

EM SUBMISSION NO.: 2013EM051

PRESENTED: 5-6-13

ADOPTED: 5-9-13

Resolution to Reduce City of Flint General Ledger Accounts to Reconcile with U.S. Department of Housing and Urban Development HOME Investments Partnerships Program Line of Credit Reduction of \$1,402,534.79

BY THE EMERGENCY MANAGER:

On September 6, 2012 U.S. Department of Housing and Urban Development (HUD) issued a memorandum outlining the voluntary grant reduction agreement it had reached with the City of Flint totaling \$1,402,534.79. The City requested that HUD approve a grant reduction in lieu of repayment to eliminate its obligation without making payment from the general fund.


The grant reduction total consists of two components: the balance of the Office of Inspector General findings in the 2011-CH-1001 HOME Audit (\$1,310,910.10) and five additional ineligible activities that impacted Integrated Disbursement and Information System (IDIS) functionality (\$91,564.69). The City has encumbered \$1,402,534.79 through requisition 00121770 as funds available to reduce from its general ledger accounts to match the grant reduction amount.

The U.S. Department of Housing and Urban Development notified the City in January 2013 that the grant reductions had been executed and the associated grant agreements had been amended to reflect the reductions. All activities associated with the payments were removed from IDIS on April 16, 2013.

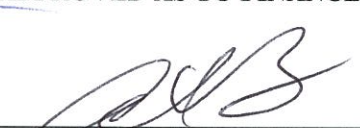
IT IS RESOLVED, that the Emergency Financial Manager on behalf of the City of Flint, shall authorize appropriate City Officials to do all things necessary to reduce the City of Flint HOME revenue and expenditure appropriations totaling \$1,402,534.79 encumbered in requisition 001201770 to reflect the voluntary grant reduction executed by the U.S. Department of Housing and Urban Development.

APPROVED AS TO FORM:

APPROVED AS TO FINANCE:



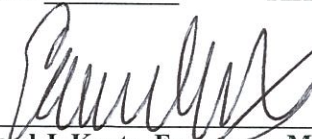
Peter M. Bade, City Attorney



Gerald Ambrose, Finance Director

EFM DISPOSITION:

ENACT REFER TO COUNCIL _____ FAIL _____



Edward J. Kurtz, Emergency Manager

DATED: 5-9-13

RESOLUTION STAFF REVIEW FORM

DATE: February 19, 2013

Agenda Item Title: Resolution to Reduce City of Flint General Ledger Accounts to Reconcile with U.S. Department of Housing and Urban Development HOME Investments Partnerships Program Line of Credit Reduction of \$1,402,534.79

Prepared By: Cindy Chesler

Background/Summary of Proposed Action:

On October 13, 2010, the Department of Housing and Urban Development's Office of Inspector General informed the City of Flint Department of Community and Economic Development of 22 findings in the 2011-CH-1001HOME Audit Report. Ten of the findings required repayment of \$2,236,680.00. DCED was able to resolve and close many of findings resulting in a reduction of the penalty still owed to \$1,434,712.

On April 9, 2012, through Resolution #EM2012165, The City of Flint agreed to repay the Department of Housing and Urban Development with a two-year repayment plan for the remaining penalty. In compliance with the settlement agreement, the City has made 6 payments totaling \$123,741.90.

In August 2012, the City and HUD have reached an agreement to use previous years expiring funds as repayment of the remaining obligation. The City requested five ineligible activities that impact Integrated Disbursement and Information System (IDIS) functionality totaling \$91,564.69 be included in the grant reduction bringing the total voluntary grant reduction to \$1,402,534.79.

The U.S. Department of Housing and Urban Development notified the City in January 2013 that the grant reductions had been executed and the associated grant agreements had been amended to reflect the reductions.

This resolution provides authorization for appropriate City Officials to do all things necessary to reduce the City of Flint HOME revenue and expenditure appropriations totaling \$1,402,534.79 encumbered in requisition 001201770 to reflect the voluntary grant reduction executed by the U.S. Department of Housing and Urban Development.

Financial Implications:

The approval of this resolution will ensure compliance with HOME federal requirements.

Budgeted Expenditure: Yes x No Please explain, if no:

Pre-encumbered: Yes x No Requisition #001201770

Other Implications (i.e., collective bargaining)

No other implications are known at this time.

Staff Recommendation:

Staff recommends approval this resolution.

APPROVAL:

Tracy B. Atkinson, Director

David Solis, Economic Development Director

Howard Croft, Infrastructure and Development Director