 56,085,217	\$ 6,286,146	\$ 12,072,500

See notes to financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,196,788	\$ 387,253,207	\$ 29,307,928
(414,752)	(191,219,547)	(24,530,798)
(721,433)	(154,411,647)	(3,127,543)
60,603	41,622,013	1,649,587
-	2,721,011	-
-	(1,742,000)	-
-	(28,258,427)	-
-	1,768,395	9,066
-	(25,511,021)	9,066
-	320,700	-
(473,009)	2,662,649	223,276
-	-	130,000
-	4,000,000	-
-	(3,188,297)	-
(43,070)	(43,070)	-
703,256	703,256	41,435
187,177	4,455,238	394,711
-	4,493,775	-
(119,037)	(7,676,619)	(1,124,189)
-	51,963	-
(28,741)	(16,142,848)	(208,234)
-	177,575	-
(6,062)	(5,100,880)	(63,985)
(153,840)	(24,197,034)	(1,396,408)
93,940	(3,630,804)	656,956
4,700	78,173,307	3,830,525
\$ 98,640	\$ 74,542,503	\$ 4,487,481

(continued)

City of Flint, Michigan

Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2004

Business-type Activities			
	Hurley Medical Center	Water Supply Division	Sewage Disposal Division
Cash flows from operating activities:			
Operating income (loss)	\$ 4,577,573	\$ (817,488)	\$ (1,975,370)
Adjustments to reconcile operating income (loss) to net cash provided by operations:			
Depreciation and amortization	11,279,371	3,622,143	4,765,224
Amortization of deferred defeasance and bond issuance costs	448,396	-	-
Changes in operating assets and liabilities:			
Accounts receivable	14,444,502	1,604,985	747,261
Inventories	33,371	31,638	(48,667)
Due from other governments	-	-	-
Prepaid expenses and other assets	17,662	-	-
Accounts payable	(2,070,682)	1,080,421	250,617
Customer deposits	-	58,175	-
Accrued liabilities	3,524,837	(106)	(12,453)
Net cash provided by operating activities	\$ 32,255,030	\$ 5,579,768	\$ 3,726,612

Governmental Activities-Internal Service Funds 2004
Noncash Transactions:

During 2004, the data processing fund purchased
equipment through a capital lease costing \$112,573.

See notes to financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ (345,991)	\$ 1,438,724	\$ (1,006,532)
412,207	20,078,945	1,731,764
-	448,396	-
(2,625)	16,794,123	(3,170)
(3,229)	13,113	-
-	-	107,710
-	17,662	(48,189)
241	(739,403)	269,407
-	58,175	-
-	3,512,278	598,597
\$ 60,603	\$ 41,622,013	\$ 1,649,587

City of Flint, Michigan

Statement of Net Assets Fiduciary Funds June 30, 2004

	Pension & Benefit Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ -	\$ 2,066,673
Cash and cash equivalents	22,932,356	1,104,355
Total cash and equivalents	22,932,356	3,171,028
Taxes receivable	-	5,025,339
Accounts receivable	200,714	32,972
Accrued interest and dividends	1,168,190	-
Due from other funds	-	-
Loans to participants	117,569	-
Total receivables	1,486,473	5,058,311
Investments at fair value		
U.S. Government obligations	123,550,553	-
Mutual Funds	61,947,736	-
Domestic stocks	447,873,845	-
Domestic corporate bonds	118,060,640	-
Partnership investment	3,870,846	-
International stocks	1,301,847	-
Total investments	756,605,467	-
Total assets	781,024,296	8,229,339
Liabilities		
Accounts payable	351,779	-
Deposits and advances	-	1,196,583
Deferred compensation payable	-	-
Due to component unit	-	339,262
Due to other governments	-	6,446,854
Due to other funds	698,028	246,640
Total liabilities	1,049,807	8,229,339
Net Assets		
Held in trust for pension benefits and other purposes	\$ 779,974,489	\$ -

See notes to financial statements.

City of Flint, Michigan

Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2004

	<u>Pension & Benefit Trust Funds</u>
Additions:	
Members' contributions	\$ 5,391,756
Employer contributions	<u>24,942,994</u>
Total contributions	<u>30,334,750</u>
Net increase (decrease) in fair value of investments	91,659,699
Interest	7,447,067
Dividends	1,651,135
Other income	<u>177,466</u>
Net investment income (loss)	100,935,367
Less investment expense	<u>(1,698,255)</u>
Net investment income (loss)	<u>99,237,112</u>
Total additions (deductions)	<u>129,571,862</u>
Deductions:	
Benefits	81,513,682
Refunds of contributions	849,789
Administrative	<u>1,116,333</u>
Total deductions	<u>83,479,804</u>
Change in net assets	46,092,058
Net assets - beginning of the year	<u>733,882,431</u>
Net assets - end of the year	<u><u>\$ 779,974,489</u></u>

See notes to financial statements.

Notes to Basic Financial Statements

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies

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

A. Reporting entity

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

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

Blended component units:

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

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

Discretely presented component units:

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

The City of Flint Economic Development Corporation (Corporation) was created under State law to provide financing and development opportunities for businesses located within the City. The Corporation provides loans to start up or expanding businesses and manages rental property that lease space to commercial and light industrial manufacturing companies. The Corporation has an agreement with the Flint - Genesee Growth Alliance to provide administrative support services to the Corporation at no charge to the Corporation. The agreement may be terminated by either the Corporation or the Flint-Genesee Growth Alliance by giving the other party thirty days written notice of such termination.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

A. Reporting entity – (continued)

Surplus funds existing at the termination of the Corporation vest to the City.

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

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

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

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

Summary of financial information for the fiscal year ended June 30, 2004, the date of its latest financial report is as follows:

Total assets	\$139,330
Total liabilities	17,774
Net assets	121,556
Total revenues	268,166
Total expenses	245,711
Net income	22,455

Hurley Medical Center Enterprise Fund:

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

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

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

The Medical Center and HHS are exempt from income taxes except for HHS's subsidiary, Hurley Practice Management Services. A provision for income taxes (at statutory rates) has been provided for in the consolidated financial statements related to this entity's transactions. The amount of the income tax refund is \$47,103. 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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

A. Reporting entity – (continued)

Hurley Medical Center Enterprise Fund: - (continued)

necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refund for the period plus or minus the net change in the deferred tax assets and liabilities. There are no deferred tax assets or tax liabilities at June 30, 2004 as the tax basis of the assets and the liabilities reported in the profit corporation are not materially different from the carrying value.

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.

GFAHIC and FHSIC provide magnetic resonance imaging (MRI) services to the Greater Flint and Genesee County community. The ownership of both Corporations is allocated between Hurley Medical Center, Genesys Regional Medical Center, and McLaren Regional Medical Center. Each corporate joint venture is recorded in the financial statements on the equity method of accounting. The joint venture provides that each participant shares in the annual earnings/loss of the Corporations. The net investment by the Medical Center at June 30, 2004 was \$2,994,888. A total of \$2,675,000 was distributed to the Medical Center during the year ended June 30, 2004.

HGH, Inc. is a joint venture among Hurley Medical Center, HealthPlus of Michigan, Inc., Genesys Regional Medical Center and Memorial Health Care Center. The venture was established during 1995 to provide a methodology to enroll Medicaid patients in the statewide managed care initiative for Medicaid. The Medical Center's net investment was \$-0- at June 30, 2004. During 2004, Memorial Health Care Center withdrew from the joint venture and the three remaining entities contributed capital of \$1,742,000 to the venture. The arrangement now provides that the three entities will share in the excess revenues or expenditures of the joint venture.

Hurley PHO of Mid-Michigan is a joint venture between Hurley Medical Center and its medical staff. The venture was established during 1997 to provide vertically integrated continuous care which will facilitate the Medical Center participating in managed care contracts in the future. The Medical Center's net investment at June 30, 2004 was \$541,840. The arrangement provides that the Medical Center will be allocated 50 percent of the excess revenues or expenditures of the joint venture.

Michigan Lithotripsy Network is a joint venture between Hurley Medical Center and six other hospitals. The venture was established during 1999 to provide a mobile lithotripsy unit to be utilized by the participating hospitals. The Medical Center's net investment at June 30, 2004 was \$54,432. The arrangement provides that the seven hospitals will share equally in the excess revenues or expenditures of the joint venture.

Genesys Hurley Cancer Institute is a joint venture between Hurley Medical Center and Genesys Regional Medical Center. The venture was established during 2001, to provide outpatient oncology services, including radiation oncology. The Medical Center's net investment at June 30, 2004 was \$1,330,333. The arrangement provides that the two entities will share equally in the excess revenues or expenditures of the joint venture.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Hurley Medical Center Enterprise Fund: - (continued)

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

Flint Housing Commission:

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

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

Pension Trust funds account for the activities of the five different funds utilized to pay retirement and health care benefits for City retirees. These funds accumulate resources for pension and health care benefits financed by both employer and employee contributions.

Agency Funds account for assets held by the City as an agent for individuals, private organizations and other governments.

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and cash equivalents

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

2. Pooled cash and investments:

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

At June 30, 2004, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as an interfund liability of that fund. Management has selected the following fund to report the interfund receivable; Sewage Disposal Enterprise Fund. Accordingly, this fund's pooled cash and investment balance, as reported on the financial statement, have been decreased by the amounts receivable from the other City funds with an overdraft.

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

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

3. Investments:

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

4. Receivables and payables

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

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

5. Inventories and prepaid items

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

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

6. Restricted assets

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

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

7. Capital assets

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

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired during the fiscal years ended June 30, 2002 and forward. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The City has five years to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to July 1, 2001 and record those assets on the financial statements.

During the year ended June 30, 2004, the City retroactively determined and recorded costs and accumulated depreciation on infrastructure assets in accordance with GASB No. 34. See footnote V.I.

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

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

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

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

8. Compensated absences – (continued)

if they have matured, for example, as a result of employee resignations and retirements. In prior years, the governmental fund that has liquidated compensated absences has typically been the general fund.

9. Long-term obligations

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

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

10. Fund equity

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

11. Property tax

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

The City is permitted by the City Charter to levy up to 10 mills on taxable valuation assessments. For the year ended June 30, 2004, the City levied the full 10 mills allowed. The levy consists of 7.5 mills for operating costs and 2.5 mills restricted for public improvement. The City levies 3.0 mills for garbage collection in accordance with State law.

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

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 Basic Financial Statements
June 30, 2004

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, 2004, and revenues for the year then ended, include estimated amounts due from various third-party payors which are computed in accordance with their respective reimbursement formulas.

Adjustments made by third-party payors upon settlement of prior-year cost reports are included in the statement of revenues and expenses in the year such adjustments become known. As a result of such adjustments, net patient service revenues were increased by approximately \$(1,534,029) in 2004.

In addition, the Medical Center has established an estimated allowance for uncollectible accounts of approximately \$26,900,000 for 2004.

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 53% of the Medical Center's revenues are based on participation in the Blue Cross Blue Shield, Medicare, and Medicaid programs for the year ended 2004.

Charity care:

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

Estimated malpractice costs:

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

14. Comparative data/reclassifications:

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

II. Reconciliation of government-wide and fund financial statements

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

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

Bonds and notes payable	\$ 6,537,706
Capital leases payable	493,635
Compensated absences	<u>8,971,519</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u>\$16,002,860</u>

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

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

Capital outlay	\$ 4,967,988
Depreciation expense	<u>(12,321,386)</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u>\$ (7,353,398)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

1. At the first meeting in April, the interim Mayor submitted to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget included proposed expenditures and the means of financing them for the General and Special Revenue Funds. (These funds are required to have budgets per Michigan law).
2. Public hearings were conducted at city hall and throughout the City to obtain taxpayer comments.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

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

A. Budgetary information - (continued)

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

Informational summaries of projected revenues and expenditures/expenses were provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

4. The Mayor, or his designee, was authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any budgetary level (as indicated above) were to be approved by the City Council. Subsequent to the original adoption of the 2004 budget, the State of Michigan appointed an emergency financial manager to act as the chief executive office for the City. All budgetary amendments subsequent to the State appointment were issued by the financial manager.
5. Formal budgetary integration was employed as a management control device during the year for all budgetary funds. Also, all budgets were adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end, except for certain projects which are appropriated on a project length basis.
7. The original budget was amended during the year.

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

B. Excess of expenditures over appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Final Budget</u>
General Fund:			
Legislation – City Council	\$ 374,602	\$ 518,190	\$ 143,588
Judicial – 68 th District Court	3,955,763	4,448,000	492,237
General Government:			
Civil Service	150,159	193,252	43,093
Community Service	189,233	223,424	34,191
Office of Ombudsman	83,638	88,763	5,125
City of Administrator	3,777,548	3,880,146	102,598
Capital Accounts	72,500	214,509	142,009

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

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

B. Excess of expenditures over appropriations – (continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Final Budget</u>
General Fund: - (continued)			
Public Safety:			
Police Department	16,302,075	17,250,203	948,128
Fire Department	10,312,722	10,761,868	449,146
Parks and Recreation	2,346,594	2,388,014	41,420
Special Revenue Funds:			
Major Streets:			
Operating transfers out	967,233	1,927,301	960,068
Local Streets:			
General government administration	-	249,020	249,020
State Act 251 – Forfeitures:			
Operating transfer out	62,000	323,640	261,640
EDA Revolving Loan:			
Community development and enrichment	25,700	289,029	263,329

C. Deficit fund equity

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

<u>Fund</u>	<u>Fund Balance Deficit</u>
General Fund	<u>\$7,871,141</u>

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

IV. Detailed notes on all funds

A. Pooled cash and investments, deposits, and investments

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

The pooled cash and investments account at June 30, 2004 is comprised of the following:

Cash deposits	\$16,509,239
Investments	<u>26,713,221</u>
	<u>\$43,222,460</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds – (continued)

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

A summary of the amount of equity in the pooled cash and investments account, or the amount due to the Sewage Disposal Enterprise Fund at June 30, 2004, follows:

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
General Fund	\$ -	\$(10,389,718)
Special Revenue Funds:		
Major Streets Fund	10,885,297	-
Local Streets Fund	3,197,423	-
Federal Grants Fund	-	(332,414)
Neighborhood Policing Fund	115,384	-
State Act 251 - Forfeitures Fund	893,238	-
EDA Revolving Loan Fund	3,894	-
Atwood Stadium Fund	5,540	-
Local Law Enforcement Grant	369,683	-
Parks and Recreation	797,449	-
Central Maintenance Garage	106,382	-
City Park Fund	6,854	-
Longway Fund	7,648	-
Building Fund	22,727	-
Garbage Fund	65,944	-
Code Abatement Fund	273,893	-
Debt Service Funds:		
Hyatt Debt Service Fund	-	(4,222)
Windmill Place Debt Service Fund	53,318	-
Buick City Debt Service Fund	-	(469,327)
Capital Projects Funds:		
Public Improvement Fund	1,936,623	-
Atwood Stadium	-	(7,108)
Enterprise Funds:		
Water Supply Division Fund	3,515,264	(557,423)
Sewage Disposal Division Fund	29,908,182	-
Golf Course Fund	-	(1,009,580)
Mid-City Parking System Fund	-	(1,319,711)
Internal Service Funds:		
Data Processing Fund	-	(223,276)
Fringe Benefits Fund	769,371	-
Self-Insurance Fund	3,479,120	-
Pension Trust Funds:		
Charter Retirement Fund	-	(2,348)
Flint Employees' Retirement System Fund	-	(695,680)
Retiree Health Care Fund	-	-

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

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

<u>Fund</u>	<u>Pooled Cash and Investments</u>	<u>(Due to)</u>
Agency Funds:		
Miscellaneous Agency Fund	2,066,673	-
District Court Fund	-	(246,640)
	<u>58,479,907</u>	<u>\$(15,257,447)</u>
Total pooled cash and investments	<u>\$43,222,460</u>	

B. Deposits and investments

At year end, the City's carrying amount of deposits was \$44,709,208, excluding petty cash and cash register funds of \$31,285, and the bank balance was \$57,866,280. Of the bank balance, \$1,655,921 was covered by federal depository insurance and \$8,216,376 is secured by collateral held by the City's agent in the City's name. The remaining balance of deposits of \$47,993,983 is uncollateralized and uninsured. The component units' deposits had a bank balance of \$152,059 of which \$106,908 was covered by federal depository insurance. Certificates of deposits, savings accounts, and money market accounts make up \$42,293,049 of the bank balance at June 30, 2004.

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Pooled cash and investments	\$22,989,788	\$ 12,072,500	\$ 2,066,673	\$ 37,128,961	\$ -
Cash and cash equivalents	6,649,622	33,449,727	24,036,711	64,136,060	613,823
Cash with agent	-	-	-	-	339,262
Investments	561,960	-	756,605,467	757,167,427	472,448
Restricted pooled cash and investments	-	6,093,499	-	6,093,499	-
Restricted cash and equivalents	-	22,926,777	-	22,926,777	-
Restricted investments	-	39,859,384	-	39,859,384	-
Total	<u>\$30,201,370</u>	<u>\$114,401,887</u>	<u>\$782,708,851</u>	<u>\$927,312,108</u>	<u>\$1,425,533</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank deposits (checking and savings accounts, certificates of deposits)	\$ 44,709,208	\$ 467,553
Investments in securities, mutual funds and similar vehicles	882,571,615	957,350
Petty cash and cash on hand	31,285	630
Total	<u>\$927,312,108</u>	<u>\$1,425,533</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

Investments are categorized into these three categories of credit risk:

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

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

	Category			Reported Amount/ Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
Commercial paper	\$1,994,414	\$ -	\$ -	\$ 1,994,414
Repurchase agreements	-	-	33,731,486	33,731,486
U.S. Gov't. securities	173,698,391	-	-	173,698,391
Domestic corporate bonds	118,060,640	-	-	118,060,640
Domestic common stock	447,873,845	-	-	447,873,845
International stock	1,301,847	-	-	1,301,847
Total categorized	\$742,929,137	\$ -0-	\$33,731,486	776,660,623
Investments not subject to categorization:				
Pooled Gov't. Securities				4,475,203
Mutual funds				97,564,943
Investment in partnership				3,870,846
Total investments				\$882,571,615

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

The City was in compliance with all aspects of its investment policy at June 30, 2004.

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

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

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

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

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

The Flint Employees' Retirement System Fund owns approximately 92.8% of the investments in category 1. The Hurley Medical Center Enterprise Fund owns approximately 90.1% of the repurchase agreements held at year end.

