4425 (8-06)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

Date: August 8, 2011

To: Cary Vaughn
Audit Manager

From: Bob Reamer
Auditor

Subject: **CITY OF FLINT** **MuniCode 25-2-040**
TIER III REVIEW **FYE 6/30/10**

EXECUTIVE SUMMARY

Key Financial Data

Overall Financial Condition	Critical
General Fund Cash and Investments	$15,064
Unrestricted GF Fund Balance	($14,621,546)
General Fund Quick Ratio	0.3:1
Total Government LT Debt / Net Assets	0.5:1

Background

A Tier III Review was completed following a Tier II recommendation in addition to other concerns noted from review of the City's 2010 audit report:

- Reporting an unrestricted general fund deficit of $14.6 million,
- Reporting interfund payables of $18 million for negative equity in pooled cash,
- Reporting a net pension obligation of $8.9 million,
- Court ordered judgment levy of 8.3 million was entered subsequent to year end,
- Not filing its Single Audit report with the Department of Treasury on a timely basis, and
- Not complying with a Water Fund bond covenant.

The City submitted a deficit elimination plan to the Department of Treasury in May 2011 which is presently under review. The proposed plan includes issuance of $20 million in Fiscal Stabilization Bonds in order to eliminate the General Fund deficit in FYE 2013.