



**EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN**

ORDER No. 17

ADOPTION OF FISCAL YEAR 2013 BUDGET

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER) FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, ("PA 4"); MICHAEL BROWN, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

On March 16, 2011, the Local Government and School District Fiscal Accountability Act, Public Act 4 of 2011, ("Public Act 4") was enacted to safeguard and assure the fiscal accountability of units of local government; to preserve the capacity of units of local government to provide or cause to be provided necessary services essential to the public health, safety and welfare of citizens; and

Governor Rick Snyder appointed Michael Brown as the Emergency Manager for the City of Flint on November 28, 2011, and his contract was approved by the State Treasurer on November 29, 2011; and

Pursuant to Public Act 4, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Public Act 4, the Emergency Manager acts in place of local officials unless the Emergency Manager delegates specific authority; and

Pursuant to Public Act 4, the Emergency Manager shall amend, revise, approve, or disapprove the budget of the local government, and limit the total amount appropriated or expended; and

Pursuant to Public Act 4, the Emergency Manager may, notwithstanding any minimum staffing level requirement established by charter or contract, establish and implement staffing levels for local government; and

Based on the foregoing, it is hereby ordered that the attached Fiscal Year 2013 Budget is adopted and shall be effective July 1, 2012. Provided, however, that staffing reductions set forth in the Fiscal Year 2013 Budget shall immediately be implemented as an amendment to the current Fiscal Year 2012 Budget, as directed by the Emergency Manager.

This Order is effective immediately.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Manager.

Dated: 4-24-12

By: Michael K. Brown
Michael K. Brown
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

City of Flint, Michigan



BUDGET for Fiscal Year 2012-2013

Michael K. Brown, Emergency Manager

City of Flint FY13 Budget

It is well known that the City of Flint is confronted with a financial emergency. It has been in state receivership since November 2011. The City is projected to have more than an \$18 million deficit by June 30, 2012. Cash flow is extremely narrow, and any major unexpected expense or revenue loss at this time could be catastrophic.

The Emergency Manager is committed to seeing Flint not only return to financial solvency, but become the thriving municipality it once was, attracting residents, businesses, and visitors.

The challenge is great – financial insolvency; a population base reduced by 50%; declining property values; high numbers of vacant houses and persons in poverty, crumbling infrastructure, and high crime.

The first step to recovery is to stabilize the City's finances, in order to provide basic services to our citizens. With a focus on a next year's budget that is realistically balanced on attainable revenue estimates, and with assistance from the state to address the accumulated deficits from past years, our journey into the future can begin.

It will not be easy. The current level of expenses for city services significantly exceeds the current amount of revenues which will be received, and choices for new revenues are limited. Consequently, while efforts continue to identify new sources of revenue, current services and workforce will be reduced significantly. Where new sources of revenue are found and implemented, it will mean increased costs to taxpayers. There is no other choice – expenses must be reduced, revenues must be increased, or a combination of both must occur.

This budget is based on conservative assumptions regarding revenues and expenses. If there is uncertainty about a revenue stream, it is not included. When projecting expense items over which the City has little direct control, they have been projected on the high side. The result can be characterized as a "worst case" budget. However, since the budget is a flexible plan, new developments – such as additional revenue sources – can be added if and when they become available.

THE FY13 BUDGET

The FY13 Budget for the City of Flint totals \$195 million for all funds, including \$58 million for the General Fund plus Special Revenue Funds, Capital Improvement and Enterprise Funds. It provides for a workforce of 539 employees. The amount of funds available, and the size of the workforce afforded by those revenues, are significantly less than in the current and prior years.

As this budget process began, there was a projected gap of some \$25 million between the amount of funds projected to be received and the cost of continuing all services and positions in the same manner as currently done. This gap has been closed by a mixture of revenue increases and expenditure decreases.

REVENUES

City services are funded by a mix of property taxes, income taxes, state and federal shared revenues, and fees, charges, and assessments. The current property tax rate for city services is 15.5 mills, or \$15.50 for each \$1,000 of taxable value. Residents and businesses also pay a 1% income tax, while non-residents pay one-half that amount, the limit set by state law.