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

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

	Category			Reported Amount/ Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
Repurchase agreement	\$ -0-	\$ -0-	\$484,902	\$484,902
Money Fund				<u>472,448</u>
				<u>\$957,530</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

C. Receivables

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

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Nonmajor, Internal Service, and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,515,890	\$ -	\$ -	\$ 464,311	\$ 1,980,201
Accounts	7,432,237	86,348	20	338,965	7,857,570
Special assessment	21,877	-	-	-	21,877
Intergovernmental	6,850,262	1,575,603	372,342	1,784,775	10,582,982
Interest and dividends	-	-	-	1,168,190	1,168,190
Notes and leases	-	-	-	6,226,386	6,226,386
Gross receivables	15,820,266	1,661,951	372,362	9,982,627	27,837,206
Less: allowance for uncollectibles	(5,282,153)	(66,442)	-	(284,746)	(5,633,341)
Net total receivables	<u>\$10,538,113</u>	<u>\$1,595,509</u>	<u>\$372,362</u>	<u>\$9,697,881</u>	<u>\$22,203,865</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)	\$ 345,497	\$ -	\$ 345,497
Delinquent property taxes receivable	173,219	-	173,219
Special Assessments not yet due (general fund)	21,877	-	21,877
Long-term other receivables (general fund)	179,313	-	179,313
Long-term notes receivable	3,720,386	-	3,720,386
Long-term advance to component unit	767,837	-	767,837
Grant receipts prior to meeting all eligibility requirements	-	1,031,956	1,031,956
Total deferred/unearned revenue for governmental funds	<u>\$5,208,129</u>	<u>\$1,031,956</u>	<u>\$6,240,085</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

C. Receivables - (continued)

Business type activities:

	<u>Hurley Medical Center</u>	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Nonmajor Proprietary</u>	<u>Total</u>
Receivables:					
Interest - restricted	\$ 93,136	\$ -	\$ -	\$ -	\$ 93,136
Accounts	90,702,485	9,418,909	5,839,024	5,036	105,965,454
Gross receivables	90,795,621	9,418,909	5,839,024	5,036	106,058,590
Less: allowance for uncollectibles	(26,900,000)	(3,044,709)	(552,009)	(1,276)	(30,497,994)
Net total receivables	<u>\$ 63,895,621</u>	<u>\$ 6,374,200</u>	<u>\$ 5,287,015</u>	<u>\$ 3,760</u>	<u>\$ 75,560,596</u>

D. Capital assets

Capital asset activity for the year ended June 30, 2004 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,709,668	\$ -	\$ 88,939	\$ 11,620,729
Construction in progress	384,122	-	384,122	-
Total capital assets, not being depreciated	<u>12,093,790</u>	<u>-</u>	<u>473,061</u>	<u>11,620,729</u>
Capital assets, being depreciated:				
Buildings	17,119,498	99,695	115,189	17,104,004
Improvements other than buildings	7,897,682	766,257	-	8,663,939
Machinery and equipment	34,672,690	1,809,671	3,368,367	33,113,994
Infrastructure	7,005,714	286,062,184	474,254	292,593,644
Total capital assets being depreciated	<u>66,695,584</u>	<u>288,737,807</u>	<u>3,957,810</u>	<u>351,475,581</u>
Less accumulated depreciation for:				
Buildings	9,819,139	448,024	78,678	10,188,485
Improvements other than buildings	3,122,772	378,530	-	3,501,302
Machinery and equipment	26,647,895	3,308,887	3,359,297	26,597,485
Infrastructure	645,082	175,085,061	40,830	175,689,313
Total accumulated depreciation	<u>40,234,888</u>	<u>179,220,502</u>	<u>3,478,805</u>	<u>215,976,585</u>
Total capital assets, being depreciated, net	<u>26,460,696</u>	<u>109,517,305</u>	<u>479,005</u>	<u>135,498,996</u>
Governmental activities capital assets, net	<u>\$ 38,554,486</u>	<u>\$ 109,517,305</u>	<u>\$ 952,066</u>	<u>\$ 147,119,725</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government - (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,472,367	\$ -	\$ -	\$ 7,472,367
Construction in progress	6,333,091	15,949,445	11,929,720	10,352,816
Total capital assets, not being depreciated	<u>13,805,458</u>	<u>15,949,445</u>	<u>11,929,720</u>	<u>17,825,183</u>
Capital assets, being depreciated:				
Buildings and system	175,833,433	2,364,250	546,463	177,651,220
Improvements other than buildings	5,150,565	1,032,063	1,324	6,181,304
Machinery and equipment	321,061,260	8,727,007	17,508,275	312,279,992
Total capital assets, being depreciated	<u>502,045,258</u>	<u>12,123,320</u>	<u>18,056,062</u>	<u>496,112,516</u>
Less accumulated depreciation for:				
Buildings and system	102,680,363	7,081,528	755,841	109,006,050
Improvements other than buildings	2,765,855	333,797	1,324	3,098,328
Machinery and equipment	200,067,258	12,550,001	16,840,931	195,776,328
Total accumulated depreciation	<u>305,513,476</u>	<u>19,965,326</u>	<u>17,598,096</u>	<u>307,880,706</u>
Total capital assets, being depreciated, net	<u>196,531,782</u>	<u>(7,842,006)</u>	<u>457,966</u>	<u>188,231,810</u>
Business-type activities capital assets, net	<u>\$210,337,240</u>	<u>\$ 8,107,439</u>	<u>\$12,387,686</u>	<u>\$206,056,993</u>

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

Governmental activities:

Current:

Legislative	\$ 1,251
Judicial	19,720
General government	1,099,965
Police	254,213
Fire	219,366
Transportation	9,917,710
Public works	38,278
Parks and recreation	765,669
Community enrichment and development	<u>5,214</u>

Total depreciation expense - governmental activities

\$12,321,386

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

Primary Government – (continued)

Business-type activities:

Hospital	\$11,274,332
Water	3,622,143
Sewer - depreciation	4,656,644
Mid-City Parking	1,472
Golf	<u>410,735</u>

Total depreciation expense – Business-type activities	<u>\$19,965,326</u>
---	---------------------

Construction commitments:

The government has active construction projects as of June 30, 2004. The projects include water plant improvements, street construction in areas with newly developed housing, widening and construction of existing streets and bridges, and enhancement of park facilities. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Water plant improvements	\$12,361,690
Residential street construction	1,461,439
Road and bridge expansion	684,067
Parks facilities	<u>489,348</u>
Total	<u>\$14,996,544</u>

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

Discretely presented component units fixed asset activity:

Activity for the Flint Downtown Development Authority for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office furniture and equipment	\$ 47,186	\$ -	\$ -	\$ 47,186
Less accumulated depreciation for:				
Office furniture and equipment	<u>(41,169)</u>	<u>(3,568)</u>	<u>-</u>	<u>(44,737)</u>
Governmental activities capital total				
capital assets, net of depreciation	<u>6,017</u>	<u>(3,568)</u>	<u>-</u>	<u>2,449</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

D. Capital assets - (continued)

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	5,498,512	-	-	5,498,512
Capital assets, being depreciated:				
Buildings	235,337	-	-	235,337
Land improvements	1,457,327	-	-	1,457,327
Leasehold improvements	5,519,160	-	-	5,519,160
Totals, capital assets being depreciated	7,211,824	-	-	7,211,824
Less accumulated depreciation for:				
Buildings	(181,594)	(20,751)	-	(202,345)
Land improvements	(1,321,206)	(31,120)	-	(1,352,326)
Leasehold improvements	(4,473,282)	(281,534)	-	(4,754,816)
Total accumulated depreciation	(5,976,082)	(333,405)	-	(6,309,487)
Total business-type activities, total capital assets, net of depreciation	6,734,254	(333,405)	-	6,400,849
Capital assets - net	<u>\$6,740,271</u>	<u>\$ (336,973)</u>	<u>\$ -0-</u>	<u>\$6,403,298</u>

Activity for the Flint Economic Development Corporation for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 93,860	\$ -	\$ -	\$ 93,860
Capital assets, being depreciated:				
Buildings	514,782	-	-	514,782
Building improvements	652,432	27,953	-	680,385
Machinery and equipment	17,046	-	-	17,046
Totals, capital assets being depreciated	1,184,260	27,953	-	1,212,213
Less accumulated depreciation for:				
Buildings	368,841	20,849	-	389,690
Building improvements	200,683	28,517	-	229,200
Machinery and equipment	15,627	1,246	-	16,873
Total accumulated depreciation	585,151	50,612	-	635,763
Total capital assets, being depreciated, net	599,109	(22,659)	-	576,450
Capital assets, net	<u>\$ 692,969</u>	<u>\$ (22,659)</u>	<u>\$ -0-</u>	<u>\$ 670,310</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Enterprise	General	\$10,389,718
	Special Revenue:	
	Federal grants	332,414
	Debt Service:	
	Hyatt Debt	4,222
	Buick City Debt	469,327
	Capital Projects:	
	Public Improvement	-
	Atwood Stadium Building Authority	7,108
	Enterprise Funds:	
	Golf Course	1,009,580
	Mid-City Parking	1,319,711
	Water Supply	3,135,658
	Internal Service Funds:	
	Data Processing	223,276
	Pension Trust Funds:	
	Charter Retirement	2,348
	Flint Employee's Retirement System	695,680
	Agency Fund:	
	District Court	<u>246,640</u>
		<u>\$17,835,682</u>

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

Long-term advance:

During 2003, the Sewer Enterprise Fund advanced \$13,986,724 to the General fund in a formal advance. The General Fund is to repay the Sewer Fund \$4,000,000 for the year ending June 30, 2004 and \$3.5 million per year for the year ending 2005 and 2006. The remaining advance will be paid during the year ending June 30, 2007. Interest will be charged to the General Fund each year at a variable rate equal to the rate available that year or a one year certificate of deposit. The balance owed at June 30, 2004 was \$9,986,724.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

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

Due to/from primary government and component units:

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

	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Local Streets</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Proprietary Fund</u>	<u>Internal Service Funds</u>	
Transfer out:						
General fund	\$ -	\$ -	\$3,766,180	\$703,256	\$ -	\$4,469,436
Major streets	-	1,927,301	-	-	-	1,927,301
Nonmajor govern- mental funds	<u>1,129,480</u>	<u>-</u>	<u>1,966,038</u>	<u>-</u>	<u>41,435</u>	<u>3,136,953</u>
Total transfers out	<u>\$1,129,480</u>	<u>\$1,927,301</u>	<u>\$5,732,218</u>	<u>\$703,256</u>	<u>\$ 41,435</u>	<u>\$9,533,690</u>

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

F. Capital and operating leases

The City has entered into agreements for the lease of automobiles, water treatment equipment, office equipment, construction equipment, fire equipment, and a fire station. The terms of each agreement provide options to purchase the fixed assets at any time during the lease terms, which range from three to five years. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases" which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$5,904,732 has been capitalized as equipment.

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of June 30, 2004:

2005	\$2,394,206
2006	2,163,355
2007	2,017,716
2008	1,510,243
2009	<u>75,649</u>
Total future minimum payments	8,161,169
Less amount representing interest	<u>(693,600)</u>
Long-term obligation under capital leases	<u><u>\$7,467,569</u></u>

Also, the City and Hurley Medical Center lease office space and equipment under operating leases. Certain office space operating leases contain rental escalation clauses that are based on prime rate at a future date and purchase options at fair market value. The following is a schedule, by year, of future minimum rental payments required under noncancelable operating leases as of June 30, 2004:

2005	\$ 2,109,514
2006	2,080,911
2007	1,927,389
2008	1,623,786
2009	1,443,369
2010 and after	<u>3,121,070</u>
Total minimum payment required	<u><u>\$12,306,039</u></u>

Rental expense for all operating leases for the year ended June 30, 2004, was \$5,023,129.

G. Long-term debt

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Long-term liability activity for the year ended June 30, 2004 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, 2003	\$ 4,825,137	\$ -	\$4,419,082	\$ 815,767	\$7,988,387
New Debt:					
Capital lease equipment	-	-	-	112,573	1,458,248
Annual and sick pay	-	-	-	-	-
Principal payments made	(2,370,137)	-	(336,376)	(434,704)	(475,116)
Total governmental activities long-term debt	<u>2,455,000</u>	<u>-</u>	<u>4,082,706</u>	<u>493,636</u>	<u>8,971,519</u>

The following is a summary of Business Type long-term liability activity of the City for the year ended June 30, 2004:

	<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, 2003	7,228,424	96,568,575	514,680	8,679,229	-
New Debt:					
DWRF Bonds	-	4,493,775	-	-	-
Principal payments made	(3,023,890)	(2,890,000)	(57,432)	(1,705,296)	-
Total business type activities long-term debt at June 30, 2004	<u>4,204,534</u>	<u>98,172,350</u>	<u>457,248</u>	<u>6,973,933</u>	<u>-</u>
Total long-term debt - all activities June 30, 2004	<u>\$ 6,659,534</u>	<u>\$98,172,350</u>	<u>\$4,539,954</u>	<u>\$ 7,467,569</u>	<u>\$8,971,519</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

A summary of long-term liability transactions for the year ended June 30, 2004, and the composition of the June 30, 2004, long-term debt balance follows:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at June 30, 2003</u>	<u>Issuances (Retirements) During Year</u>
Governmental Activities:					
MEDC Economic Development loan	4/16	6%	\$ 767,837	\$ 767,837	\$ -
1991 Refunding bonds	6/05	5.0-6.4	4,000,000	385,000	(335,000)
1993 Tax Increment Financing Authority Refunding Bonds	6/06	5.8	16,640,000	3,690,000	(1,285,000)
Section 108 loan			2,624,000	2,624,000	(126,000)
2001 MMBA bonds	5/04	3.15-3.85	213,470	45,577	(45,577)
2001 MMBA bonds	5/04	3.15-3.85	3,299,959	704,560	(704,560)
Capital lease obligation – Equipment	9/03	7.4	65,698	15,077	(15,077)
Capital lease obligation	9/05	5.0	1,213,000	648,232	(248,625)
Capital lease	8/04	4.954	114,314	16,924	(16,924)
Capital lease	6/03	6.5	70,645	15,647	(15,647)
Capital lease	11/04	6.1	174,498	119,887	(88,995)
Capital lease	7/05	6.625	112,573	-	112,573
					(49,436)
Purchase contract	9/05	5.59	659,425	352,399	(135,160)
Purchase contract	9/10	5.39	895,009	674,846	(75,216)
Accrued annual and sick pay				7,988,387	1,458,248
					(475,116)
Total governmental activities				<u>\$18,048,373</u>	<u>\$(2,045,512)</u>

Balance at June 30, <u>2004</u>	Due Within One <u>Year</u>
\$ 767,837	\$ -
50,000	• 50,000
2,405,000	1,230,000
2,498,000	126,000
-	-
-	-
-	-
399,607	262,717
-	-
-	-
30,892	38,516
63,137	58,242
217,239	142,821
599,630	79,269
<u>8,971,519</u>	<u>475,000</u>
<u>\$16,002,861</u>	<u>\$2,462,565</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at June 30, 2003</u>	<u>Issuances (Retirements) During Year</u>
Business - Type Activities:					
Enterprise Funds:					
2001 MMBA Drinking Water					
Revolving Fund Revenue bonds	4/20	2.5	\$ 7,168,994	\$ 6,298,994	\$ (305,000)
2001 MMBA Bonds	5/04	3.15-3.85	8,851,570	1,889,862	(1,889,862)
2002 MMBA Drinking Water					
Revolving Fund Revenue Bonds	4/21	2.5	8,035,000	7,400,000	(330,000)
2003 MMBA Drinking Water					
Revolving Fund Revenue Bonds	4/22	2.5	8,974,581	8,604,581	(380,000)
2004 MMBA Drinking Water					
Revolving Fund Revenue Bonds	4/22	2.5	9,480,000	-	4,493,775
McCollum Avenue Drain Contract	5/10	5.10	1,500,000	783,562	(94,028)
Sewage Disposal	11/06	4.0-5.0	8,455,000	4,555,000	(1,040,000)
1997A Medical Center					
Revenue Refunding Bonds	7/07	6.0-7.0	16,445,000	4,160,000	(955,000)
1998a Medical Center					
Revenue Refunding Bonds	7/21	4.0-5.375	18,560,000	15,845,000	(555,000)
1998B Medical Center					
Revenue Refunding Bonds	7/29	4.0-5.375	20,570,000	19,260,000	(365,000)
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	514,680	(57,432)
Capital lease	2008	0.0	490,015	442,765	(99,847)
Capital lease	3/05	6.12	654,419	129,112	(114,396)
Capital lease	2009	4.7	8,000,000	6,803,688	(1,223,480)
Capital lease	11/07	4.5	2,549,202	1,303,664	(267,573)
Total Business - Type Activities				<u>\$112,990,908</u>	<u>\$(3,182,843)</u>

Balance at June 30, <u>2004</u>	Due Within One <u>Year</u>
\$ 5,993,994	\$ 310,000
-	-
7,070,000	340,000
8,224,581	390,000
4,493,775	-
689,534	98,505
3,515,000	1,110,000
3,205,000	1,005,000
15,290,000	585,000
18,895,000	385,000
35,000,000	-
457,248	60,418
342,918	104,755
14,716	14,716
5,580,208	1,327,565
1,036,091	279,749
<u>\$109,808,065</u>	<u>\$6,010,708</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

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

Year End June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2005	\$1,987,565	\$304,939	\$ 6,010,708	\$ 5,281,270
2006	3,464,553	172,995	6,548,623	4,890,872
2007	262,101	68,153	8,406,023	4,587,105
2008	269,848	64,347	5,837,399	4,212,397
2009	173,050	53,124	4,638,839	3,974,866
2010-2014	586,436	140,154	25,372,126	16,394,997
2015-2019	287,789	14,368	31,892,831	9,513,524
2020-2024	-	-	15,151,516	2,604,299
2025-2029	-	-	5,950,000	673,219
Total	\$7,031,342	\$818,080	\$109,808,065	\$52,132,549

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

Assessed valuation at December 31, 2003	<u>\$1,863,768,043</u>
Legal debt limit - (7% of assessed valuation)	\$ 130,463,763
Total Bonded Debt at June 30, 2004	\$104,831,884
Less debt not subject to limitation under City charter and state statute:	
Revenue bonds and notes	<u>98,172,350</u>
Debt subject to limitation	<u>6,659,534</u>
Unused debt limitation	<u>\$123,804,229</u>

Drinking Water Revolving Fund revenue bonds:

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

Section 108 loan:

The Section 108 loan is an economic development loan program administered by the U.S. Department of Housing and Urban Development (HUD). Loans under the program are owed to HUD and are secured by future federal grant allocations to the City through the Community Development Block Grant Program.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Advance refundings and defeasances:

The City Council, in 1985, approved the defeasance of the 1984 Tax Increment Finance Authority - Buick City Bonds. Sufficient assets to retire the debt were placed in escrow with a trustee, First of America Bank - Detroit, Michigan. The agreement between the City and the trustee stipulates that liability will be liquidated at the original maturity dates through June 1, 2006, with the balance of outstanding liability redeemed at that time. In accordance with SFAS #76, the fund liability was eliminated. The outstanding balance of the extinguished bond issue at June 30, 2004, was \$2,450,000.

In December 1985, Hurley Medical Center purchased U.S. Government securities and deposited them in an irrevocable trust. The principal and interest from these securities is sufficient to fund the scheduled principal and interest payments on the \$30,055,000 outstanding balance of the 1977 Revenue Rental Bonds and 1977 General Obligations Bonds. Accordingly, these bonds have been considered to be extinguished in an in-substance defeasance, and the securities and bonds do not appear in the balance sheet at June 30, 2004. The outstanding balance on the 1977 revenue rental and general obligation bonds was \$6,540,000 at June 30, 2004.

On March 14, 1989, the City Council approved the advance refunding of the 1983 Tax Increment Finance Authority AutoWorld bonds. A \$6.0 million grant received from the Mott Foundation and the proceeds of the sale of \$3.3 million revenue bonds (secured by the AutoWorld facility sale proceeds and parking revenues) were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of providing resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2004, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability was removed from the general long-term debt account group at June 30, 1989. The outstanding balance of the defeased bonds at June 30, 2004, is \$800,000.

During 1985 the City Council approved the advance refunding on the 1978 Sewer Bonds. The net proceeds of the 1998 Refunding Bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 30, 2007, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2004. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2004, is \$3,525,000.

During 1992, the City Council approved the advance refunding of the 1981 Tax Increment Finance Authority Riverfront Center Parking Structure Bonds. The net proceeds of the sale of \$4.0 million 1991 Tax Increment Revenue Refunding Bonds were used to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2005, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2004. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2004 is \$50,000.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

IV. Detailed notes on all funds - (continued)

G. Long-term debt - (continued)

Advance refundings and defeasances: - (continued)

During 1993, the City Council approved the advance refunding of the 1985 Tax Increment Finance Authority Buick City Refunding Bonds. The net proceeds of the sale of \$16.64 million 1993 Tax Increment Revenue Refunding Bonds were used to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The agreement between the City and the trustee stipulates that the liability will be liquidated at the original maturity dates through June 1, 2006, with the balance of the outstanding liability redeemed at that time. As a result, the bonds are considered to be defeased and the liability has been removed from the general long-term debt account group at June 30, 2004. The refunding bonds are secured by the full faith and credit of the City. The outstanding balance of the defeased bonds at June 30, 2004, is \$4,650,000.

Total defeased debt still outstanding at June 30, 2004:

Governmental activities	\$ 7,950,000
Business type activities	<u>10,065,000</u>
	<u><u>\$18,015,000</u></u>

H. Restricted assets

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

Hurley Medical Center:

Equipment replacement and improvement	\$38,312,657
Self insurance	6,893,731
Revenue Bond Indenture – held by trustee	17,342,320
Children's Miracle Network	330,589

Water Supply Fund:

Revenue bond equipment replacement account	3,515,264
Debt service reserve	<u>2,578,235</u>

Total restricted assets	<u><u>\$68,972,796</u></u>
-------------------------	----------------------------

V. Other information

A. Economic dependency

General Motors Corporation is the largest employer in the City and holds approximately 17% of the City's total taxable real and personal property.

B. Deferred compensation

a. Deferred compensation - 457A Plans:

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information – (continued)

B. Deferred compensation – (continued)

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

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

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

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

b. Unqualified Deferred Compensation Plan:

The City Council approved, on June 10, 1985, the creation of a separate deferred compensation plan for those employees that participate in the I.C.M.A. 401A Retirement Plan. The plan is adopted in accordance with the I.R.C. Section 457C. See Note C.4 for relevant information regarding participants' rights, ownership of plan assets, and other disclosures. The City acts as the trustee of the plan. Contributions made by the City are intended to create equality between the contributions allowed under the General Retirement Plan and the I.C.M.A. 401A Retirement Plan. The transactions are recorded in the Unqualified Deferred Compensation Agency Fund. Contributions made to the plan during the year, distributions, and plan assets as of June 30, 2004, amounted to \$159,121, \$195,732, and \$-0-, respectively.

C. Retirement plans and other post-employment benefits

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

1. Flint Employees' Retirement System:

The City of Flint Employees' Retirement System (FERS), a Single-Employer Public Employee Retirement System, covers substantially all employees of the City, including Hurley Medical Center, except certain firemen and policemen covered by the Charter Retirement Plan, and those employees that elect to participate in the Employees Defined Contribution - 401A Plan. The Retirement System is a blended component unit of the City of Flint. The plan was established by City ordinance and applicable state law, and is administered by a board of trustees. Investments of the plan are made through Bank One Trust Department and the Northern Trust. Employees who retire at or after age 55 (age 60 for certain Hurley Medical Center employees) with 10 years of credited service (8 years for appointed officials), or those members with 25 years credited service (23 years for police and fire), regardless of their age, are entitled to a retirement benefit. Certain police members can voluntarily retire at age 50 with 25 years of service. The retirement benefit can range from 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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

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

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

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

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

Membership in the plan at December 31, 2002, the date of the latest actuarial valuation, was comprised of 3,246 active plan members 272 inactive vested members and 2,921 retirees and beneficiaries receiving payments.

The Plan provides that the City and employees contribute amounts necessary to fund the actuarially determined benefits. Employees become members of FERS and are required to deposit amounts into the system based on rates determined by bargaining unit contracts of all compensation, including overtime. The employee contribution rates ranged from 2.0% to 7.0% in 2003. Deposits are accumulated in individual accounts for each member remaining in service. Upon termination, a member may withdraw the accumulated employee contributions plus any interest credited to his or her account.

The City forwarded \$6,226,037 of pension contributions withheld from employees during the plan year ended December 31, 2003. During 2004 employer contributions rates ranged from 0% to 24.87% of covered payroll. The employer contributions funded retirement benefits, life insurance benefits, and the administration of the retirement system.

Actuarial assumptions:

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

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

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

Annual pension cost:

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

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation (Asset) at June 30</u>
6/30/02	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	-

The December 31, 2003 actuarial valuation is still in draft form and has not been approved by the pension board.

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 is in process at June 30, 2004. Formal transfer is expected in mid fiscal year 2005. Employer contribution rates of the MERS plan are expected not to be greater than those of the City of Flint PERS.

2. Charter Retirement Plan:

The Charter Retirement Plan, a single employer defined benefit pension plan, covers firemen and policemen employed by the City prior to July 1, 1947. The plan was adopted under City code. All employees covered by this plan have retired. Benefits are provided under a special City ordinance with retirees receiving a benefit of \$7,000 a year. The current membership of the plan at June 30, 2004, is 20 members. The City intends to pay retirement benefits as they become due from future years' General Fund revenues. The City's contribution to the plan for the year ended June 30, 2004, was \$272,304 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, 2004 were \$-0-.

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

The City has made available to appointed officials an alternative retirement plan to the general retirement pension plan. The plan is a non-contributory defined contribution plan adopted under City ordinance. The City contributes an amount equal to the lesser of 25% of the employee's compensation, or \$30,000. No employee contributions are required, and employees vest 100% immediately. Total contributions required and made by the City during the year ended June 30, 2004, were \$375,458, 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, 2004, were \$46,785,935 and \$1,501,832, respectively.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

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

4. Defined contribution retirement plan:

On December 3, 2003, a resolution was passed by City Council to establish a defined contribution 401 pension plan for members of AFSCME Local 1600 and Local 1799. The plan established is a money purchase retirement plan as an alternative to the Flint Employees' Retirement System defined benefit pension plan. A specific plan document detailing the employer and employee participation in the plan has not been finalized as of the audit opinion date. No amounts have been contributed to the plan as of year end.

5. Excess Benefits Pension Plan:

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

Participation in the Plan is limited to FERS retirees whose benefit under the FERS defined benefit plan is limited by Section 415 of the Code and who retire at any time based on employment as a member of a bargaining unit represented by Local 1600 or Local 1799 of American Federation of State, County, and Municipal Employees. All employees covered by this plan have retired.

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

The Plan is intended to be funded on an annual basis via City contributions. There are no employee contributions to the Plan. The annual contribution will be determined by estimating the amount of "excess" benefits that will be paid out that calendar year. During the year ended June 30, 2004, employer contributions of \$47,288 were made to the plan and benefits of \$47,288 were paid out.

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

6. Retiree Death Benefits Plan:

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

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

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

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

6. Retiree Death Benefits Plan: - (continued)

As of year end, there were 695 retirees who were eligible for this benefit. Employee and employer contributions for the year ended June 30, 2004, were both \$20,769. Net assets available for benefits, reported at fair value were \$2,427,572 at year end. No actuarial valuation has been performed to determine the present value of vested benefits. During 2004, death benefits of \$110,000 were paid.

7. Post-retirement health care benefits:

Hurley Medical Center:

Effective for retirements on or after July 1, 1983, Hurley Medical Center provides a portion of health insurance premiums for retired employees. The insurance premium for retired non-exempt employees is \$168 to \$1,499 per month to age 65 and a Medicare supplement after age 65. Retired exempt employees receive full coverage. No payment is made if the retired employee is covered under other employment. The estimated cost of such benefits is accrued based on a level percent of payroll. Accrued costs charged to expense were \$3,060,050 in the year ended June 30, 2004. The number of participants eligible to receive benefits were 617 in the year ended June 30, 2004. The Medical Center maintains a trust to be used for payment of the Medical Center's portion of health insurance premiums for retired employees.

City of Flint excluding Hurley Medical Center:

The City provides post-employment health care benefits to its retirees as required by bargaining unit contract or city ordinance. The benefits are paid by the City on a "pay as you go basis" and are not prefunded. No actuarial determination has been performed on the post-employment health care benefits liability. The benefits are paid through the Retiree Health Care Benefits Trust Fund. The City is self insured for these health care benefits as described in the risk management footnote. For the year ended June 30, 2004, the City paid out \$15,778,442 in retiree health care costs. As of year end, 1,593 retirees were eligible to receive these health care benefits.

D. Building department fund revenues and expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. A separate fund has been established to account for the construction code activity. The City chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended June 30, 2004 is as follows:

Revenue:	
Building permits	\$ 835,492
Expenditures	<u>1,876,856</u>
Revenue over (under) expenditures	<u>\$(1,041,364)</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

E. Summary disclosures of significant contingent liabilities

Federal, state, and local grants:

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

F. Risk management

Risk Management - primary government:

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

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

The City is self insured for workmen's compensation on a pay as you go basis for claims up to \$500,000, with reinsurance coverage provided once claims exceed \$1,000,000 in the aggregate. The self insurance program is administered by a third party administrator. All workman's compensation benefits are paid out of the Fringe Benefits Internal Service Fund. The amount of estimated claims payable at June 30, 2004 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, 2004 was not material.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

F. Risk management - (continued)

The City pays unemployment claims on a reimbursement basis.

The City is self insured for medical benefits provided to active employees and retirees. The benefits are funded on a pay as you go basis. Claims are being paid out of the Fringe Benefits Internal Service Fund for active employee claims and out of the Retiree Health Care Trust Fund for retirees. The plans are administered by Blue Cross and Blue Shield and Health Plus of Michigan. Once the individual contract or aggregate stop loss amount is reached reinsurance provides the remaining benefits. The City has two health insurance plans that are self insured, Blue Cross/Blue Shield of Michigan (BCBSM) and HealthPlus. For the year ended June 30, 2004, the City paid out \$4,245,806 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 \$18,233,134 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, 2004 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, 2004, there were 1,593 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>2004</u>	<u>2003</u>
Estimated liability, beginning of year	\$ 2,610,022	\$ 6,617,432
Estimated claims incurred, including changes in estimates	3,780,020	(3,266,410)
Claims payments	(2,745,020)	(741,000)
Estimated liability, end of year	<u>\$ 3,645,022</u>	<u>\$ 2,610,022</u>

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

F. Risk management – (continued)

Hurley Medical Center Enterprise Fund:

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

The Medical Center's self insured retention is \$5 million per occurrence/\$5 million annual aggregate with excess claims made coverage of \$10 million per occurrence/\$10 million annual aggregate. The Medical Center is also self insured for worker's compensation claims.

There were no significant reductions in the amount of excess-insurance coverage for hospital professional and patient general liability exposures. Also, there were no settlements that exceeded insurance coverage for the past three years. The Medical Center employs the use of an actuary to provide an analysis of the existing claims and to estimate the liability for incurred but not reported (IBNR) claims.

The carrying amount of liabilities for unpaid claims amounted to \$21,545,354 June 30, 2004.

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

	Claims and Defense Costs Payable
Balance - beginning of year	\$ 19,553,190
Claims paid	(3,621,133)
Defense costs and other fund expenses	(2,365,278)
Excess insurance premium payments	(1,618,639)
Increase in claims liability	<u>9,597,214</u>
Balance - end of year	<u>\$ 21,545,354</u>
Insurance Trust assets (at cost) - end of year	<u>\$ 2,311,714</u>

The Medical Center is self insured for workers' compensation claims. The Medical Center is on a pay-as-you-go basis. Current claims expense for the year ended June 30, 2004 was \$1,331,937.

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, 2004 that may result in the assertion of additional claims. Management is of the opinion that the settlement of those claims probable of unfavorable outcome, as well as the settlement, if any, of such other asserted and unasserted claims, are within the self-insurance limits. Consequently, management believes that such settlements will not significantly affect the Medical Center's financial results. The Medical Center maintains an irrevocable trust to be used for the payment of settlements. The Medical Center funds the trust based upon an annual actuarial determination. The Medical Center has a stop loss insurance policy relating to malpractice claims which limits the claims that are paid from the irrevocable trust.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

F. Risk management - (continued)

Risk Management - component units:

The Flint Economic Development Corporation is exposed to various risks of loss related to property loss, torts, and error and omissions. The Corporation has purchased commercial insurance for these risks associated with a small business incubator facility which leases commercial and light industrial space to new businesses. Since the Corporation occupies premises located in the City of Flint Municipal Center and all Corporation personnel are employees of the City, any losses related to general liability, employee injuries, workman's compensation, and employee medical benefits are covered by City self insurance risk management programs. No claims related to Corporation activities have been presented to the City as of June 30, 2004.

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

G. Operating deficits – General Fund

As shown in the fund financial statements, General Fund liabilities exceed General Fund assets by \$7,789,059, and the General Fund has an unreserved fund balance deficit of \$7,871,141. In addition, the General Fund has a deficit position in the pooled cash and investment account of \$10,389,718. The General Fund is the main operating fund for City operations with its revenues being unrestricted as to the purpose for which they can be spent. The resources of other funds are restricted as to purpose, and cannot be used to fund the programs and activities recorded in the General Fund. Subsequent to year end, the City issued Financial Recovery General Obligation bonds of \$8.0 million. (See Note V.J.) The bonds were issued to eliminate the General Fund deficit.

The bonds were issued as part of a plan devised by management to eliminate the deficit in the General Fund. The plan was submitted to and approved by the State of Michigan. The initiatives in the plan will be implemented over the next four fiscal years.

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.

City of Flint, Michigan
Notes to Basic Financial Statements
June 30, 2004

V. Other information - (continued)

I. Extraordinary item – Capitalization of Infrastructure Constructed before July 1, 2001

On July 1, 2001, the City implemented Governmental Accounting Standards Board Statement No. 34, *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"* (Statement). Under the accounting standards required by that Statement, the City had to capitalize and depreciate infrastructure assets (roads, bridges, etc.). Prior to GASB Statement No. 34, the City did not have to record such assets on its financial statements. The Statement allowed the City to prospectively capitalize and depreciate infrastructure assets beginning July 1, 2001. The Statement further required that the City retroactively capitalize and depreciate infrastructure that were constructed subsequent to June 30, 1980 but prior to July 1, 2001, but gave the City a period of five years to retroactively capitalize these infrastructure assets. The City chose to retroactively capitalize these infrastructure assets during the year ended June 30, 2004. During the year ended June 30, 2004, the City estimated the historical cost and accumulated depreciation on the infrastructure assets to be retroactively capitalized. As a result, the City capitalized infrastructure assets with a depreciated value of \$117,329,594 during the year ended June 30, 2004. This increase to governmental activity net assets was recorded on the statement of changes in net assets at the government wide financial statement level as a separately disclosed extraordinary item below changes in net assets from current operations.

J. Subsequent issuance of debt

On December 16, 2004, the City issued City of Flint Financial Recovery General Obligation bonds in the amount of \$8.0 million. The net proceeds of the bonds after discounts and issuances costs were \$7,833,493. The entire net proceeds were deposited into the City's general fund. The bonds were issued under specific provision of Public Act 72 of the State of Michigan, with the approval of the Local Emergency Financial Assistance Loan Board. The sole purpose of the bonds is to eliminate the deficit in the general fund. The bonds are secured by future state revenue sharing payments.

K. Subsequent event – interest rate swap

On July 1, 2004, Hurley Medical Center entered into an interest rate swap agreement with Piper Jaffray related to the \$35 million bond issue that changed interest to be paid from a fixed rate of 5.69% to a variable rate of 3.3%. The term of the agreement is seven years but can be terminated at any time.

Required Supplementary Information

City of Flint, Michigan
Required Supplementary Information
Analysis of Funding Progress
June 30, 2004

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Attained Age (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
12-31-00	\$880,406	\$887,022	\$ 6,616	99.25%	\$160,047	4.13%
12-31-01	906,960	892,262	(14,698)	101.65	151,507	(9.70)
12-31-02	871,274	955,306	84,032	91.20	146,558	57.34

The actuarial methods used to determine the Actuarial Accrued Liability was the individual entry age actuarial and the projected unit credit funding methods. Unfunded actuarial accrued liabilities are being amortized as a level percent of projected payroll over 17 years for general police, and fire. The Medical Center's over funding is being amortized over 4 years. Significant actuarial assumptions used in the computation of the accrued actuarial liability include: (1) a rate of return on the investment or present and future assets of 7.75% per year compounded annually, (2) projected salary increases of 3.75% to 7.55% per year compounded annually, and 3.75% inflation.

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

City of Flint, Michigan
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2004

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

<u>Fiscal</u> <u>Year</u> <u>End</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>% of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u> <u>(Asset) at</u> <u>June 30</u>
6/30/99	12/31/96	\$24,209,289	100%	\$ -
6/30/00	12/31/97	28,292,827	100	-
6/30/01	12/31/98	14,569,092	100	-
6/30/02	12/31/99	11,496,879	100	-
6/30/03	12/31/00	6,588,897	100	-
6/30/04	12/31/01	6,226,037	100	-

City of Flint, Michigan

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Property taxes	\$ 12,710,786	\$ 12,371,277	\$ 12,256,144	\$ (115,133)
Income taxes	19,700,000	19,700,000	19,941,781	241,781
Intergovernmental:				
Federal revenue	244,229	855,235	990,277	135,042
State revenue	22,771,685	20,546,953	20,761,420	214,467
Licenses and permits	1,111,485	1,261,485	1,278,776	17,291
Fines and forfeits	2,280,000	2,280,000	2,453,490	173,490
Charges for services	3,177,651	20,798,272	10,435,170	(10,363,102)
Local grant revenue	348,803	377,591	403,143	25,552
Interest and other	437,921	1,775,975	1,964,631	188,656
Total revenues	62,782,560	79,966,788	70,484,832	(9,481,956)
Expenditures:				
Current:				
Legislative - City Council	411,632	374,602	518,190	(143,588)
Judicial-68th District Court	4,414,980	3,955,763	4,448,000	(492,237)
General government:				
Contributions to agencies and others	-	479,565	479,565	-
Civil Service	179,776	150,159	193,252	(43,093)
Human Relations	191,586	163,674	149,233	14,441
Mayor's office	176,018	120,681	110,197	10,484
Finance	4,503,783	3,997,299	3,465,862	531,437
Community service	5,910	189,233	223,424	(34,191)
City Clerk	883,378	862,515	734,529	127,986
Human Resources	594,412	477,833	439,927	37,906
Office of the Ombudsman	161,406	83,638	88,763	(5,125)
City Administrator	4,303,655	3,777,548	3,880,146	(102,598)
Union Representatives	219,838	280,081	280,465	(384)
Capital accounts	-	72,500	214,509	(142,009)
Law office	1,538,032	1,429,756	1,303,741	126,015
Administration	15,913,030	15,913,030	12,208,148	3,704,882
Total General Government	28,670,824	27,997,512	23,771,761	4,225,751

(continued)

City of Flint, Michigan

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (continued) For the Year Ended June 30, 2004

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Police Department	17,757,248	16,302,075	17,250,203	(948,128)
Fire Department	10,518,216	10,312,722	10,761,868	(449,146)
Total Public Safety	28,275,464	26,614,797	28,012,071	(1,397,274)
Transportation	2,034,900	1,819,900	1,809,175	10,725
Parks and Recreation	264,578	2,346,594	2,388,014	(41,420)
Total expenditures	64,072,378	63,109,168	60,947,211	2,161,957
Excess (deficiency) of revenues over expenditures	(1,289,818)	16,857,620	9,537,621	(7,319,999)
Other financing sources (uses):				
Operating transfers in	3,672,128	5,441,787	1,129,480	(4,312,307)
Operating transfers out	-	(21,698,318)	(4,469,436)	17,228,882
Total other financing sources (uses)	3,672,128	(16,256,531)	(3,339,956)	12,916,575
Excess of revenues and other sources over expend- tures and other uses	2,382,310	601,089	6,197,665	5,596,576
Fund balance (deficit) - beginning of year	(13,986,724)	(13,986,724)	(13,986,724)	-
Fund balance (deficit) - end of year	\$ (11,604,414)	\$ (13,385,635)	\$ (7,789,059)	\$ 5,596,576

City of Flint, Michigan

Major Streets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal revenue	\$ -	\$ 982,144	\$ 823,536	\$ (158,608)
State revenue	8,178,450	7,278,450	8,121,522	843,072
Local revenue	-	210,405	68,957	(141,448)
Interest and other	190,549	771,324	610,110	(161,214)
Total revenues	8,368,999	9,242,323	9,624,125	381,802
Expenditures - current:				
General government:				
Administration	2,693,274	1,593,753	348,301	1,245,452
Total general government	2,693,274	1,593,753	348,301	1,245,452
Transportation	7,033,166	10,770,520	6,984,719	3,785,801
Parks and recreation	-	370,379	246,275	124,104
Total expenditures	9,726,440	12,734,652	7,579,295	5,155,357
Excess (deficiency) of revenues over expenditures	(1,357,441)	(3,492,329)	2,044,830	5,537,159
Other financing sources (uses):				
Operating transfers out	-	(967,233)	(1,927,301)	(960,068)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,357,441)	(4,459,562)	117,529	4,577,091
Fund balance - beginning of year	12,209,347	12,209,347	12,209,347	-
Fund balance - end of year	\$ 10,851,906	\$ 7,749,785	\$ 12,326,876	\$ 4,577,091

City of Flint, Michigan

Local Streets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal revenue	\$ -	\$ 323,522	\$ 292,924	\$ (30,598)
State revenue	2,020,195	2,020,196	2,231,670	211,474
Interest and other	20,195	20,195	29,177	8,982
Total revenues	2,040,390	2,363,913	2,553,771	189,858
Expenditures - current:				
General government:				
Administration	-	-	249,020	(249,020)
Community service administration	612,209	725,857	175,949	549,908
Total general government	612,209	725,857	424,969	300,888
Transportation	2,608,472	3,751,140	2,680,639	1,070,501
Parks and recreation	-	-	-	-
Total expenditures	3,220,681	4,476,997	3,105,608	1,371,389
Excess (deficiency) of revenues over expenditures	(1,180,291)	(2,113,084)	(551,837)	1,561,247
Other financing sources (uses):				
Operating transfers in	1,121,573	967,234	1,927,301	960,067
Excess (deficiency) of revenues and other sources over expenditures and other uses	(58,718)	(1,145,850)	1,375,464	2,521,314
Fund balance - beginning of year	2,075,516	2,075,516	2,075,516	-
Fund balance - end of year	\$ 2,016,798	\$ 929,666	\$ 3,450,980	\$ 2,521,314

City of Flint, Michigan
Notes to Required Supplementary Information
June 30, 2004

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

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

Supplemental Section

**City of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions
June 30, 2004**

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

(continued)

City of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions – (continued)
June 30, 2004

Special Revenue Funds – (continued)

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

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

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

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

Debt Service Funds

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

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

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

(continued)

City of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions – (continued)
June 30, 2004

Capital Projects Funds

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

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

City of Flint, Michigan
Nonmajor Proprietary Funds
Summary Descriptions
June 30, 2004

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

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

**City of Flint, Michigan
Internal Service Funds
Summary Descriptions
June 30, 2004**

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

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

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

**City of Flint, Michigan
Fiduciary Funds
Summary Descriptions
June 30, 2004**

Pension and Benefit Trust Funds

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

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

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

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

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

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.