The revenue stream supporting city services in this budget is different from the current year's in some significant ways:

- With property values continuing to decrease, property tax revenues are decreased by more than 20%. These revenues are decreased even further as the 3 mill levy for waste collection is eliminated in favor of a new waste collection fee designed to cover the entire cost of that service.
- State shared revenue remains at the reduced level legislated by the state beginning in FY12.
- Revenues from some major grant sources – the SAFER grant for firefighters and the MOTT grant for community policing – are not included, as there is no certainty those funds will be received.
- Revenues from a new city-wide special assessment will reduce the cost burden on the City's General Fund while providing funding for the operation, maintenance, and improvement of the City's street lighting system.
- Additionally, it is necessary to increase water and sewer rates significantly in order to have sufficient funds to operate the system. A system capable of serving more than 200,000 users is now utilized by less than half that number. The systems are old, in need of repair, and costly to maintain. Costs from the primary supply source - the Detroit Water System – have also increased significantly over the past several years. While there have been significant increases in rates over the past few years, they have not been sufficient to cover the operating costs of the systems. While there are currently significant and positive efforts being made to make the systems more efficient and cost effective, they will not affect the cost of operating the systems this year.

The impact of these changes in the revenue stream will vary on taxpayers, businesses and residents. Compared to the current year, many taxpayers will see an increase in their total payments for city services, with the amount varying to the extent that their property values have reduced.

However, when compared to total payments for city services made in 2005 – before the precipitous drop in property values began - many taxpayers will still be paying less. It appears that owners of property with a taxable value of more than \$53,450 in 2005 will still pay less for city services in FY13 than they paid in FY2005. Property owners with a taxable value of less than \$53,450 in 2005, however, will pay more for city services in FY13 than they paid even in FY2005.

Unfortunately, with the tools at hand for raising revenues at this time, it is not possible to spread the impact differently. Alternatives such as raising the property tax millage or the income tax rate require voter approval and, in the case of the income tax, state legislative approval as well. However, these alternatives are being evaluated for future use.

EXPENSES

The revenues collected pursuant to this budget will be used to provide a very basic level of services in the areas traditionally provided by the City. Police and fire protection and other public safety services, water and sewer service, trash collection, street maintenance and lighting, parks maintenance, building inspection, code compliance, demolition and other community development activities, will all be continued, although in different ways and at reduced levels. Citizens can expect that response times for certain services or requests for information will be slowed.

The City's workforce will be reduced by more than 20% and, unfortunately, layoffs will occur. The extent of these reductions has been lessened significantly with concessions obtained from employee bargaining units.

Reductions equivalent to 20% of the wage base have been negotiated with three of the six city bargaining units (IAFF, FPOA Sgts, and FPOA Command), and a final vote on similar concessions with AFSCME 1799 is pending. Concession discussions with AFSCME 1600 and FPOA Patrol continue, but no agreements have been achieved. This budget assumes implementation of similar concessions across all bargaining units and exempt employees.

Similarly, reductions in the cost of retiree health care are also anticipated. The cost for the City's 1,500 retirees is projected at nearly \$25 million for FY13, an amount which severely constrains the ability of the City to provide services to its residents. The City has determined that there are alternative means by which health care can be provided to retirees but at a significantly reduced cost. The City intends to implement the less costly alternative and has incorporated more than \$4 million in anticipated cost reductions savings into this budget. Without such cost reductions, the City's workforce will be reduced even further.

Within the context of these revenue constraints and overall expense reductions, a very basic level of services will be provided to the residents and businesses in Flint in 2013:

PUBLIC SAFETY

Police – With the continued loss of tax and grant revenue, the Police Department will be minimally staffed at a level of 108 sworn officers and 21 non-sworn personnel. This represents the current level of staffing less 19 officers funded by grants which have expired. Requests for continuation funding are in process but have not been approved at this time.