Agency Funds

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

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

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

City of Flint, Michigan

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
With Comparative Totals for June 30, 2003

Assets	Special Revenue		
	Federal Grants	Neighborhood Policing	State Act 251- Forfeitures
Pooled cash and investments	\$ -	\$ 115,384	\$ 893,238
Cash and cash equivalents	892,111	-	-
Investments	-	-	-
Taxes receivable	-	65,398	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$178,417 - 2003; \$174,226 - 2003)	-	-	7,521
Notes receivable	3,018,058	-	-
Inventory	-	-	-
Due from other governments	1,406,765	-	-
Due from component unit	-	-	-
Total assets	\$ 5,316,934	\$ 180,782	\$ 900,759
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,143,399	\$ 2,477	\$ 981
Deposits payable	-	-	485,133
Due to other funds	332,414	-	-
Due to other governments	-	-	-
Deferred revenue	3,707,349	65,017	-
Total liabilities	5,183,162	67,494	486,114
Fund balances:			
Reserved for encumbrances	-	-	-
Reserved for long term receivable	-	-	-
Reserved for inventory	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	130,152	-	250,000
Undesignated (deficit)	3,620	113,288	164,645
Total fund balances	133,772	113,288	414,645
Total liabilities and fund balances	\$ 5,316,934	\$ 180,782	\$ 900,759

Special Revenue

State Grants	EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant	Parks & Recreation Fund	Central Maintenance Garage
\$ -	\$ 3,894	\$ 5,540	\$ 369,683	\$ 797,449	\$ 106,382
-	1,111,911	-	-	-	100
-	-	-	-	-	-
-	-	-	-	17,814	-
-	-	-	-	3,578	537
-	702,328	-	-	-	-
-	-	-	-	-	167,505
-	-	-	-	378,010	-
767,837	-	-	-	-	-
<u>\$ 767,837</u>	<u>\$ 1,818,133</u>	<u>\$ 5,540</u>	<u>\$ 369,683</u>	<u>\$ 1,196,851</u>	<u>\$ 274,524</u>
\$ -	\$ 5,482	\$ -	\$ 27,018	\$ 31,370	\$ 55,816
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
767,837	702,328	-	342,665	14,310	-
<u>767,837</u>	<u>707,810</u>	<u>-</u>	<u>369,683</u>	<u>45,680</u>	<u>55,816</u>
-	-	-	-	266,587	51,203
-	-	-	-	-	-
-	-	-	-	-	167,505
-	-	-	-	769,660	-
-	1,110,323	5,540	-	114,924	-
-	1,110,323	5,540	-	1,151,171	218,708
<u>\$ 767,837</u>	<u>\$ 1,818,133</u>	<u>\$ 5,540</u>	<u>\$ 369,683</u>	<u>\$ 1,196,851</u>	<u>\$ 274,524</u>

(continued)

City of Flint, Michigan

Combining Balance Sheet
Nonmajor Governmental Funds (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

Assets	Special Revenue		
	City Park	Longway Park	Building Department
Pooled cash and investments	\$ 6,854	\$ 7,648	\$ 22,727
Cash and cash equivalents	-	-	59
Investments	-	-	-
Taxes receivable	-	-	-
Accounts receivable (net of allowance for estimated uncollectible accounts of \$178,417 - 2003; \$174,226 - 2003)	-	-	1,218
Notes receivable	-	-	-
Inventory	-	-	-
Due from other governments	-	-	-
Due from component unit	-	-	-
Total assets	\$ 6,854	\$ 7,648	\$ 24,004
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 6,857	\$ 12,684
Deposits payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	6,857	12,684
Fund balances:			
Reserved for encumbrances	-	-	11,320
Reserved for long term receivable	-	-	-
Reserved for inventory	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	-	-	-
Undesignated (deficit)	6,854	791	-
Total fund balances	6,854	791	11,320
Total liabilities and fund balances	\$ 6,854	\$ 7,648	\$ 24,004

Special Revenue		Debt Service			Capital Projects
Garbage Collection	Code Abatement	Hyatt Debt Service	Windmill Place Debt Service	Buick City Debt Service	Public Improvement
\$ 65,944	\$ 273,893	\$ -	\$ 53,318	\$ -	\$ 1,936,623
634	-	-	-	-	-
-	-	-	-	561,960	-
-	-	4,391	4,118	3,336	87,672
-	-	-	-	-	-
-	-	-	-	-	1,336,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	252,308
\$ 66,578	\$ 273,893	\$ 4,391	\$ 57,436	\$ 565,296	\$ 3,612,603
\$ 66,297	\$ 146,411	\$ -	\$ -	\$ -	\$ 130,230
-	-	-	-	-	-
-	-	4,222	-	469,327	-
-	-	-	-	92,071	-
-	-	-	4,118	3,340	86,434
66,297	146,411	4,222	4,118	564,738	216,664
281	37,584	-	-	-	159,351
-	-	-	-	-	1,336,000
-	-	-	-	-	-
-	89,898	-	-	-	-
-	-	169	53,318	558	1,900,588
281	127,482	169	53,318	558	3,395,939
\$ 66,578	\$ 273,893	\$ 4,391	\$ 57,436	\$ 565,296	\$ 3,612,603

(continued)

City of Flint, Michigan

Combining Balance Sheet
Nonmajor Governmental Funds (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

Assets	Capital Projects	Totals	
	Atwood Stadium Building Authority	2004	2003
Pooled cash and investments	\$ -	\$ 4,658,577	\$ 6,358,076
Cash and cash equivalents	16,450	2,021,265	1,188,884
Investments	-	561,960	561,960
Taxes receivable	-	182,729	178,884
Accounts receivable (net of allowance for estimated uncollectible accounts of \$178,417 - 2003; \$174,226 - 2003)	-	12,854	3,242
Notes receivable	-	5,056,386	5,706,067
Inventory	-	167,505	170,913
Due from other governments	-	1,784,775	3,261,382
Due from component unit	-	1,020,145	252,308
Total assets	\$ 16,450	\$ 15,466,196	\$ 17,681,716
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 1,629,022	\$ 1,164,246
Deposits payable		485,133	167,121
Due to other funds	7,108	813,071	1,699,762
Due to other governments	-	92,071	-
Deferred revenue		5,693,398	7,296,751
Total liabilities	7,108	8,712,695	10,327,880
Fund balances:			
Reserved for encumbrances	-	526,326	290,657
Reserved for long term receivable	-	1,336,000	1,336,000
Reserved for inventory	-	167,505	170,913
Unreserved:			
Designated for subsequent years' expenditures	-	1,239,710	730,295
Undesignated (deficit)	9,342	3,483,960	4,825,971
Total fund balances	9,342	6,753,501	7,353,836
Total liabilities and fund balances	\$ 16,450	\$ 15,466,196	\$ 17,681,716

City of Flint, Michigan

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	Special Revenue		
	Federal Grants	Neighborhood Policing	State Act 251- Forfeitures
Revenues:			
Property Taxes	\$ -	\$ 3,044,323	\$ -
Federal revenue	9,313,904	-	-
State revenue	-	-	-
Local revenue	1,314,982	-	-
Licenses and fees	-	-	-
Fines and forfeits	-	-	233,914
Charges for services	-	-	-
Interest and other	29,071	18,582	15,009
Total revenues	10,657,957	3,062,905	248,923
Expenditures:			
Current:			
General government	188,897	-	-
Police	-	3,037,290	235,240
Fire	-	-	-
Judicial	-	-	-
Building inspection	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	10,676,226	-	-
Debt Service:			
Principal retirement	126,000	-	-
Interest and fiscal charges	51,515	-	-
Total expenditures	11,042,638	3,037,290	235,240
Excess (deficiency) of revenue over expenditures	(384,681)	25,615	13,683
Other financing sources (uses):			
Bond proceeds	-	-	-
Transfers in	518,453	-	-
Transfers out	-	-	(323,640)
Transfers to component unit	-	-	-
Total other financing sources (uses)	518,453	-	(323,640)
Net change in fund balances	133,772	25,615	(309,957)
Fund balances - beginning of year	-	87,673	724,602
Fund balances - end of year	\$ 133,772	\$ 113,288	\$ 414,645

Special Revenue

State Grants		EDA Revolving Loan	Atwood Stadium	Local Law Enforcement Grant	Parks & Recreation Fund	Central Maintenance Garage
\$	-	\$	-	\$	761,233	\$
	-		-	678,119	368,100	-
	-		-	-	-	-
	-		-	-	4,198	-
	-		-	-	-	-
	-		-	-	-	2,204,611
	-	382,743	82	18,536	20,825	62,970
	-	382,743	82	696,655	1,154,356	2,267,581
	-		-	63,772	-	3,386,793
	-		-	632,883	-	-
	-		-	-	-	-
	-		-	-	-	-
	-		-	-	-	-
	-		-	-	1,352,515	-
	-	289,029	-	-	-	-
	-		-	-	-	-
	-		-	-	-	-
	-	289,029	-	696,655	1,352,515	3,386,793
	-	93,714	82	-	(198,159)	(1,119,212)
	-		-	-	-	-
	-		-	-	-	1,298,623
	-		-	-	-	-
	-		-	-	-	-
	-		-	-	-	1,298,623
	-	93,714	82	-	(198,159)	179,411
	-	1,016,609	5,458	-	1,349,330	39,297
\$	- 0 -	\$ 1,110,323	\$ 5,540	\$ - 0 -	\$ 1,151,171	\$ 218,708

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

Special Revenue

Revenues:

	City Park	Longway Park	Building Department
Property Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	716,322
State revenue	-	-	-
Local revenue	-	-	-
Licenses and fees	-	-	835,492
Fines and forfeits	-	-	-
Charges for services	-	-	-
Interest and other	102	114	-
Total revenues	102	114	1,551,814

Expenditures:

Current:

General government	-	-	-
Police	-	-	-
Fire	-	-	-
Judicial	-	-	-
Building inspection	-	-	2,593,178
Public works	-	-	-
Parks and recreation	-	-	-
Community development and enrichment	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-

Total expenditures	-	-	2,593,178
Excess (deficiency) of revenue over expenditures	102	114	(1,041,364)

Other financing sources (uses):

Bond proceeds	-	-	-
Transfers in	-	-	1,052,684
Transfers out	-	-	-
Transfers to component unit	-	-	-
Total other financing sources (uses)	-	-	1,052,684

Net change in fund balances	102	114	11,320
-----------------------------	-----	-----	--------

Fund balances - beginning of year	6,752	677	-
Fund balances - end of year	\$ 6,854	\$ 791	\$ 11,320

Special Revenue		Debt Service			Capital Projects
Garbage Collection	Code Abatement	Hyatt Debt Service	Windmill Place Debt Service	Buick City Debt Service	Public Improvement
\$ 4,577,219	\$ -	\$ -	\$ 52,707	\$ 364	\$ 3,809,532
-	101,110	-	-	-	226,176
-	-	-	-	-	-
-	25,157	-	-	-	-
6,785	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,921	-	-	401	-	112,388
4,610,925	126,267	-	53,108	364	4,148,096
-	-	-	-	92,071	608,013
-	-	-	-	-	-
-	-	-	-	-	748,974
-	-	-	-	-	79,082
-	-	-	-	-	-
5,057,064	-	-	-	-	175,431
-	-	-	-	-	-
-	448,785	-	-	-	108,610
-	-	335,000	-	1,285,000	271,031
-	-	27,154	-	226,813	55,208
5,057,064	448,785	362,154	-	1,603,884	2,046,349
(446,139)	(322,518)	(362,154)	53,108	(1,603,520)	2,101,747
-	-	-	-	-	-
446,420	450,000	362,154	-	1,603,884	-
-	-	-	-	-	(2,813,313)
-	-	-	-	-	-
446,420	450,000	362,154	-	1,603,884	(2,813,313)
281	127,482	-	53,108	364	(711,566)
-	-	169	210	194	4,107,505
\$ 281	\$ 127,482	\$ 169	\$ 53,318	\$ 558	\$ 3,395,939

(continued)

City of Flint, Michigan

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	Capital Projects		
	Atwood Stadium Building Authority	Totals	
		2004	2003
Revenues:			
Property Taxes	\$ -	\$ 12,245,378	\$12,113,983
Federal revenue	-	11,403,731	9,881,015
State revenue	-	-	866,120
Local revenue	-	1,344,337	-
Licenses and fees	-	842,277	721,149
Fines and forfeits	-	233,914	536,082
Charges for services	27,890	2,232,501	923,084
Interest and other	-	687,744	907,035
Total revenues	27,890	28,989,882	25,948,468
Expenditures:			
Current:			
General government	-	4,339,546	2,630,079
Police	-	3,905,413	3,339,440
Fire	-	748,974	-
Judicial	-	79,082	-
Building inspection	-	2,593,178	1,596,003
Public works	-	5,232,495	4,911,503
Parks and recreation	33,908	1,386,423	2,103,919
Community development and enrichment	-	11,522,650	10,285,891
Debt Service:			
Principal retirement	-	2,017,031	2,889,575
Interest and fiscal charges	-	360,690	415,823
Total expenditures	33,908	32,185,482	28,172,233
Excess (deficiency) of revenue over expenditures	(6,018)	(3,195,600)	(2,223,765)
Other financing sources (uses):			
Bond proceeds	-	-	1,452,000
Transfers in	-	5,732,218	4,489,511
Transfers out	-	(3,136,953)	(3,940,299)
Transfers to component unit	-	-	(50,000)
Total other financing sources (uses)	-	2,595,265	1,951,212
Net change in fund balances	(6,018)	(600,335)	(272,553)
Fund balances - beginning of year	15,360	7,353,836	7,626,389
Fund balances - end of year	\$ 9,342	\$ 6,753,501	\$ 7,353,836

City of Flint, Michigan

Federal Grants Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Federal revenue	\$ 6,829,546	\$ 21,672,190	\$ 9,313,904	\$(12,358,286)
State revenue	-	500,000	-	(500,000)
Local revenue	-	1,997,985	1,314,982	(683,003)
Interest and other	-	190,242	29,071	(161,171)
Total revenues	6,829,546	24,360,417	10,657,957	(13,702,460)
Expenditures				
Current:				
General government	-	938,007	188,897	749,110
Community enrichment and development	6,829,546	23,860,696	10,676,226	13,184,470
Debt service:				
Principal	-	126,000	126,000	-
Interest and fiscal charges	-	51,515	51,515	-
Total expenses	6,829,546	24,976,218	11,042,638	13,933,580
Deficiency of revenues over expenditures	-	(615,801)	(384,681)	231,120
Other financing sources (uses):				
Operating transfers in	-	794,037	518,453	(275,584)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	178,236	133,772	(44,464)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ - 0 -	\$ 178,236	\$ 133,772	\$ (44,464)

City of Flint, Michigan

Neighborhood Policing Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,169,810	3,169,810	\$ 3,044,323	\$ (125,487)
Interest and other	28	28	18,582	18,554
Total revenues	3,169,838	3,169,838	3,062,905	(106,933)
Expenditures - current:				
Police department	3,660,581	3,760,060	3,037,290	722,770
Excess of revenues over expenditures	(490,743)	(590,222)	25,615	615,837
Other financing sources:				
Operating transfers in	490,743	-	-	-
Excess (deficiency) of revenues over expenditures and other uses	-	(590,222)	25,615	615,837
Fund balance - beginning of year	87,673	87,673	87,673	-
Fund balance - end of year	\$ 87,673	\$ (502,549)	\$ 113,288	\$ 615,837

City of Flint, Michigan

State Act 251 - Forfeitures Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeits	\$ 300,000	\$ 235,057	\$ 233,914	\$ (1,143)
Interest and other	11,533	11,533	15,009	3,476
Total revenues	311,533	246,590	248,923	2,333
Expenditures - current:				
Police department	682,638	688,592	235,240	453,352
Excess (deficiency) of revenues over expenditures	(371,105)	(442,002)	13,683	455,685
Other financing uses:				
Operating transfers out	(62,000)	(62,000)	(323,640)	(261,640)
Excess (deficiency) of revenues over expenditures and other uses	(433,105)	(504,002)	(309,957)	194,045
Fund balance - beginning of year	724,602	724,602	724,602	-
Fund balance - end of year	\$ 291,497	\$ 220,600	\$ 414,645	\$ 194,045

City of Flint, Michigan

EDA Revolving Loan Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Interest and other	\$ -	\$ 181,385	\$ 382,743	\$ 201,358
Expenditures - current:				
Community development and enrichment	-	25,700	289,029	(263,329)
Excess (deficiency) of revenues over expenditures	-	155,685	93,714	(61,971)
Fund balance - beginning of year	1,016,609	1,016,609	1,016,609	-
Fund balance - end of year	\$ 1,016,609	\$ 1,172,294	\$ 1,110,323	\$ (61,971)

City of Flint, Michigan

Atwood Stadium Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Interest and other	\$ -	\$ -	\$ 82	\$ 82
Fund balance - beginning of year	5,458	5,458	5,458	-
Fund balance - end of year	\$ 5,458	\$ 5,458	\$ 5,540	\$ 82

City of Flint, Michigan

Local Law Enforcement Grant Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Federal revenue	\$ 602,836	\$ 394,579	\$ 678,119	\$ 283,540
Interest and other	-	19,250	18,536	(714)
Total revenues	602,836	413,829	696,655	282,826
Expenditures - current:				
General government	-	95,932	63,772	32,160
Police department	602,836	693,389	632,883	60,506
Total expenditures	602,836	789,321	696,655	92,666
Excess (deficiency) of revenues over expenditures	-	(375,492)	-	(375,492)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ - 0 -	\$ (375,492)	\$ - 0 -	\$ (375,492)

City of Flint, Michigan

Parks & Recreation Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 792,452	\$ 762,607	\$ 761,233	\$ (1,374)
Federal revenue	-	600,566	368,100	(232,466)
Local revenue	-	600	4,198	3,598
Interest and other	-	17,479	20,825	3,346
Total revenues	792,452	1,381,252	1,154,356	(226,896)
Expenditures - current:				
Parks and Recreation Department:	838,378	1,892,212	1,352,515	539,697
Total expenses	838,378	1,892,212	1,352,515	539,697
Excess (deficiency) of revenues over expenditures	(45,926)	(510,960)	(198,159)	312,801
Fund balance - beginning of year	1,349,330	1,349,330	1,349,330	-
Fund balance - end of year	\$ 1,303,404	\$ 838,370	\$ 1,151,171	\$ 312,801

City of Flint, Michigan

Central Maintenance Garage Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,348,393	\$ 2,270,041	\$ 2,204,611	\$ (65,430)
Interest and other	963,000	-	62,970	62,970
Total revenues	2,311,393	2,270,041	2,267,581	(2,460)
Expenditures - current:				
General government	2,481,213	3,468,547	3,386,793	81,754
Total expenditures	2,481,213	3,468,547	3,386,793	81,754
Deficiency of revenues over expenditures	(169,820)	(1,198,506)	(1,119,212)	(84,214)
Other financing sources (uses):				
Operating transfers in	-	1,157,818	1,298,623	140,805
Excess (deficiency) of revenues and other sources over expenditures and other uses	(169,820)	(40,688)	179,411	56,591
Fund balance - beginning of year	39,297	39,297	39,297	-
Fund balance - end of year	\$ (130,523)	\$ (1,391)	\$ 218,708	\$ 56,591

City of Flint, Michigan

City Park Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Interest and other	\$ -	\$ -	\$ 102	\$ 102
Expenditures - current:				
Parks and recreation	-	-	-	-
Excess of revenues over expenditures	-	-	102	102
Fund balance - beginning of year	6,752	6,752	6,752	-
Fund balance - end of year	\$ 6,752	\$ 6,752	\$ 6,854	\$ 102

City of Flint, Michigan

Longway Park Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Interest and other	\$ -	\$ -	\$ 114	\$ 114
Expenditures - current:				
Parks and recreations	-	-	-	-
Excess of revenues over expenditures	-	-	114	114
Fund balance - beginning of year	677	677	677	-
Fund balance - end of year	\$ 677	\$ 677	\$ 791	\$ 114

City of Flint, Michigan

Building Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Federal revenue	\$ 532,668	\$ 961,323	\$ 716,322	\$ (245,001)
Licenses and fees	2,261,775	2,142,246	835,492	(1,306,754)
Total revenues	2,794,443	3,103,569	1,551,814	(1,551,755)
Expenditures - current:				
Building inspection	3,625,187	3,997,866	2,593,178	1,404,688
Total expenditures	3,625,187	3,997,866	2,593,178	1,404,688
Deficiency of revenues over expenditures	(830,744)	(894,297)	(1,041,364)	(147,067)
Other financing sources (uses):				
Operating transfers in	841,272	1,347,404	1,052,684	(294,720)
Deficiency of revenues and other sources over expenditures and other uses	10,528	453,107	11,320	(441,787)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ 10,528	\$ 453,107	\$ 11,320	\$ (441,787)

City of Flint, Michigan

Garbage Collection Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,754,714	\$ 4,754,251	\$ 4,577,219	\$ (177,032)
Licenses and fees	25,000	25,000	6,785	(18,215)
Charges for services	325,000	40,000	-	(40,000)
Interest and other	-	-	26,921	26,921
Total revenues	5,104,714	4,819,251	4,610,925	(208,326)
Expenditures - current:				
Public works	5,137,269	5,270,137	5,057,064	213,073
Total expenses	5,137,269	5,270,137	5,057,064	213,073
Excess of revenues over expenditures	(32,555)	(318,018)	(446,139)	(128,121)
Other financing sources (uses):				
Operating transfers in	33,017	651,692	446,420	(205,272)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	462	333,674	281	(333,393)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ 462	\$ 333,674	\$ 281	\$ (333,393)

City of Flint, Michigan

Code Abatement Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2004

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Federal revenue	\$ -	\$ 350,000	\$ 101,110	\$ (248,890)
Local revenue	-	105,750	25,157	
Interest and other	-	7,500	-	(7,500)
Total revenues	-	463,250	126,267	(256,390)
Expenditures - current:				
Community development and enrichment	-	606,807	448,785	158,022
Total expenses	-	606,807	448,785	158,022
Excess of revenues over expenditures	-	463,250	(322,518)	(785,768)
Other financing sources (uses):				
Operating transfers in	-	500,000	450,000	(50,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	963,250	127,482	(835,768)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ - 0 -	\$ 963,250	\$ 127,482	\$ (835,768)

City of Flint, Michigan

Combining Statement of Net Assets

Nonmajor Proprietary Funds

June 30, 2004

With Comparative Totals for June 30, 2003

	Golf Courses	Mid-City Parking System	Totals	
			2004	2003
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,700	\$ 93,940	\$ 98,640	\$ 4,700
Accounts receivable (net of estimated uncollectible accounts of 2004-\$1,276 & 2003- \$3,261)	2,626	1,134	3,760	1,134
Inventory	36,259	-	36,259	33,030
Capital assets - net of accumulated depreciation	5,018,732	2,179,839	7,198,571	7,582,037
Total assets	\$ 5,062,317	\$ 2,274,913	\$ 7,337,230	\$ 7,620,901
Current liabilities				
Accounts payable	\$ 17,329	\$ -	\$ 17,329	\$ 29,537
Accrued liabilities	74,050	2,851	76,901	64,452
Due to other funds	1,009,580	1,319,711	2,329,291	2,802,300
Capital lease - current portion	14,716	-	14,716	129,111
Note payable- current portion	4,838	-	4,838	4,640
Total current liabilities	1,120,513	1,322,562	2,443,075	3,030,040
Note payable- long term portion	32,156	-	32,156	36,995
Total liabilities	1,152,669	1,322,562	2,475,231	3,067,035
Net assets				
Investment in capital assets, net of related debt	4,967,022	2,179,839	7,146,861	7,411,291
Unrestricted (deficit)	(1,057,374)	(1,227,488)	(2,284,862)	(2,857,425)
Total net assets	\$ 3,909,648	\$ 952,351	\$ 4,861,999	\$ 4,553,866

City of Flint, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Proprietary Funds For the Year Ended June 30, 2004 With Comparative Totals for June 30, 2003

	Golf Courses	Mid-City Parking System	Totals	
			2004	2003
Operating revenues - charges for services	\$ 1,112,839	\$ 86,575	\$ 1,199,414	\$ 1,420,701
Cost of materials purchased for resale	31,895	-	31,895	17,897
Operating expenses:				
Salaries, wages, and fringe benefits	709,488	24,394	733,882	764,447
Utilities	45,473	-	45,473	49,650
Equipment operation	-	-	-	5,330
Repairs and maintenance	87,320	-	87,320	100,676
Supplies	49,081	-	49,081	37,923
Insurance	-	-	-	2,739
Depreciation and amortization	410,735	1,472	412,207	420,765
Professional services	38,655	-	38,655	36,982
Administration	137,238	-	137,238	-
Miscellaneous	9,654	-	9,654	13,000
Total operating expenses	1,487,644	25,866	1,513,510	1,431,512
Total materials and operating expenses	1,519,539	25,866	1,545,405	1,449,409
Operating income (loss)	(406,700)	60,709	(345,991)	(28,708)
Non-operating revenues (expenses):				
Interest expense	(30,073)	(19,059)	(49,132)	(118,405)
Loss on sale of fixed assets	-	-	-	(4,834,995)
Total non-operating expenses	(30,073)	(19,059)	(49,132)	(4,953,400)
Net income (loss) before transfers	(436,773)	41,650	(395,123)	(4,982,108)
Transfers in	703,256	-	703,256	5,411,200
Transfers out	-	-	-	(1,584,454)
Change in net assets	266,483	41,650	308,133	(1,155,362)
Net assets - beginning of year	3,643,165	910,701	4,553,866	5,709,228
Net assets - end of year	\$ 3,909,648	\$ 952,351	\$ 4,861,999	\$ 4,553,866

City of Flint, Michigan

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	Golf Courses	Mid-City Parking System	Totals	
			2004	2003
Cash flows from operating activities:				
Receipts from customers and lessors	\$1,110,213	\$ 86,575	\$ 1,196,788	\$1,650,811
Payments to vendors	(414,752)	-	(414,752)	(314,593)
Payments to employees	(699,890)	(21,543)	(721,433)	(699,995)
Net cash provided by (used in) operating activities	(4,429)	65,032	60,603	636,223
Cash flows from non-capital financing activities:				
Pooled cash advanced from (repaid to) other funds	(520,976)	47,967	(473,009)	(508,331)
Interest paid	(24,011)	(19,059)	(43,070)	(105,597)
Transfers to other funds	703,256	-	703,256	(1,584,454)
Net cash provided by (used in) non-capital financing activities	158,269	28,908	187,177	(2,198,382)
Cash flows from capital and related financing activities:				
Purchases of capital assets	(28,741)	-	(28,741)	(17,404)
Principal payments on long term debt	(119,037)	-	(119,037)	(204,152)
Interest payments	(6,062)	-	(6,062)	(12,808)
Proceeds from sale of capital assets	-	-	-	1,577,755
Net cash provided by (used in) capital and related financing activities	(153,840)	-	(153,840)	1,343,391
Net increase (decrease) in cash and cash equivalents	-	93,940	93,940	(218,768)
Cash and cash equivalents - beginning of year	4,700	-	4,700	223,468
Cash and cash equivalents - end of year	\$ 4,700	\$ 93,940	\$ 98,640	\$ 4,700
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income	\$ (406,700)	\$ 60,709	\$ (345,991)	\$ (28,708)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	410,735	1,472	412,207	420,765
Change in assets and liabilities:				
Receivables, net	(2,625)	-	(2,625)	230,110
Inventories	(3,229)	-	(3,229)	(33,030)
Accounts payable and accrued liabilities	(2,610)	2,851	241	47,086
Net cash provided by (used in) operating activities	\$ (4,429)	\$ 65,032	\$ 60,603	\$ 636,223

City of Flint, Michigan

Internal Service Funds

Combining Statement of Net Assets

June 30, 2004

With Comparative Totals for June 30, 2003

Assets	Data Processing	Fringe Benefits	Self- Insurance
Current assets:			
Pooled cash and investments	\$ -	\$ 769,371	\$ 3,479,120
Cash and cash equivalents	-	238,990	-
Receivables (net of allowance for estimated uncollectible amounts of \$104,263 2004, and \$119,962 - 2003)	278	4,558	-
Due from other governments	-	-	-
Note receivable - current portion	-	130,000	-
Prepaid items	-	-	220,108
Total current assets	278	1,142,919	3,699,228
Note receivable - long term	-	1,040,000	-
Equipment, net of allowance for depreciation	884,334	-	-
Total assets	884,612	2,182,919	3,699,228

Totals	
2004	2003
\$ 4,248,491	\$ 3,644,420
238,990	186,105
4,836	1,666
-	107,710
130,000	130,000
220,108	171,919
4,842,425	4,241,820
1,040,000	1,170,000
884,334	2,295,291
6,766,759	7,707,111

City of Flint, Michigan

Internal Service Funds

Combining Statement of Net Assets (continued)

June 30, 2004

With Comparative Totals for June 30, 2003

	Data Processing	Fringe Benefits	Self- Insurance
<hr/>			
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	16,811	473,851	3,679,942
Accrued liabilities	150,891	1,709,068	19,286
Due to other funds	223,276	-	-
Capital lease payable - current portion	351,850	-	-
Bonds payable - current portion	-	-	-
	<hr/>		
Total current liabilities	742,828	2,182,919	3,699,228
Long-term capital lease payable	141,784	-	-
	<hr/>		
Total liabilities	884,612	2,182,919	3,699,228
	<hr/>		
Net Assets:			
Invested in capital assets, net of related debt	390,700	-	-
Unrestricted (deficit)	(390,700)	-	-
	<hr/>		
Total net assets	\$ - 0 -	\$ - 0 -	\$ - 0 -
	<hr/>		

Totals	
2004	2003
4,170,604	3,901,197
1,879,245	1,280,648
223,276	-
351,850	370,192
-	704,560
6,624,975	6,256,597
141,784	430,498
6,766,759	6,687,095
390,700	790,041
(390,700)	229,975
\$ - 0 -	\$ 1,020,016

City of Flint, Michigan

Internal Service Funds

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

For the Year Ended June 30, 2004

With Comparative Totals for the Year Ended June 30, 2003

	Data Processing	Fringe Benefits	Self- Insurance
Operating revenues	\$ 2,951,997	\$ 19,665,087	\$ 6,023,591
Costs of materials or services rendered	-	19,668,818	-
Operating expenses:			
Salaries, wages, and fringe benefits	1,235,123	-	1,928,304
Repair and maintenance	435,383	-	-
Supplies	25,862	-	5,200
Insurance	-	-	503,756
Depreciation	1,731,764	-	-
Professional services	377,001	-	953,756
Rentals	373	-	-
Claims and settlements	-	-	2,745,020
Miscellaneous	36,847	-	-
Total operating expenses	3,842,353	-	6,136,036
Total materials, services, and operating expenses	3,842,353	19,668,818	6,136,036
Operating income (loss)	(890,356)	(3,731)	(112,445)
Non-operating revenues (expenses):			
Loss on disposal of fixed assets	-	-	-
Interest income	600	3,731	4,735
Interest expense	(63,985)	-	-
Total non-operating revenues (expenses)	(63,385)	3,731	4,735
Income (loss) before transfers	(953,741)	-	(107,710)
Operating transfers out	-	-	-
Operating transfers in	41,435	-	-
Net income (loss)	(912,306)	-	(107,710)
Net assets - beginning of year	912,306	-	107,710
Net assets - end of year	\$ - 0 -	\$ - 0 -	\$ - 0 -

Totals	
2004	2003
\$ 28,640,675	\$ 43,539,263
19,668,818	35,430,630
3,163,427	3,393,974
435,383	486,594
31,062	25,874
503,756	445,610
1,731,764	1,996,232
1,330,757	1,806,665
373	190
2,745,020	(290,486)
36,847	139,049
9,978,389	8,003,702
29,647,207	43,434,332
(1,006,532)	104,931
-	(5,334)
9,066	140,731
(63,985)	(130,900)
(54,919)	4,497
(1,061,451)	109,428
-	(908,007)
41,435	195,238
(1,020,016)	(603,341)
1,020,016	1,623,357
\$ - 0 -	\$ 1,020,016

City of Flint, Michigan

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2004

With Comparative totals for the Year Ended June 30, 2003

	Data Processing	Fringe Benefits	Self- Insurance
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,951,719	\$ 20,223,807	\$ 6,132,402
Payments to vendors	(896,257)	(20,047,079)	(3,587,462)
Refunds of customer deposits	-	-	-
Payments to and on behalf of employees	(1,218,525)	-	(1,909,018)
Net cash provided by operating activities	836,937	176,728	635,922
Cash flows from noncapital financing activities:			
Operating transfer from other funds	41,435	-	-
Operating transfer to other funds	-	-	-
Payments received on long term note receivable	-	130,000	-
Interest payments on pooled cash advances	-	-	-
Pooled cash advances from (repayments to) other funds	223,276	-	-
Net cash provided by (used in) noncapital financing activities:	264,711	130,000	-
Cash flows from capital and related financing activities:			
Purchase of capital assets	(208,234)	-	-
Repayment of debt	(1,124,189)	-	-
Interest payments	(63,985)	-	-
Net cash used by capital and related financing activities	(1,396,408)	-	-
Cash flows from investing activities:			
Interest received	600	3,731	4,735
Net increase (decrease) in cash and cash equivalents	(294,160)	310,459	640,657
Cash and cash equivalents - beginning of year	294,160	697,902	2,838,463
Cash and cash equivalents - end of year	\$ - 0 -	\$ 1,008,361	\$ 3,479,120

Totals	
2004	2003
\$ 29,307,928	\$ 45,083,048
(24,530,798)	(39,996,624)
-	(396,644)
(3,127,543)	(3,584,733)
1,649,587	1,105,047
41,435	195,238
-	(908,007)
130,000	280,965
-	(31,488)
223,276	274,291
394,711	(189,001)
(208,234)	(294,915)
(1,124,189)	(1,039,227)
(63,985)	(99,412)
(1,396,408)	(1,433,554)
9,066	140,731
656,956	(376,777)
3,830,525	4,207,302
\$ 4,487,481	\$ 3,830,525

(continued)

City of Flint, Michigan

Internal Service Funds

Combining Statement of Cash Flows (continued)

For the Year Ended June 30, 2004

With Comparative totals for the Year Ended June 30, 2003

	Data Processing	Fringe Benefits	Self- Insurance
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	(890,356)	(3,731)	(112,445)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	1,731,764	-	-
Decrease (increase) in due from other funds	-	-	-
Decrease (increase) in due from other governments	-	-	107,710
Decrease (increase) in accounts receivable	(278)	(3,993)	1,101
Decrease in inventory	-	-	-
Decrease (increase) in prepaid items	-	-	(48,189)
Increase (decrease) in accounts payable	(20,791)	(378,261)	668,459
Increase (decrease) in accrued liabilities	16,598	562,713	19,286
Decrease in customer deposits	-	-	-
Net cash provided by (used in) operating activities	\$ 836,937	\$ 176,728	\$ 635,922

2004 Fiscal Year Noncash transactions:

During 2004, the data processing fund purchased equipment through a capital lease costing \$112,573.