Given the financial condition of the City, funding at this level represents a significant commitment to public safety, but it is recognized that more must be done. In the ensuing year, the department will be transitioning to 12 hour shifts. This transition will reduce overtime expenses

and should increase the number of officers on patrol at any one time. The efforts of the FPD will continue to be assisted with continuing support from the Michigan State Police, and contracted services from Hurley Hospital and Kettering University. Aggressive efforts will be made to seek the renewal of grants and to seek additional permanent funding for this essential service.

911 - 911 Dispatch will continue at current staffing, while efforts continue to consolidate City and County dispatch operations. Communications with and between officers will be enhanced with the projected move to the 800 MHz system on July 1, 2012.

Fire - With the expiration of the federal SAFER grant, funding for 39 firefighters would be lost, potentially reducing total staffing in the Fire Department to 54. However, with the reductions in costs attributable to union concessions, and an assessment of the impact this would have on the ability of the City to provide virtually any level of fire response, staffing in this budget is at 62.

Given the staffing constraints, three of the current five stations will remain open pending the decision on the SAFER grant. In addition, with Genesee County now providing paramedic response, the City's paramedic personnel will be assigned to suppression.

The City is aggressively pursuing renewal of the SAFER grant and, should it be received, the number of stations in operation could be increased.

Court - As required by law, the City will continue to financially support the operation of the 68th District Court. Recognizing the financial circumstances of the City, along with the court's decreased caseload and offsetting revenues, court funding is reduced in this budget.

Lock-up - The City has been aggressively working to receive funding from the State of Michigan for re-opening the City Lock-up. At this time an operational plan is being developed as a condition for receiving consideration for funding. There are no City funds allocated in this budget for operation of the Lock-Up.

INFRASTRUCTURE

Water and Sewer - The expenses of the Water and Sewer system can be viewed in three categories – operations and maintenance, capital improvements, and purchase of water. Operational costs, in terms of personnel, have been reduced to the minimum necessary to operate the collection and distribution systems, but ongoing increases in compensation-related costs, such as pension and healthcare, make significant dollar reductions difficult.

Ongoing capital expenses are a necessity, as significant repair and replacement activities such as replacing broken water meters and keeping pump stations operational and in regulatory compliance, are necessary on an ongoing basis. Improvements are also necessary to improve the efficiency of operations, such as implementing remote monitoring of pump stations.

Finally, the purchase of water at ever-increasing rates is a significant cost of the operations, and while efforts to contain these costs are ongoing, they will not likely affect the cost of operations in FY13.

The costs of operations for water and sewer are projected at \$85 million, with projected revenues at current rates totaling approximately \$65 million. Recent rate increases do not generate sufficient revenues to cover the total costs of operations. Thus, in order to keep the systems financially solvent and provide funds for operation and maintenance, the overall rates for water and sewer will be increased in total by an average of 25%. Sewer rates are projected to increase by 45% while water rates are projected to increase by 12.5%. Even with this increase, it is not possible to set aside funds for pre-funding retiree health care, so formal balance sheets will still show deficits.

Waste Collection – The City has historically provided weekly trash pick-up for all residents, with the costs presumably paid from a special 3 mill property tax levy. However, the amount collected from the levy has reduced as property values have fallen, and costs of collection – personnel costs being a significant portion - have increased. As a result, the City’s General Fund has subsidized the difference, by as much as \$1.5 million in the past year:

Consequently, the 3-mill levy for waste collection will be discontinued, and a collection fee on residential properties will be implemented. It is anticipated that in the first year (starting July 1, 2012) the waste collection process will continue on a weekly pick-up schedule and will include composting. Fall leaf pick up will be restored. In the second year, it is expected that the waste collection service will be expanded to include recycling, and by that time a thorough evaluation of the means by which the service is carried out will be completed.

The fee for this service will be added to the property tax bill for owners of residential property, and is currently projected to be \$143 in FY13, based on the projected cost of the service as reflected in the budget and the number of property owners billed. The amount will be adjusted on an annual basis to assure that it is reflecting the cost of the service.

Streets and Transportation – Funding for streets and transportation activities – with the notable exception of street lighting – is provided primarily from the state collected gas and weight tax allocated by formula to the City. That amount has been decreasing over the past years, making the ability to maintain local and major streets, sidewalks, and traffic control mechanisms very difficult. As with sewer and water, the City’s road system is built to accommodate more than 200,000, and the City’s population is now 102,000. This population drop has also contributed to the City’s reduced level of gas and weight tax. As a result, the City’s road system is currently rated a “3” on a scale of 1-10, demonstrating the effect of the lack of maintenance. The road maintenance activities for FY13 are focused primarily on preventive maintenance rather than targeted resurfacing, and will be chosen on the basis of most critical need and best return on investment.

Financing of infrastructure in the FY13 budget and beyond will be aided by use of a special assessment for street lighting, which is currently a general fund cost of nearly \$3 million. The implementation of a city-wide special assessment district will provide for the operational costs of the current system and will enable upgrades and improvements to street lighting throughout the City. The assessment will be added to the property tax bill for all property owners, and is currently projected to be less than \$100 per property in FY13. The amount to be assessed will be adjusted annually to reflect the projected cost for the operational, maintenance and improvement costs, and the number of property owners.

Parks - Maintenance of the City's 64 parks and its many trees in the rights of way will be funded primarily from the .5 mill special parks millage. Maintenance of the City-owned recreation/ community centers are also supported by the General Fund. Maintenance of parks, including play equipment, rights of way, and trees is minimal, and consists primarily of mowing, paying utilities, and responding to emergencies. There has not been any significant investment or maintenance of play structures in the parks for several years. Unfortunately, this level of investment will at best continue with the funds provided in this budget. Efforts will continue, as they have this year with golf courses, to find alternative ways to sustain the City's recreational assets. Continuing efforts will also be made to engage volunteers, neighborhood groups, and others to support specific parks and recreation centers.

Development - Building Inspection and Code Compliance activities will continue to the extent funds are available. Grant funds are budgeted at a reduced level to continue demolition activities and building inspection and code compliance fees are being reviewed again to see if the level and type of fees and fines are sufficient to cover costs and encourage voluntary compliance. In FY13, demolition activities will be done primarily by contractors in order that full cost recovery can be obtained from grant funds.

Planning and zoning activities will continue to the extent funds are available. Grant funds are budgeted to continue the upgrade to the City's master plan.

Community and Economic Development - Minimal ongoing financial support of economic development, in the form of CDBG funds, is also continued. Administration of the City's CDBG and NSP programs will continue, although grant funds are reduced. Evaluation of the administrative structure has resulted in reduced costs to the General Fund.

FINANCE AND ADMINISTRATION

All organizations have internal functions which support the delivery of services to the organization's constituency. In the City of Flint, these functions include assessing, accounting and budgeting, human resources, purchasing, information technology, risk management, fleet, facilities, treasury, and tax collections. Some of these functions are scalable to the size of the organization (such as human resources and risk management); others are not (such as tax billing and assessing). Regardless, with a decreasing base of business, and a corresponding reduction in workforce delivering services externally, there is compelling pressure to reevaluate processes and workforce numbers involved in all of these processes.

Changes are reflected in the size of the workforce appropriate to the current financial situation. It is also necessary to change internal processes to reflect an organization closer in size to 500 employees rather than 1,500. Changes beginning or planned include:

- Streamlined purchasing processes, including use of procurement cards for smaller purchases
- Simplification of processes for approving purchases
- Use of electronic means for processing payables and purchase orders
- Elimination of staffed stock rooms

- Changes in pension system administration and performance
- More reliance on Third Party Administration for workers' compensation related activities
- Elimination of manned security cameras where appropriate
- Evaluation of costs associated with custodial services
- More reliance on computer access for customer inquiries
- Consolidation of customer service functions
- More investment in technology to enhance productivity
- Commitment to funding necessary capital improvements which provide the workforce with proper equipment and facilities
- Implementation of a performance measurement system
- Commitment to rebuilding financial reserves by annual appropriation to a Budget Stabilization Fund