Totals	
2004	2003
(1,006,532)	104,931
1,731,764	1,996,232
-	482,839
107,710	-
(3,170)	1,149,757
-	733,204
(48,189)	(107,934)
269,407	(2,561,973)
598,597	(295,365)
-	(396,644)
<u>\$ 1,649,587</u>	<u>\$ 1,105,047</u>

City of Flint, Michigan

Combining Statement of Net Assets

Pension and Benefit Trust Funds

June 30, 2004

With Comparative Totals for June 30, 2003

Pension and Benefit			
	Charter Retirement	Flint Employee's Retirement System	Excess Pension Benefit
Assets			
Pooled cash and investments	\$ -	\$ -	\$ -
Cash and cash equivalents	2,348	21,697,815	-
Total cash and equivalents	2,348	21,697,815	-
Accounts receivables	-	200,542	-
Accrued interest and dividends	-	1,168,190	-
Loans to participants	-	-	-
Total receivables	-	1,368,732	-
Investments at fair value			
U.S. Government obligations	-	123,151,914	-
Mutual Funds	-	54,428,177	-
Domestic stocks	-	447,077,277	-
Domestic corporate bonds	-	118,060,640	-
Partnership investment	-	3,870,846	-
International stocks	-	1,301,847	-
Total investments	-	747,890,701	-
Total assets	2,348	770,957,248	-
Liabilities			
Accounts payable	-	\$ 351,779	-
Accrued liabilities	-	-	-
Due to other funds	2,348	695,680	-
Total liabilities	2,348	1,047,459	-
Net Assets			
Held in trust for pension benefits and other purposes	\$ -	\$769,909,789	\$ -

Trust Funds

Death Benefit	Retiree Health Care	I.C.M.A. 401 Retirement	Totals	
			2004	2003
\$ -	\$ -	\$ -	\$ -	\$ 3,092
1,232,193	-	-	22,932,356	7,391,777
1,232,193	-	-	22,932,356	7,394,869
172	-	-	200,714	26,978
	-	-	1,168,190	1,846,605
	-	117,569	117,569	236,456
172	-	117,569	1,486,473	2,110,039
398,639	-	-	123,550,553	153,722,644
-	-	7,519,559	61,947,736	62,070,698
796,568	-	-	447,873,845	384,802,199
-	-	-	118,060,640	130,009,790
-	-	-	3,870,846	-
-	-	-	1,301,847	345,882
1,195,207	-	7,519,559	756,605,467	730,951,213
2,427,572	-	7,637,128	781,024,296	740,456,121
-	-	-	351,779	709,874
-	-	-	-	4,936,575
-	-	-	698,028	927,241
-	-	-	1,049,807	6,573,690
\$ 2,427,572	\$ -	\$ 7,637,128	\$ 779,974,489	\$ 733,882,431

City of Flint, Michigan

Combining Statement of Changes in Fiduciary Net Assets Pension and Benefit Trust Funds For the Year Ended June 30, 2004 With Comparative Totals for the Year Ended June 30, 2003

	Pension and Benefit		
	Charter Retirement	Flint Employee's Retirement System	Excess Pension Benefit
Additions:			
Members' contributions	\$ -	\$ 5,370,987	\$ -
Employer contributions	272,304	6,226,037	47,288
Total contributions	272,304	11,597,024	47,288
Net increase (decrease) in fair value of investments	-	91,519,237	-
Interest	-	6,708,041	-
Dividends	-	1,623,157	-
Other income	-	177,466	-
Net investment income	-	100,027,901	-
Less investment expense	-	(1,698,255)	-
Net investment income (loss)	-	98,329,646	-
Total additions (deductions)	272,304	109,926,670	47,288
Deductions:			
Benefits	272,304	64,286,146	47,288
Refunds of contributions	-	798,228	-
Administrative	-	1,114,219	-
Total deductions	272,304	66,198,593	47,288
Change in net assets	-	43,728,077	-
Net assets - beginning of the year	-	726,181,712	-
Net assets - end of the year	\$ - 0 -	\$ 769,909,789	\$ - 0 -

Trust Funds

Death Benefit	Retiree Health Care	I.C.M.A. 401 Retirement	Totals	
			2004	2003
\$ 20,769	\$ -	\$ -	\$ 5,391,756	\$ 5,427,437
2,243,465	15,778,442	375,458	24,942,994	20,819,798
2,264,234	15,778,442	375,458	30,334,750	26,247,235
246,306	-	(105,844)	91,659,699	14,009,650
399	-	738,627	7,447,067	10,053,467
27,978	-	-	1,651,135	2,380,609
-	-	-	177,466	290,349
274,683	-	632,783	100,935,367	26,734,075
-	-	-	(1,698,255)	(2,354,669)
274,683	-	632,783	99,237,112	24,379,406
2,538,917	15,778,442	1,008,241	129,571,862	50,626,641
111,000	15,778,442	1,018,502	81,513,682	74,986,570
	-	51,561	849,789	1,370,636
345	-	1,769	1,116,333	787,606
111,345	15,778,442	1,071,832	83,479,804	77,144,812
2,427,572	-	(63,591)	46,092,058	(26,518,171)
-	-	7,700,719	733,882,431	760,400,602
\$ 2,427,572	\$ - 0 -	\$ 7,637,128	\$ 779,974,489	\$ 733,882,431

City of Flint, Michigan

Combining Balance Sheet

Agency Funds

June 30, 2004

With Comparative Totals for June 30, 2003

	Agency Funds			
	Miscellaneous Agency	District Court	Totals	
			2004	2003
Assets				
Pooled cash and investments	\$ 2,066,673	\$ -	\$ 2,066,673	\$ 7,433,866
Cash and cash equivalents	444,944	659,411	1,104,355	1,300,031
Total cash and equivalents	2,511,617	659,411	3,171,028	8,733,897
Taxes receivables	5,025,339	-	5,025,339	4,210,751
Accounts receivables	32,972	-	32,972	201
Total receivables	5,058,311	-	5,058,311	4,210,952
Total assets	\$ 7,569,928	\$ 659,411	\$ 8,229,339	\$ 12,944,849
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 60,625
Deposits and advances	783,812	412,771	1,196,583	1,833,136
Deferred compensation payable	-	-	-	36,611
Due to other funds	-	246,640	246,640	-
Due to other governments	6,446,854	-	6,446,854	10,532,538
Due to component unit	339,262	-	339,262	481,939
Total liabilities	\$ 7,569,928	\$ 659,411	\$ 8,229,339	\$ 12,944,849

City of Flint, Michigan

Combining Statement of Changes in Assets and Liabilities - All Agency Funds For the Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>Miscellaneous Agency</u>				
Assets				
Pooled cash and investments	\$ 7,300,941	\$ 55,634,874	\$ 60,869,142	\$ 2,066,673
Cash and cash equivalents	994,461	12,260	561,777	444,944
Taxes receivable	4,210,751	83,593,181	82,778,593	5,025,339
Accounts receivable	201	62,213,796	62,181,025	32,972
Total assets	<u>\$ 12,506,354</u>	<u>\$ 201,454,111</u>	<u>\$ 206,390,537</u>	<u>\$ 7,569,928</u>
Liabilities				
Accounts payable	\$ 60,625	\$ -	\$ 60,625	\$ -
Deposits and advances	1,431,252	679,226	1,333,600	776,878
Due to other governments	10,532,538	92,692,203	96,777,887	6,446,854
Due to component unit	481,939	346,196	481,939	346,196
Total liabilities	<u>\$ 12,506,354</u>	<u>\$ 93,717,625</u>	<u>\$ 98,654,051</u>	<u>\$ 7,569,928</u>
<u>District Court</u>				
Assets				
Pooled cash and investments	\$ 96,314	\$ 517,362	\$ 613,676	\$ -
Cash and cash equivalents	305,570	423,231	69,390	659,411
Total assets	<u>\$ 401,884</u>	<u>\$ 940,593</u>	<u>\$ 683,066</u>	<u>\$ 659,411</u>
Liabilities				
Due to other funds	\$ -	\$ 246,640	\$ -	\$ 246,640
Deposits and advances	401,884	4,575,508	4,564,621	412,771
Total liabilities	<u>\$ 401,884</u>	<u>\$ 4,822,148</u>	<u>\$ 4,564,621</u>	<u>\$ 659,411</u>

(continued)

City of Flint, Michigan

Combining Statement of Changes in Assets and Liabilities - All Agency Funds (continued) For the Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>Unqualified Deferred Comp</u>				
Assets				
Pooled cash and investments	\$ 36,611	\$ 160,180	\$ 196,791	\$ -
Liabilities				
Deferred compensatin payable	\$ 36,611	\$ 160,180	\$ 196,791	\$ -
<u>Totals - All Agency Funds</u>				
Assets				
Pooled cash and investments	\$ 7,433,866	\$ 56,312,416	\$ 61,679,609	\$2,066,673
Cash and cash equivalents	1,300,031	435,491	631,167	1,104,355
Taxes receivable	4,210,751	83,593,181	82,778,593	5,025,339
Accounts receivable	201	62,213,796	62,181,025	32,972
Total assets	\$ 12,944,849	\$ 202,554,884	\$ 207,270,394	\$8,229,339
Liabilities				
Accounts payable	\$ 60,625	\$ -	\$ 60,625	\$ -
Deposits and advances	1,833,136	5,254,734	5,898,221	1,189,649
Due to other funds	-	246,640	-	246,640
Due to other governments	10,532,538	92,692,203	96,777,887	6,446,854
Deferred compensation payable	36,611	160,180	196,791	-
Due to component unit	481,939	346,196	481,939	346,196
Total liabilities	\$ 12,944,849	\$ 98,699,953	\$ 103,415,463	\$8,229,339

City of Flint, Michigan

Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity June 30, 2004

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>
Legislative	\$ -	\$ -	\$ -	\$ -
Judicial	-	-	-	-
General government:				
Municipal services	3,353,505	-	4,403,754	553,699
Boards and commissions	-	-	-	-
Department of finance	-	-	-	-
Department of budget	-	-	-	-
Office of the City Clerk	-	-	-	-
Department of purchases and supplies	-	-	-	-
Personnel office	-	-	-	-
Office of the ombudsman	-	-	-	-
Human services	-	-	-	-
City administrator\mayor	-	-	-	-
Law office	-	-	-	-
Central garage	-	-	-	-
Total general government	3,353,505	-	4,403,754	553,699
Public safety:				
Police department	328,338	-	2,881,292	74,000
Fire department	177,779	-	2,186,541	-
Total public safety	506,117	-	5,067,833	74,000
Public works and utilities	554,308	-	608,279	-
Parks and recreation department	7,045,941	-	6,262,555	8,036,240
Community enrichment and development	160,858	-	761,583	-
Total governmental funds capital assets	\$ 11,620,729	\$ - 0 -	\$ 17,104,004	\$ 8,663,939

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

NOTE: A schedule of the investment in general fixed assets by source is not available at June 30, 2004

Machinery and Equipment	Infrastructure	Total
\$ 24,453	\$ -	\$ 24,453
253,449	-	253,449
-	-	8,310,958
4,328	-	4,328
68,328	-	68,328
28,148	-	28,148
31,620	-	31,620
14,493	-	14,493
87,233	-	87,233
19,332	-	19,332
5,761	-	5,761
79,237	-	79,237
16,290	-	16,290
14,110,242	-	14,110,242
14,465,012	-	22,775,970
2,067,338	-	5,350,968
5,500,235	-	7,864,555
7,567,573	-	13,215,523
434,991	292,593,644	294,191,222
2,343,788	-	23,688,524
25,367	-	947,808
\$ 25,114,633	\$ 292,593,644	\$ 355,096,949

City of Flint, Michigan

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity For the Year Ended June 30, 2004

	June 30, 2003	Additions	Deletions	June 30, 2004
Legislative	\$ 24,453	\$ -	\$ -	\$ 24,453
Judicial	382,457	-	129,008	253,449
General government:				
Municipal services	7,978,478	492,489	160,009	8,310,958
Boards and commissions	4,328	-	-	4,328
Department of finance	68,328	-	-	68,328
Department of budget	28,148	-	-	28,148
Office of the City Clerk	31,620	-	-	31,620
Department of purchases and supplies	14,554	-	62	14,492
Personnel office	281,475	-	194,242	87,233
Office of the ombudsman	19,332	-	-	19,332
Human services	11,935	-	6,174	5,761
City administrator\mayor	79,237	-	-	79,237
Law office	16,290	-	-	16,290
Central garage	15,560,759	828,933	2,279,450	14,110,242
Total general government	24,094,484	1,321,422	2,639,937	22,775,969
Public safety:				
Police department	5,182,844	317,847	149,723	5,350,968
Fire department	7,955,053	526,090	616,588	7,864,555
Total public safety	13,137,897	843,937	766,311	13,215,523
Public works and utilities	8,538,079	286,527,034	873,891	294,191,222
Parks and recreation department	22,796,724	1,474,081	582,281	23,688,524
Community enrichment and development	1,047,807	13,537	113,535	947,809
Total governmental funds capital assets	\$ 70,021,901	\$ 290,180,011	\$ 5,104,963	\$ 355,096,949

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

**Statistical Section
(Unaudited)**

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

TABLE 1

Fiscal Year	Total Expenditures	Legis-lative	Judicial	General Govern-ment	Public Safety	Public Works	Parks & Recreation	Community Enrichment and Develop-ment	Capital Outlay	Debt Service
1990	\$ 94,067	\$ 725	\$ 3,574	\$ 10,873	\$ 39,602	\$ 15,751	\$ 4,699	\$ 6,710	\$ 5,117	\$ 7,016
1991	102,710	884	4,908	12,731	41,738	17,833	5,116	7,786	4,467	7,247
1992	102,636	822	4,394	11,913	41,115	18,334	5,085	8,114	4,150	8,709
1993	105,634	901	4,515	9,291	42,138	17,553	5,125	6,841	2,950	16,320 ⁽²⁾
1994	98,232	908	4,903	9,553	43,182	17,824	5,101	6,094	2,212	8,455
1995	97,147	830	4,887	12,762	44,437	14,150	4,247	7,025	4,012	4,797
1996	107,952	1,019	5,196	12,352	49,635	15,122	5,362	10,098	5,055	4,113
1997	107,032	864	4,998	12,038	47,201	15,203	6,548	9,507	6,849	3,824
1998	112,825	1,007	5,495	14,765	50,383	17,746	6,928	7,402	5,858	3,242
1999	130,075	1,034	5,428	19,149	53,122	19,661	7,824	11,577	7,074	5,205
2000	135,182	1,078	5,503	20,912	56,325	22,044	7,841	11,783	6,058	3,637
2001	117,598	1,132	5,160	20,789	48,006	21,827	6,452	8,373	2,522	3,337
2002	110,648	1,138	5,243	17,820	44,763	22,757	4,459	11,127	---	3,341
2003	94,932 ⁽³⁾	893	4,556	17,119	37,185	16,281	4,989	10,604	---	3,305
2004	103,817	518	4,527	28,287	32,666	19,897	4,021	11,523	---	2,378

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

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

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

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

TABLE 2

Fiscal Year	Total Revenue	Property Taxes	Income Taxes	Federal Revenue	State Revenue	Licenses & Permits	Fines & Forfeits	Charges for Services	Local Grant Revenue	Interest and Other
1990	\$ 93,869	\$ 26,129	\$ 23,262	\$ 3,540	\$ 25,447	\$ 1,377	\$ 2,693	\$ 4,938	\$ 1,359	\$ 5,124
1991	92,858	24,522	22,656	3,834	23,172	1,326	2,773	5,407	2,137	7,031
1992	90,876	23,455	23,074	5,451	23,685	1,385	2,479	4,939	1,659	4,749
1993	100,840	27,891	21,141	4,466	23,325	1,259	2,739	5,413	11,070 ⁽²⁾	3,536
1994	94,989	27,122	23,553	6,528	25,736	1,359	2,170	5,802	670	2,049
1995	97,798	24,903	25,679	4,578	27,341	1,311	2,161	6,766	907	4,152
1996	106,700	27,009	25,729	7,792	29,308	1,473	2,420	6,862	654	5,453
1997	109,981	28,463	24,855	9,090	31,334	1,430	2,740	8,326	805	2,938
1998	108,439	27,751	24,009	6,865	32,507	1,526	2,092	9,947	280	3,461
1999	116,739	29,316	25,087	11,394	32,699	1,800	2,511	8,524	821	4,589
2000	117,363	26,387	23,297	12,432	34,510	2,285	2,800	11,058	190	4,405
2001	109,583	25,062	19,937	9,171	35,045	2,571	2,640	10,303	914	3,941
2002	110,468	24,661	24,120	8,645	35,660	2,822	2,531	7,343	253	4,433
2003	106,169	24,753	20,814	10,880	34,260	1,993	2,506	7,555	579	2,829
2004	111,653	24,502	19,942	13,510	31,115	2,121	2,687	12,668	1,816	3,292

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

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

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

TABLE 3

Fiscal Year	Total Tax Levy	Percent of		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes ^(d)	Ratio of Delinquent Taxes to Total Tax Levy
		Current Tax Collections	Current Taxes Collected ^(b)				
1990	26,260,666	24,468,450	93.18%	26,128,939	99.50%	495,860	1.89%
1991	24,517,353	22,923,112	93.50%	25,050,004	102.17%	541,552	2.21%
1992	23,837,733	21,927,987	91.99%	23,454,836	98.39%	529,870	2.22%
1993	27,909,104	25,900,614	92.80%	27,890,534	99.93%	477,943	1.71%
1994	27,146,839	25,050,068	92.28%	27,122,127	99.91%	759,849	2.80%
1995	25,891,891	22,989,652	88.79%	24,903,116	96.18%	706,119	2.73%
1996	28,095,181	24,744,660	88.07%	26,774,384	95.30%	483,880	1.72%
1997	28,656,629	26,524,082	92.56%	28,025,817	97.80%	242,284	0.85%
1998	26,233,903	24,061,214	91.72%	25,747,260	98.14%	339,876	1.30%
1999	27,174,398	24,674,656	90.80%	26,865,488	98.86%	308,910	1.14%
2000	26,766,043	23,432,022	87.54%	25,555,656	95.48%	1,093,582	4.09%
2001	25,446,591	22,338,786	87.79%	25,060,489	98.48%	902,528	3.55%
2002	24,516,058	21,395,879	87.27%	23,740,857	96.84%	751,999	3.07%
2003	25,848,083	22,817,811	88.28%	25,221,314	97.58%	626,769	2.42%
2004	25,943,768	22,764,388	88.75%	25,644,733	98.84%	406,725	1.57%

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

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

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

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

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

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

TABLE 4

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Actual Estimated Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1990	1,179,146	2,358,292	727,375	1,454,750	1,906,521	3,813,042	50.0%
1991	1,123,979	2,247,958	507,452	1,014,904	1,631,431	3,262,862	50.0%
1992	1,123,599	2,247,198	490,654	981,308	1,614,253	3,228,506	50.0%
1993	1,024,259	2,048,518	497,320	994,640	1,521,579	3,043,158	50.0%
1994	1,031,809	2,063,618	476,511	953,022	1,508,320	3,016,640	50.0%
1995	1,046,140	2,092,280	672,396	1,344,792	1,718,536	3,437,072	50.0%
1996	1,056,140	2,112,280	535,005	1,070,010	1,591,145	3,182,290	50.0%
1997	1,037,342	2,074,684	705,213	1,410,426	1,742,555	3,485,110	50.0%
1998	1,186,029	2,372,058	548,726	1,097,451	1,734,755	3,469,509	50.0%
1999	1,268,153	2,536,306	546,736	1,093,472	1,814,889	3,629,778	50.0%
2000	1,319,639	2,639,278	459,971	919,942	1,779,610	3,559,220	50.0%
2001	1,360,575	2,721,150	395,387	790,774	1,755,962	3,511,924	50.0%
2002	1,416,348	2,832,696	387,325	774,650	1,803,673	3,607,346	50.0%
2003	1,459,734	2,919,468	365,427	730,855	1,825,161	3,650,323	50.0%
2004	1,518,584	3,037,168	345,184	690,368	1,863,768	3,727,536	50.0%

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

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

City of Flint							
Fiscal Year	Operating ^(a)	Public Improve- ment ^(a)	Neighbor- hood Police (a)	Waste Collection (a)	Paramedic Service	Genesee County	Parks and Recreation
<u>TAX RATES (MILLS)</u>							
1990	7.50	2.50	2.00	-	0.50	5.68	0.50
1991	7.50	2.50	2.00	-	0.50	5.68	0.50
1992	7.50	2.50	2.00	-	0.50	5.68	0.50
1993	7.50	2.50	2.00	3.00	0.50	5.68	0.50
1994	7.50	2.50	2.00	3.00	0.50	5.60	0.50
1995	7.50	2.50	2.00	3.00	0.50	5.60	0.50
1996	8.10	2.50	2.00	3.00	0.50	5.60	0.50
1997	8.10	2.50	2.00	3.00	0.50	5.60	1.00
1998	8.10	2.50	2.00	3.00	0.50	5.60	1.00
1999	8.10	2.50	2.00	3.00	0.50	5.60	1.00
2000	8.10	2.50	2.00	3.00	0.50	5.60	1.00
2001	8.10	2.50	2.00	3.00	0.50	5.60	1.00
2002	8.10	2.50	2.00	3.00	0.50	5.60	1.00
2003	8.10	2.50	2.00	3.00	0.50	5.60	1.00
2004	8.10	2.50	2.00	3.00	0.50	5.60	1.00

TAX LEVIES (amounts expressed in thousands)