PUBLIC IMPROVEMENT FUND

The City Charter requires setting aside the proceeds of a 2.5 mill levy for the purposes of capital improvements and debt service. For the foreseeable future, these funds will be dedicated solely to current and anticipated debt service. A significant increase is expected as the City recognizes the need to increase its share of debt service for the downtown parking ramp debt, for making its required debt service of the initial Fiscal Stabilization Bonds, and for incurring future debt associated with additional bonding to alleviate the accumulated General Fund deficit. For FY13, it is projected that approximately \$1 million will be available for the new debt service associated with additional Fiscal Stabilization bonds; in FY14 the amount available for debt service is projected to grow to approximately \$1.5 million as current debt service for equipment ends.

GOVERNANCE AND OVERSIGHT

Core offices associated with governance and oversight traditionally include Council, Mayor, Administrator, City Attorney, City Clerk, Ombudsman, and Civil Service. Under receivership, there is also an Emergency Manager.

Several changes resulting in cost reductions were implemented by the Emergency Manager. These include: a reduction in salaries for the Council and Mayor, elimination of funding for the Ombudsman and Civil Service Commission, and the appointment of personnel to assist, either paid only on an hourly basis without fringe benefits, or loaned from another source. These cost reductions are continued in the FY13 budget.

Additionally, the costs of issuing business permits through the City Clerk's Office indicate that the costs of administration appear to significantly exceed the revenues collected. It will be necessary in the future to either reduce costs or increase permit fees to offset this imbalance.

CONCLUSION

The financial decisions made in this budget are significant but unavoidable. The budget reflects difficult decisions on the part of administrators and employees made to enable the City to provide services in FY13 at the levels its resources allow. The service levels will be low and not at a level anyone finds acceptable over the long term.

These decisions, however, provide the basis for going forward in a positive way. The budget is realistically balanced, with full expectation that when June 30, 2013 arrives, the City will not have once again spent more than it has taken in. It will have also put into place the financing to address the accumulated deficits of the past. Significant progress is being made to achieve financial solvency.

While there will certainly be financial challenges, decisions made in this process will assist in going forward. The decisions regarding employee compensation not only helped to address the short term financial challenge, but will assist in controlling expenses in the future, as the growth in future unfunded liabilities is slowed.

If the City government of Flint is to be a positive force in making Flint a safe and attractive place for residents, businesses, and visitors, it must have its own house in order. It cannot teeter on the edge of financial insolvency and hope to lead the way.

BUILDING THE FUTURE

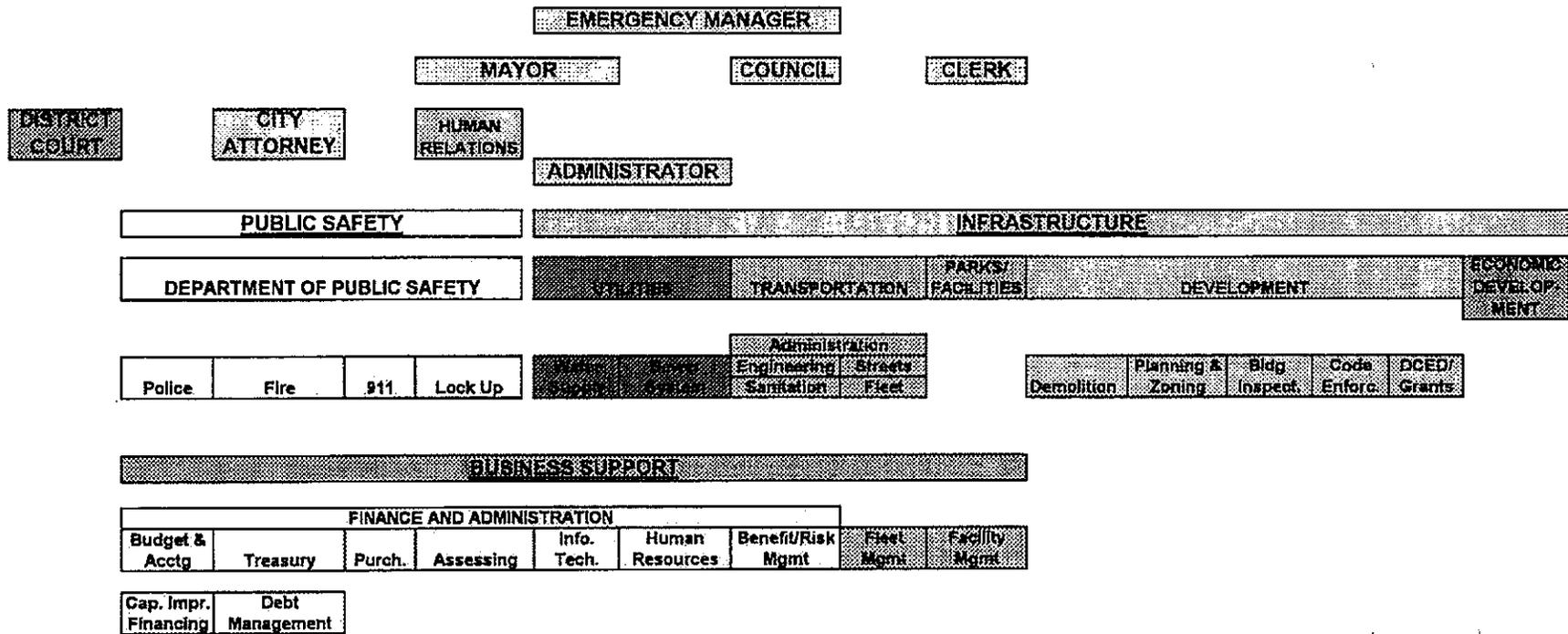
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, **WE SEE HOPE FOR THE FUTURE.**

These hopes are based on some very tangible and promising factors:

- Expense reductions are designed to live with current realistic revenue projections;
- New revenue options for fiscal year 2014 and beyond will include actual fees for services, special assessment districts and other revenue options;
- Partnership with the State Police and other law enforcement agencies will be expanded to create a safer environment for our citizens;
- Additional resources will be secured to house individuals who are continually abusing our residents in the neighborhoods; the City Lock-up will open and remain open;
- New public and private partnerships will be developed to provide waste collection services, senior citizen services, youth employment and training programs;
- Internal City operations will be improved in regard to finance and accounting, more efficient operation of licensing and permitting, and expanded training for our employees, including supervisory training;
- The City's information and technology capability will be improved, enhancing the capacity throughout the City, from paying bills on time to public safety issues faced by our police and fire operations.

As the City moves beyond the 2013 budget year, and the management of our affairs improves, citizens will see better response times from police, removal of individuals who are harming our children and seniors from our neighborhoods, improved code enforcement at homes owned by absentee landlords and expanded opportunities for our young people.