1990	\$ 13,437	\$ 4,479	\$ 3,583	\$ -	\$ 894	\$ 10,174	\$ 894
1991	12,239	4,080	3,264	-	816	9,269	816
1992	12,112	4,037	3,230	-	807	9,173	807
1993	11,412	3,804	3,043	4,565	761	8,643	761
1994	11,312	3,771	3,017	4,525	744	8,438	744
1995	12,111	4,037	3,230	4,844	795	9,034	796
1996	13,398	4,135	3,306	4,962	814	9,248	815
1997	13,504	4,168	3,334	5,001	819	9,295	1,653
1998	11,792	3,930	3,145	4,717	777	9,594	786
1999	11,879	3,960	3,168	4,751	781	9,643	792
2000	12,178	4,059	3,247	4,871	812	9,854	797
2001	11,914	3,971	3,177	4,765	779	9,640	794
2002	11,478	3,826	3,061	4,591	751	9,280	765
2003	11,728	3,909	3,127	4,691	764	9,445	782
2004	11,804	3,934	3,147	4,721	764	9,457	786

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

TABLE 5

Airport Authority	MTA	District Library	Michigan S.E.T.	Mott Community College ^(a)	Inter- mediate School ^(a)	Flint School District ^(a)	Total
<u>TAX RATES (MILLS)</u>							
0.50	-	0.70	-	1.90	3.67	41.30	66.75
0.50	-	0.70	-	1.90	3.67	41.30	66.75
0.50	0.60	0.70	-	1.90	3.67	41.30	67.35
0.50	0.60	0.70	-	1.90	3.67	41.30	70.35
0.50	0.60	0.70	-	1.90	3.60	42.45	71.35
0.50	0.60	0.70	6.00	1.90	2.60	18.00	51.90
0.50	0.40	0.70	6.00	1.90	2.60	18.00	52.30
0.50	0.40	-	6.00	1.90	2.60	18.00	52.10
0.50	0.40	-	6.00	1.90	2.60	18.00	52.10
0.50	0.40	-	6.00	1.90	2.60	18.00	52.10
0.50	0.40	2.90	6.00	1.90	2.60	18.00	55.00
0.50	0.40	2.90	6.00	2.90	3.60	18.00	57.00
0.50	0.40	2.90	6.00	2.90	3.60	18.00	57.00
0.50	0.40	2.90	6.00	2.80	3.60	18.00	56.90
0.50	0.40	2.90	5.00	2.80	3.60	18.00	55.90

TAX LEVIES (amounts expressed in thousands)

\$ 894	\$ -	\$ 1,254	\$ -	\$ 3,404	\$ 5,052	\$ 62,908	\$ 106,973
816	-	1,142	-	3,101	4,605	57,180	97,328
807	969	1,130	-	3,068	4,548	56,936	97,624
761	913	1,065	-	2,891	4,262	54,624	97,505
744	905	1,041	-	2,825	4,144	55,783	97,993
796	968	1,114	9,065	3,027	3,469	18,397	71,683
815	661	1,140	9,545	3,101	4,576	22,678	79,194
819	665	-	9,723	3,126	4,610	18,349	75,066
-	1,574	-	8,903	2,994	4,228	16,370	68,810
781	1,584	-	9,022	3,018	4,259	16,547	70,185
797	1,622	-	9,144	3,080	4,307	17,331	72,099
780	1,587	4,607	9,196	3,000	4,175	15,268	73,653
751	1,530	4,438	8,869	4,442	5,306	14,281	73,369
764	1,561	4,535	9,066	4,472	5,399	14,445	74,688
764	1,567	4,564	9,156	4,364	5,423	14,561	75,012

CITY OF FLINT, MICHIGAN
PRINCIPAL AD VALOREM TAXPAYERS

June 30, 2004

TABLE 6

Principal Ad Valorem Taxpayers	2004 State Equalized Value (SEV) ^(a)			Percentage of Total City SEV
	Real Estate	Personal Property	Total	
General Motors Corporation	\$ 119,670,600	\$ 103,869,000	\$ 223,539,600	11.99%
Delphi Automotive Systems	29,170,600	57,025,100	86,195,700	4.62%
Consumers Power Company	5,437,100	51,789,200	57,226,300	3.07%
Great Lakes Technology Centre	10,212,900	2,500	10,215,400	0.55%
Citizens Bank	5,710,700	-	5,710,700	0.31%
PPG Industries, Inc.	1,429,800	4,138,600	5,568,400	0.30%
Ramco-Gershenson Properties	5,409,000	0	5,409,000	0.29%
The Herald Company, Inc.	2,688,500	1,790,400	4,478,900	0.24%
Comcast Cablevision	585,700	3,793,200	4,378,900	0.23%
U S Fence	-	4,129,000	4,129,000	0.22%
Michigan Coca-Cola Bottling	1,544,400	2,407,700	3,952,100	0.21%
Dayton-Hudson	3,148,100	733,500	3,881,600	0.21%
McDonald Dairy/Country Fresh	867,000	2,993,500	3,860,500	0.21%
Schottenstein Stores	3,804,000	0	3,804,000	0.20%
Saginaw & Court Associates	3,653,900	0	3,653,900	0.20%
Heller Financial Services	0	3,182,300	3,182,300	0.17%
WJRT, Inc.	1,277,000	1,809,700	3,086,700	0.17%
Kasle Steel Corporation	1,551,200	1,522,400	3,073,600	0.16%
E.D.S. Corporation	0	2,997,400	2,997,400	0.16%
I C X Corporation	0	2,895,900	2,895,900	0.16%
TOTALS	\$ 196,160,500	\$ 245,079,400	\$ 441,239,900	23.67%
Total, City of Flint	\$ 1,518,584,243	\$ 345,183,800	\$ 1,863,768,043	
Percent of each type and of total	12.92%	71.00%	23.67%	

^(a) The State Equalized Valuation for 2003 calendar year provides the tax base for the City's fiscal year ended June 30, 2004.

CITY OF FLINT, MICHIGAN

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2004

TABLE 7

Assessed Valuation at December 31, 2003		<u>\$1,863,768,043</u>
Legal debt limit (7% of assessed valuation) ^(a)		\$ 130,463,763
Total Bonded Debt at June 30, 2004	\$ 104,831,885	
Less debt not subject to limitation under City Charter and State Statute:		
Revenue bonds and notes	<u>98,172,350</u>	
Debt subject to limitation (net debt)		<u>6,659,535</u>
Unused Debt Limitation		<u>\$ 123,804,228</u>

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

CITY OF FLINT, MICHIGAN

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA - UNAUDITED LAST 15 FISCAL YEARS

TABLE 8

Fiscal Year	Population Estimates	Assessed Value*	Gross		Debt Payable from		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
			G.O. Bonded Debt *	Less Amounts Available*[a]	Proprietary Funds*[b]	Net Bonded Debt*		
1990	140,761 [c]	\$ 1,906,521	\$ 45,025	\$ 9,574	\$ 17,618	\$ 17,833	0.94%	\$ 126
1991	140,761 [c]	1,631,431	40,740	4,075	16,163	20,502	1.26%	145
1992	140,761 [c]	1,837,152	37,741	3,453	15,238	19,050	1.04%	135
1993	140,761 [c]	1,521,579	39,573	3,296	13,594	22,683	1.49%	161
1994	140,761 [c]	1,508,321	34,712	1,415	11,272	22,025	1.46%	156
1995	140,761 [c]	1,718,536	31,642	133	10,625	20,884	1.21%	148
1996	140,761 [c]	1,591,145	28,689	140	10,050	18,639	1.17%	132
1997	140,761 [c]	1,742,374	25,765	143	9,450	16,172	0.93%	115
1998	140,761 [c]	1,649,014	23,361	157	9,025	14,179	0.86%	101
1999	140,761 [c]	1,734,755	32,460	-	20,382	12,078	0.70%	86
2000	124,943	1,814,889	28,412	6	18,524	9,882	0.54%	79
2001	123,451	1,779,610	27,608	12	19,876	7,720	0.43%	63
2002	121,545	1,758,373	17,409	-	9,263	8,146	0.46%	67
2003	120,292	1,825,161	12,054	-	7,228	4,826	0.26%	40
2004	120,292	1,863,768	6,659	-	4,204	2,455	0.13%	20

* Amounts expressed in thousands

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

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

[c] Adjusted U.S. Census figures for 1990

CITY OF FLINT, MICHIGAN

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

TABLE 9

Fiscal Year	Principal	Interest	Total Debt Service^[a]	Total General Expenditures^[b]	Ratio of Debt Service to General Expenditures
1990	\$ 4,061,000	\$ 3,441,000	\$ 7,502,000	\$ 94,067,000	7.98%
1991	3,667,000	3,579,000	7,246,000	102,710,000	7.05%
1992	5,554,000	3,154,000	8,708,000	102,636,000	8.48%
1993	13,399,000	2,557,000	15,956,000 ^[c]	105,634,000	15.10%
1994	6,433,000	2,022,000	8,455,000	98,232,000	8.61%
1995	2,094,000	1,374,000	3,468,000	97,147,000	3.57%
1996	2,871,000	1,242,000	4,113,000	107,862,000	3.81%
1997	2,519,000	1,305,000	3,824,000	107,032,000	3.57%
1998	2,194,000	1,048,000	3,242,000	112,825,000	2.87%
1999	3,643,000	1,562,000	5,205,000	130,075,000	4.00%
2000	2,586,000	1,051,000	3,637,000	135,182,000	2.69%
2001	2,466,000	871,000	3,337,000	117,598,000	2.84%
2002	1,795,000	460,945	2,255,945	110,648,000	2.04%
2003	1,730,000	356,437	2,086,437	94,932,477	2.20%
2004	1,620,000	250,317	1,870,317	103,756,000	1.80%

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

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

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

CITY OF FLINT, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - UNAUDITED

June 30, 2004

TABLE 10

	2003 SEV ^(a) of Unit's Taxable Property Within City of Flint	2003 SEV ^(a) of Unit's Total Taxable Property	Percentages Applicable to City of Flint	Bonded Debt Outstanding	Direct and Overlapping Bonded Debt
Direct Debt:					
City of Flint	\$ 1,863,768,043	\$ 1,863,768,043	100.00%	\$ 104,831,884	\$ 104,831,884
Overlapping Debt:					
Genesee County	\$ 1,863,768,043	12,294,546,948	15.16%	48,052,772	7,284,800
Flint School District	1,671,188,065	1,671,188,065	100.00%	5,000,000	5,000,000
Genesee Intern District	\$ 1,863,768,043	12,294,546,948	15.16%	0	0
Airport Authority	\$ 1,863,768,043	12,294,546,948	15.16%	32,548,925	4,934,417
Mott Community College	\$ 1,863,768,043	12,294,546,948	15.16%	65,250,000	9,891,900
Carman School District	139,020,400	1,071,230,800	12.98%	47,750,000	6,207,500
Kearsley School District	106,800	418,372,910	0.03%	0	0
Swartz Creek School District	8,437,881	1,028,297,916	0.82%	0	0
Westwood Heights School District	3,295,100	184,316,680	1.79%	0	0
Mass Transit Authority	\$ 1,863,768,043	12,294,546,948	15.16%	0	0
Flint Public Library	\$ 1,863,768,043	12,294,546,948	15.16%	0	0
		Total overlapping debt		\$ 33,318,617	
		Total direct and overlapping debt			\$ 138,150,501

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

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

TABLE 11a

Fiscal Year	Gross			Total Revenue	Expenses ^(b)	Net Revenue Available for		Debt Service Requirements		
	Operating Revenue	Other Income ^(a)				Debt Service		Principal	Interest	Total Coverage
1990	\$ 152,948	\$ 3,720	\$ 156,668	\$ 137,208	\$ 19,460	\$ 4,370	\$ 4,337	\$ 8,707		2.23
1991	171,993	2,628	174,621	149,320	25,301	4,551	5,421	9,972		2.53
1992	175,428	2,860	178,288	158,032	20,256	3,393	5,221	8,614		2.35
1993	178,146	3,221	181,367	156,844	24,523	3,685	5,007	8,692		2.82
1994	213,573	1,564	215,137	181,109	34,028	3,670	5,211	8,881		3.83
1995	230,270	2,194	232,464	196,293	36,171	4,529	5,041	9,570		3.77
1996 ^(c)	246,451	4,395	250,846	207,600	43,246	1,255	4,474	5,729		7.54
1997	255,359	4,740	260,099	219,772	40,327	2,840	4,877	7,717		5.22
1998	272,034	6,577	278,611	238,991	39,620	2,515	4,434	6,949		5.70
1999	268,321	3,709	272,030	240,522	31,508	3,570	4,668	8,238		3.82
2000	284,563	4,817	289,380	256,059	33,321	3,830	4,536	8,366		3.98
2001	292,012	8,146	300,158	261,459	38,699	3,980	4,420	8,400		4.61
2002	284,243	3,147	287,390	270,027	17,363	4,295	3,594	7,889		2.20
2003	326,832	18,202	345,034	283,239	61,795	29,585	3,584	33,169		1.86
2004	321,100	3,446	324,546	278,279	46,267	1,875	4,970	6,845		6.76

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

^(b) Depreciation, amortization, loss on sale of capital assets, and bad debt expense not included.

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

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

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

TABLE 11b

Fiscal Year	Gross Operating Revenue	Other Income ^(a)	Total Revenue	Expenses ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
1990	\$ 17,011	\$ 616	\$ 17,627	\$ 14,968	\$ 2,659	\$ 175	\$ 45	\$ 220	12.09
1991	18,134	323	18,457	15,113	3,344	185	38	223	15.00
1992	18,223	208	18,431	16,495	1,936	190	31	221	8.76
1993	18,030	401	18,431	16,863	1,568	200	23	223	7.03
1994 ^(c)	18,846	121	18,967	18,493	474	205	20	225	2.11
1995	19,140	666	19,806	17,935	1,871	410	8	428	4.37
1996 ^(d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997 ^(d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998 ^(d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999 ^(d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	21,229	429	21,658	21,440	218	-	8	8	27.25
2001	19,153	540	19,693	19,984	(291)	285	86	371	(0.78)
2002	25,416	543	25,959	20,978	4,981	605	216	821	6.07
2003	27,205	329	27,534	23,728	3,806	1,015	548	1,563	2.44
2004	31,353	81	31,434	29,671	1,682	1,015	703	1,718	0.98

^(a) Other Income consists primarily of interest earned on investments.

^(b) Total operating expenses less depreciation and bad debt expense.

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

^(d) Revenue bonds were fully paid during 1995.

CITY OF FLINT, MICHIGAN**DEBT SERVICE REQUIREMENTS TO MATURITY -
GOVERNMENTAL-TYPE ACTIVITY****TABLE 12a**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2005	\$ 1,987,565	\$ 304,939	\$ 2,292,504
2006	3,464,553	172,995	3,637,548
2007	262,101	68,153	330,254
2008	269,848	64,347	334,195
2009	173,050	53,124	226,174
2010-2014	586,436	140,154	726,590
2015-2019	<u>287,789</u>	<u>14,368</u>	<u>302,157</u>
Totals	<u>\$ 7,031,342</u>	<u>\$ 818,080</u>	<u>\$ 7,849,422</u>

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

TABLE 12b

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2005	\$ 6,010,708	\$ 5,281,270	\$ 11,291,978
2006	6,548,623	4,890,872	11,439,495
2007	8,406,023	4,587,105	12,993,128
2008	5,837,399	4,212,397	10,049,796
2009	4,638,839	3,974,866	8,613,705
2010-2014	25,372,126	16,394,997	41,767,123
2015-2019	31,892,831	9,513,524	41,406,355
2020-2024	15,151,516	2,604,299	17,755,815
2025-2029	<u>5,950,000</u>	<u>673,219</u>	<u>6,623,219</u>
Totals	<u>\$109,808,065</u>	<u>\$52,132,549</u>	<u>\$161,940,614</u>

CITY OF FLINT, MICHIGAN

DEMOGRAPHIC STATISTICS

TABLE 13

Area and Population:

Source: U.S. Census Records

<u>Year</u>	<u>Square Miles</u>	<u>Census Population Count</u>
1910	29.9	38,550
1920	29.9	91,599
1930	29.9	156,492
1940	29.9	151,543
1950	29.9	162,350
1960	29.9	196,940
1970	32.8	193,317
1980	32.8	159,611
1990	32.8	*140,761
2000	32.8	124,943
2001	32.8	123,451
2002	32.8	121,545
2003	32.8	120,292

**Adjusted 1990 U.S. Census*

(continued)

CITY OF FLINT, MICHIGAN

DEMOGRAPHIC STATISTICS

TABLE 13 (continued)

Age Distribution

Source: 2000 U.S. Census of Population

City of Flint – 124,943 / Genesee County – 436,141

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

Distribution of Families by Income Bracket:

Source: 2000 U.S. Census of Population

City of Flint – 124,943 / Genesee County – 436,141

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

City of Flint, Michigan

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

DEMOGRAPHIC STATISTICS

Table 13 (continued)

Year	Labor Force	Employed	Unemployed	Unemploy- ment Rate	Per Capita Personal Income
1970	76,450	69,375	7,100	9.3%	3,992
1971	74,950	68,650	6,325	8.4%	4,581
1972	75,900	69,550	6,350	8.4%	4,977
1973	77,700	72,350	5,350	6.9%	5,478
1974	78,750	68,800	9,950	12.6%	5,559
1975	78,425	64,525	13,900	17.1%	6,073
1976	57,925	50,025	7,875	13.6%	7,346
1977	59,750	52,525	7,225	12.1%	8,440
1978	60,550	53,925	6,625	11.0%	9,179
1979	63,050	55,500	7,550	12.0%	9,981
1980	66,175	50,900	15,275	23.1%	10,586
1981	65,325	52,225	13,125	20.1%	11,692
1982	66,300	48,325	17,975	27.1%	11,738
1983	65,025	51,050	13,950	21.5%	12,849
1984	66,500	56,050	10,425	15.7%	14,423
1985	66,500	55,700	10,800	16.2%	15,619
1986	65,400	56,000	9,400	14.4%	16,239
1987	65,175	54,575	10,600	16.3%	15,438
1988	62,500	50,600	11,875	19.0%	16,015
1989	61,125	52,600	8,525	14.0%	16,774
1990	56,650	47,225	9,425	16.6%	17,481
1991	58,425	46,125	12,325	21.1%	18,634
1992	58,125	46,525	11,600	20.0%	19,722
1993	56,875	47,625	9,250	16.3%	20,404
1994	57,700	49,800	7,925	13.7%	24,007
1995	56,975	50,250	6,700	11.8%	24,056
1996	56,975	50,775	6,225	10.9%	23,661
1997	55,350	50,025	5,325	9.6%	23,879
1998	55,250	49,600	5,650	10.2%	24,955
1999	53,950	48,700	5,250	9.7%	25,593
2000	52,400	47,425	4,975	9.5%	26,434
2001	53,800	46,875	6,925	12.9%	25,683
2002	52,625	44,925	7,700	14.6%	25,977
2003	52,850	44,150	8,700	16.5%	N/A
2004	52,250	44,350	7,900	15.1%	N/A

Source: Michigan Dept. of Labor & Economic Growth, Office of Labor Market Information
(not seasonally adjusted) & U.S. Dept. of Commerce, Bureau of Economic Analysis,
Flint Standard Metropolitan Statistical Area

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2004

TABLE 14

Date of Incorporation February 13, 1855

Date Present Charter Adopted November 4, 1975

Form of Government Strong Mayor - Council

Retail Sales

	<u>City of Flint</u>	<u>Genesee County</u>
1977.....	\$ 801,457,000	\$1,585,912,000
1978.....	986,090,000	1,960,224,000
1979.....	733,445,000	2,305,489,000
1980.....	654,259,000	2,252,229,000
1981.....	640,231,000	2,480,194,000
1982.....	667,160,000	2,508,978,000
1983.....	779,489,000	2,620,466,000
1984.....	1,022,316,000	2,465,779,000
1985.....	1,150,568,000	2,775,821,000
1986.....	1,236,451,000	2,977,633,000
1987.....	1,280,090,000	3,140,358,000
1988.....	1,297,952,000	3,222,975,000
1989.....	1,350,797,000	3,300,607,000
1990.....	1,457,514,000	3,478,101,000
1991.....	1,410,221,000	3,365,172,000
1992.....	1,443,878,000	3,451,787,000
1993.....	1,586,848,000	3,666,721,000
1994.....	1,118,257,000	4,339,695,000
1995.....	1,206,333,000	4,663,075,000
1996.....	1,270,363,000	4,951,715,000
1997.....	1,290,086,000	5,169,530,000
1998.....	1,346,086,000	5,435,824,000
1999.....	1,139,457,000	5,842,488,000
2000.....	1,098,371,000	5,984,647,000
2001.....	1,065,023,000	5,693,816,000
2002.....	944,196,000	5,661,882,000
2003.....	977,368,000	5,846,798,000

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

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2004

TABLE 14 (continued)

Home Sales within the City

<u>Calendar Year</u>	<u>Existing Homes # Units Sold</u>	<u>Average Home Selling Price (\$)</u>
1987	1,599	\$30,428
1988	1,535	31,125
1989	1,653	30,718
1990	1,572	31,266
1991	1,559	30,700
1992	1,504	33,012
1993	1,266	35,569
1994	1,249	36,091
1995	1,561	37,094
1996	1,851	39,302
1997	1,908	40,491
1998	3,382	45,399
1999	2,226	46,007
2000	1,041	51,468
2001	1,560	58,101
2002	1,693	56,685
2003	1,593	61,151

Miles of Streets and Alleys

Streets – Paved	
State Trunklines	10.52
City	507.44
Interstate	10.93
Total Paved	528.89 Miles
Streets – Unpaved	.40 Miles
Alleys	8.80 Miles
Sidewalks	986.25 Miles

Number of Street Lights 11,173

Number of Traffic Signals 276

Miles of Sewers

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

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2004

TABLE 14 (continued)

Education – Fall 2003-2004

Number of Students:	
Kindergarten – Grade 6.....	10,971
Grades 7 – 12	8,639
Special Education & Alternative Education	1,044
Total Public School Students	20,654
Private Schools – Grades K-12	1,366
Total Students	22,020

Number of Schools:	
High Schools.....	6
Middle Schools	5
Elementary Schools	26
Private Schools.....	10
Vocational/Adult/Alternate.....	2
Total Schools	49

Number of Personnel - Public Schools:	
Teachers (including Special Education Personnel).....	1,195
Pupil/Teacher Ratio	17 to 1
Professional Personnel	851
Pupil/Professional Personnel Ratio.....	24 to 1

Source: Genesee Intermediate School District Statistical Summary 2003-2004

Colleges/Universities – Estimated 2003-2004 Total Enrollment – 24,500

Baker College
Kettering University (formerly GMI)
Mott Community College
University of Michigan – Flint

Satellite Campuses:
Central Michigan University
Davenport/Detroit College of Business
Ferris State University
MSU College of Human Medicine
Spring Arbor University

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2004

TABLE 14 (continued)

Fire Protection

Fire Stations	6
Uniformed Employees	126

Police Protection

Sworn Employees	241
Civilian Employees	35
Vehicular Patrol Units	194

Recreational Facilities and Park Areas

Facilities –

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

Park Areas -

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

(continued)

CITY OF FLINT, MICHIGAN
MISCELLANEOUS STATISTICAL DATA – UNAUDITED
JUNE 30, 2004

TABLE 14 (continued)

Purpose of Elections and Date Held	Registered Voters	Votes Cast	Percentage
Municipal Election of November 3, 1970	92,312	57,829	62.6
General Election of November 7, 1972	95,344	68,151	71.5
Municipal Election of November 6, 1973	94,532	23,226	24.6
General Election of November 5, 1974	93,030	44,396	47.7
Municipal Election of November 4, 1975	95,780	42,072	43.9
General Election of November 2, 1976	92,132	62,109	67.4
Municipal Election of November 7, 1977	82,330	14,116	17.1
General Election of November 7, 1978	85,729	42,124	49.1
Municipal Election of November 6, 1979	88,158	34,428	39.1
General Election of November 4, 1980	92,461	60,347	65.3
Municipal Election of November 3, 1981	87,235	18,496	21.2
General Election of November 2, 1982	93,966	46,980	50.0
Municipal Election of November 8, 1983	95,515	43,044	45.1
General Election of November 6, 1984	103,902	61,057	58.8
General Election of November 5, 1985	101,233	14,889	14.7
General Election of November 4, 1986	102,419	36,513	35.7
Municipal Election of November 3, 1987	100,831	43,151	42.8
General Election of November 8, 1988	100,623	54,101	53.7
Municipal Election of November 7, 1989	91,980	23,670	25.7
General Election of November 6, 1990	96,496	31,485	32.6
Municipal Election of November 5, 1991	98,350	44,159	44.9
General Election of November 3, 1992	99,130	58,221	58.7
Municipal Election of November 2, 1993	96,291	14,120	14.7
General Election of November 8, 1994	91,567	42,304	46.2
Municipal Election of November 7, 1995	91,073	31,311	34.4
General Election of November 5, 1996	96,189	47,458	49.3
Municipal Election of November 4, 1997	96,684	15,317	15.8
General Election of November 3, 1998	96,883	35,422	36.6
Municipal Election of November 2, 1999	98,798	34,125	34.5
General Election of November 7, 2000	91,933	47,909	52.1
Municipal Election of November 6, 2001	92,934	14,186	15.3
Special Mayoral Recall of March 5, 2002	90,368	28,598	31.7
Primary Election of August 6, 2002	90,116	20,116	22.3
General Election of November 5, 2002	89,854	28,770	32.0
School Board Election of June 9, 2003	88,143	2,695	3.1
Primary Election of August 5, 2003	88,278	15,198	17.2
Municipal Election of November 4, 2003	88,490	23,529	26.6
Special MCC Bond Issue of June 14, 2004	88,181	3,477	3.9

CITY OF FLINT, MICHIGAN

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS – UNAUDITED FOR FISCAL YEAR ENDED JUNE 30, 2004

TABLE 15

Name and Title of Official	Annual Salary	Amount of Surety Bond^(a)
Donald J. Williamson, Mayor	\$1	\$100,000
Darnell Earley, City Administrator	\$95,002	\$100,000
Karen Folks, Chief Legal Officer	\$86,002	\$100,000
Peter Dobrzeniecki, Director of Finance	\$83,922	\$100,000
James Goodin, City Treasurer	\$70,955	\$400,000
Douglas Bingaman, Deputy City Treasurer	\$64,719	\$250,000
Deirdre Pitts, Director of Human Resources	\$65,000	\$100,000
Inez Brown, City Clerk	\$70,818	\$100,000
Jessie Binion, Ombudsman	\$70,817	\$100,000
Vacant, City Assessor	\$82,528	\$100,000

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

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

TABLE 16

Year	Construction ⁽¹⁾		Property Valuations at True Cash Value				Total	Flint City Bank Deposits ⁽²⁾
	# of Permits	Value	Residential	Commercial	Industrial			
1988	1,465	\$ 20,504,892	\$ 1,285,334,640	\$ 528,368,920	\$ 1,592,137,200	\$	3,405,840,760	\$ 1,129,734,000
1989	1,345	63,299,284	1,315,186,700	531,008,520	1,601,008,200		3,447,203,420	1,172,048,000
1990	1,311	43,683,437	1,302,669,040	520,246,120	1,525,708,200		3,348,623,360	1,185,993,000
1991	1,462	36,618,103	1,264,074,980	525,148,720	1,473,638,800		3,262,862,500	1,835,330,000
1992	1,540	61,199,848	1,245,369,520	543,779,180	1,439,357,800		3,228,506,500	1,863,362,000
1993	1,622	31,031,751	1,244,077,260	549,312,580	1,453,006,000		3,246,395,840	1,836,797,000
1994	1,705	31,158,511	1,258,377,340	537,432,780	1,220,831,600		3,016,641,720	1,806,797,000
1995	1,902	37,385,211	1,272,429,544	544,922,180	1,285,427,400		3,102,779,124	1,845,113,000
1996	1,725	23,061,562	1,322,847,746	553,721,580	1,305,721,000		3,182,290,326	1,878,995,000
1997	1,604	33,320,076	1,418,338,020	584,987,660	1,294,703,200		3,298,028,880	1,922,316,000
1998	N/A	N/A	1,480,730,608	653,581,400	1,327,468,600		3,461,780,608	1,859,858,000
1999	1,980	66,662,000	1,589,507,714	693,117,600	1,248,864,200		3,531,489,514	1,844,119,000
2000	1,807	85,046,355	1,661,286,572	704,382,600	1,198,109,000		3,563,778,172	1,995,414,000
2001	1,448	59,775,088	1,773,332,954	746,194,000	992,397,000		3,511,923,954	1,982,908,000
2002	1,185	55,084,557	1,915,350,434	741,418,800	950,576,200		3,607,345,434	1,918,521,000
2003	1,288	5,066,284	2,025,182,664	655,607,800	969,532,600		3,650,323,064	1,930,913,000
2004	1,340	7,142,381						

⁽¹⁾ Fiscal Year (7/1-6/30)

⁽²⁾ Source for Bank Deposit Information - FDIC Summary of Deposits (1994-2003)

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

TABLE 17

Valuation Date	Continuation Indicators						
	Valuation Assets	APVCPB	Funded Ratio	Ratio of		Ratio of	
				UAPVCPB	APVCPB	UAPVCPB to	UAPVCPB to
December 31				UAPVCPB		Member Payroll	Payroll
1988	\$ 366,407	\$ 412,710	88.8%	\$ 46,303	11.2%	\$ 108,579	42.6%
1989	408,609	435,981	93.7%	27,372	6.3%	112,759	24.3%
1990	431,974	472,366	91.4%	40,392	8.6%	121,143	33.3%
1991	473,529	512,754	92.4%	39,162	7.6%	132,590	29.5%
1992	508,090	540,281	94.0%	32,191	6.0%	123,623	26.0%
1993	544,849	569,028	95.8%	24,179	4.2%	128,440	18.8%
1994**	570,436	615,167	92.7%	44,730	7.3%	131,662	34.0%
1995**	619,272	671,095	92.3%	51,823	7.7%	137,808	37.6%
1996**	663,380	736,842	90.0%	73,462	10.0%	133,943	54.8%
1997	744,457	781,300	95.3%	36,843	4.7%	139,817	26.4%
1998	806,153	820,142	98.3%	13,989	1.7%	153,425	9.1%
1999	849,487	837,540	101.4%	(11,947)	-1.4%	165,430	-7.2%
2000	880,406	887,022	99.3%	6,616	0.7%	160,047	4.1%
2001	906,960	892,262	101.6%	(14,698)	-1.6%	151,507	-9.7%
2002	871,274	955,306	91.2%	84,032	8.8%	146,558	57.3%
2003	Not yet available						

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.

**Reflects early retirement incentive program.

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

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

December 6, 2004

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information which collectively comprise the City of Flint's (the City) basic financial statements for the year ended June 30, 2004, and have issued our report thereon dated December 6, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of Flint are described in Note I to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the lives of capital assets. We evaluated the lives used and feel that they are reasonable in relation to the government-wide financial statements taken as a whole.

- Management's estimates of the actuarial assumptions for the City of Flint Employees' Retirement System. These estimates are prepared by independent actuaries. We evaluated the specific assumptions used and feel that they are reasonable in relation to the overall financial statement presentation.
- The calculation of bad debt reserves for city bills, income tax assessments, and the proprietary funds' user fees were another area of significant estimate.
- Significant estimates also included the accrual for claims and settlements payable in the self-insurance fund for claims filed but not settled at year end and claims incurred but not reported.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated. There were no significant adjustments made during the audit to reverse the recording of checks issued in July due to software problems that were taken out of cash and accounts payable, to correct the posting of year end adjustments made in error and to adjust reserves.

We noted no transactions recorded by the City during the year that were both significant and unusual, other than the implementation of a new cost allocation plan that was based on budgeted numbers and recorded through transfers in and out between funds. In order to present the expenses in accordance with generally accepted accounting principles, these transfers had to be redone based on actual expenses and charged to the proper departments within each fund.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the City of Flint's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

During the current year we encountered one significant difficulty in performing and completing our audit which was the way the cost allocation plan had been recorded as explained under the section titled "Significant Audit Adjustments".

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements of City of Flint for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect City of Flint's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted the following material weakness:

Payroll Clerk Responsibilities and Training

In discussion with the payroll clerks in the various City Departments, we noted that there was not consistency in the payroll internal control procedures they understood they were to be performing. Also, the procedures that the clerks thought were to be performed, were not always consistent with the procedures that the Finance Department thought they were performing. This situation was created by new personnel in various positions, new software and internal control procedures being implemented without a thorough understanding of all users, no written procedures for the payroll clerks to follow and a lack of training on the new software. This material weakness

To the Honorable Mayor
and Members of City Council
City of Flint
December 6, 2004
Page 4

did allow an overpayment of payroll funds to occur. We suggest that the Finance Department establish written procedures to be followed by all City staff involved in the payroll process and that a training program be held with all staff in attendance. Also, as new staff are moved into a payroll clerk position, that they should be trained on the written procedures and software.

We also understand that the payroll clerks and separate department accountants and independent department accountants fall under the supervision of the department head. We would suggest these staff be supervised by the Finance Director in order to keep the implementation of internal controls consistent.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that are not believed to be material weaknesses.

Reportable conditions are as follows:

Payroll Software System

The payroll software system should interface with the general ledger system. This is needed for internal control reasons (less chance for human error or changes to how wages are allocated) as well as timely posting to better monitor budget to actual.

Oak Business Center Cash Receipting and Rent Roll Records

Subsequent to year end, the management agent for oak Business Center was no longer being utilized. The City's Finance Department is now receiving and posting rental payments. Currently, one person has control over the receipting process and the rent receivable records. This represents a lack of segregation of duties as no other staff is reviewing these records on a consistent basis so errors could be occurring without being discovered. We would recommend that the staff receipting the rent payments not be responsible for maintaining the rent receivable records. We would also suggest that statements be sent out on at least a quarterly basis to tenants.

Budget Amendment

The budget adopted for 2005 does not show the change in fund balance as required by state law. The use of fund balance is recorded as an actual revenue in the line item detail for fund balance. So the public document does not clearly show the use of fund balance as required.

Implementation Status of Prior Year Comments:

Grants Administration

During fiscal 2004 a staff person in the Finance Department was given the responsibility to oversee grants. A spreadsheet detailing all known grants and their status as well as pertinent grant information is now maintained in the Finance Department. We suggested a process be developed whereby any City department receiving a grant

must meet with the grants person in Finance and provide that person with a copy of the grant agreement and the name of the person who is to be the grant manager. Once the grant is started the grant manager must regularly provide the Finance Department with a copy of the grant reimbursement request accompanied by the general ledger reports from which grant requests are made. All quarterly or annual grant reports and any communication with the granting agency should also be forwarded to the Finance Department grants person. As of June 30, 2004, finance is still not consistently receiving the grant agreements they need to properly perform grant administration. Also, grant billings done by some departments were not timely.

Payroll Department

During fiscal 2003, the payroll coordinator had control over the processing of payroll checks, printed payroll checks with authorized check signatures on them, distributed the checks to the departments and transmitted direct pay detail to the bank. It is our understanding that the departments do not verify the accuracy of their department's payroll as they did not receive payroll journals. We continued to suggest every department receive a payroll journal and be instructed on how to verify the amount of the payroll checks before releasing the checks. This situation continued into fiscal 2004.

Allocation of Indirect Costs

Any time a specific cost is allocated across various departments, funds, grants, etc, there should be documentation to support the allocation methodology. A cost allocation plan is especially important where grant funds are used to pay for the allocated cost. During fiscal 2003, the cost of the data processing department was allocated to various City funds and grants. There was no written support for the way in which the data processing department costs was allocated.

During the year ended June 30, 2004, the City implemented a cost allocation plan to allocate a portion of costs incurred in the general fund that benefit other funds. A consultant was hired and a plan developed. However, the plan was flawed in that it did not allow for the recording of expenditures in accordance with financial reporting requirements, and costs were allocated based on the 2004 budgeted amounts rather than historical or current year actual expenditures. Entries were initially made on the general ledger to charge indirect costs based on the plan. Prior to year end, the plan was amended to charge indirect costs based on actual expenditures.

It is our understanding that budget adopted for 2005 includes revenues and expenditures based on the costs allocation plan using budgeted numbers. Budgeted numbers are not an allowable method to allocate indirect costs. This problem was corrected for 2004, but with considerable time and effort by the finance staff. We would recommend that the budget and general ledger postings for 2005 related to the cost allocation plan be reviewed and revised to an allowable method to allocate indirect costs. This should be done as soon as possible to ensure that interim financial information is accurate and useful.

Parks and Recreation

During fiscal 2002 we noted that the golf courses did not have starters to verify that customers had paid for their golf and carts. The golf courses continued to operate without starters or rangers during fiscal 2004. Staff at the courses believe the customers realize the lack of monitoring of paid fees for play and for carts and have used this weakness to their advantage. They believe that substantial revenue was lost by not utilizing starters.

Due to the size of the staff at the golf courses there is a lack of segregation of duties, which continued into 2004. The cashier receipts cash, prepares the receipt and deposit forms, and determines the account coding assigned to receipts

Policy and Procedures Manuals

Staffing, procedures, and software have changed dramatically in most City Departments in the last two years. During fiscal 2003, we suggested that a policy and procedures manual be completed by all City Departments to document their policies and procedures. As the policies and procedures are documented they should be reviewed to determine if they are performed in the most efficient and effective manner. We understand that the manuals were started during fiscal 2004.

FleetAny Where Software

The FleetAny Where Software has not been updated in the past few years which has resulted in incomplete and inaccurate vehicle and equipment usage and cost reports. We suggested this software be updated so the reports are accurate and available for making management decisions. This situation continued into fiscal 2004.

To minimize delays in the use of the FleetAny Where software in times of emergency we suggested the passwords issued to use the FleetAny Where Software program be maintained by the information services department. This situation was corrected in fiscal 2004.

It is our understanding that not all sales of vehicles and equipment are being reported to the person in charge of maintaining the Fleet vehicle and equipment inventory. We suggested procedures be put in place to ensure that fleet records are accurate and that titles accompanying items sold were applicable.

Investment Policy

The investment policy adopted by the City indicates a number of limitations as to investment holdings. Sometimes the limitations are listed as a percentage of a fund and sometimes the limitation is listed as a percentage of market value of the fund. The investment policy should be amended to be clear as to what the limitation applies to: cost or market.

The Following are Areas for Improvement:

Review of General Ledger Balances

When performing audit fieldwork, the balances in the accounts on the general ledger are reviewed and inquiries are made as to accounts with unusual balances such as: accounts with opposite balances from normal; accounts with the same balances as the prior year; advances or loans between funds that do not agree; balances in funds that should be closed, etc. A person in the Finance Department should be assigned the responsibility to review the general ledger on an interim basis so that these accounts can be corrected timely and the impact on interim financial information is minimized.

To the Honorable Mayor
and Members of City Council
City of Flint
December 6, 2004
Page 7

Resolution of Captured TIFA Tax Receipts

On of the TIFA districts is still collecting captured taxes. However, the debt issued to pay for the public improvements in the TIFA district is fully paid off. The City needs to review the current laws regarding captured taxes and determine the proper use of the captured taxes still being collected. Or, the City should terminate the capture of the excess taxes as no plans are in place for future improvements in that TIFA district.


Internal Controls over Compliance

As part of obtaining reasonable assurance about whether City of Flint's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement mounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined on a test basis, evidence about City of Flint's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on City of Flint's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on City of Flint's compliance with those requirements.

This report is intended solely for the information and use of Flint City Council, the City of Flint Mayor, State of Michigan, management, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

We express our appreciation for the assistance given to us by the Finance Department staff during the course of the audit. The assistance of other departments, such as Treasury, Water and Sewer, Payroll and Retirement, Legal, and Community Development was also invaluable to the completion of the audit. Should you have any questions concerning our recommendations, please contact us.

Sincerely,


Certified Public Accountants
Flint Office