CITY OF FLINT - ORGANIZATIONAL CHART



FY13
Expenditures

	General Fund	Dedicated Millage Funds	Other Funds	<u>TOTAL</u>
Governance				
Mayor	\$ 185,578			\$ 185,578
Council	\$ 352,899			\$ 352,899
Clerk-records	\$ 423,573			\$ 423,573
Clerk-elections	\$ 424,324			\$ 424,324
Administrator	\$ 711,981			\$ 711,981
City Attorney	\$ 1,057,484			\$ 1,057,484
Human Relations Commission	\$ 40,103			\$ 40,103
Total	\$ 3,195,942			\$ 3,195,942
Public Safety				
District Court	\$ 5,358,479			\$ 5,358,479
Police	\$ 21,026,009	\$ 1,962,180		\$ 22,988,189
Drug Forfeiture	\$ -		\$ 216,472	\$ 216,472
Fire	\$ 10,916,429			\$ 10,916,429
911	\$ 3,314,413			\$ 3,314,413
Total	\$ 40,615,330	\$ 1,962,180	\$ 216,472	\$ 42,793,982
Infrastructure				
Water and Sewer			\$ 82,220,420	\$ 82,220,420
Sanitation/Waste Collection			\$ 4,901,202	\$ 4,901,202
Major/Local Streets			\$ 10,419,564	\$ 10,419,564
Major/Local Streets - Streetlights	\$ 2,850,000			\$ 2,850,000
Parks/Golf	\$ 546,841	\$ 389,400	\$ 6,743	\$ 942,984
Development -Building Inspection, Planning	\$ 1,085,639		\$ 3,366,835	\$ 4,452,474
Dept of Community and Economic Dev.	\$ 1,890,694		\$ 29,029,314	\$ 30,920,008
Total	\$ 6,373,174	\$ 389,400	\$ 129,944,078	\$ 136,706,652
Finance and Administration				
Accounting and Budgeting	\$ 1,033,341			\$ 1,033,341
Assessing	\$ 1,109,772			\$ 1,109,772
Budget Stabilization Fund	\$ 100,000			\$ 100,000
Capital Improvements/Debt Service	\$ -	\$ 2,104,906		\$ 2,104,906
Facilities	\$ 1,263,526			\$ 1,263,526
Human Resources	\$ 670,428			\$ 670,428
Purchasing and Stockrooms	\$ 155,204			\$ 155,204
Risk	\$ 66,500			\$ 66,500
Treasury and Collections	\$ 2,772,338			\$ 2,772,338
Total	\$ 7,171,109	\$ 2,104,906	\$ -	\$ 9,276,015
General Government	\$ 161,751			\$ 161,751
TOTAL EXPENSES	\$ 57,517,306	\$ 4,456,486	\$ 130,160,550	\$ 192,134,342

FY13

Revenues

REVENUE SOURCE	General Fund Services	Police Millage	Drug Forfeiture	Parks Millage	Senior Center	Major Streets	Local Streets	Building Inspection	Trash Collection	Sewer	Water	Public Improv.	Budget Stabil.	Community Development	TOTAL
Property Tax	\$ 5,720,000	\$1,544,000		\$389,400								\$ 1,930,400			\$ 9,583,800
Income tax	\$ 14,950,000														\$ 14,950,000
Special Assessments	\$ 2,855,000														\$ 2,855,000
Federal Revenues	\$ 594,324						\$ 400,000	\$1,500,000			\$ 400,000			\$ 28,301,892	\$ 31,196,216
State Revenues	\$ 357,000					\$ 6,399,412	\$1,815,765							\$ 300,000	\$ 8,872,177
State Revenue Sharing	\$ 13,140,585														\$ 13,140,585
Licensing and Permits	\$ 1,287,931							\$1,853,703							\$ 3,141,634
Fines and Forfeits	\$ 1,394,611		\$ 150,000												\$ 1,544,611
Charges for Services	\$ 11,958,695					\$ 125,000		\$ 258,400	\$5,000,000	\$31,333,816	\$ 50,400,736			\$ 1,625	\$ 99,076,272
Loan Proceeds	\$ -														\$ -
Other	\$ 5,259,160	\$ 418,180	\$ 6,000		\$ 56,913	\$ 334,652	\$1,047,222	\$ -	\$ -	\$ 40,000	\$ 45,867	\$ 389,480	\$ 100,000	\$ 620,416	\$ 8,317,890
TOTAL REVENUES	\$ 57,517,306	\$1,962,180	\$ 156,000	\$389,400	\$ 56,913	\$ 6,859,064	\$3,262,987	\$3,612,103	\$5,000,000	\$31,373,816	\$ 50,846,603	\$2,319,880	\$ 100,000	\$ 29,223,933	\$ 192,680,185
TOTAL EXPENSES	\$ 57,517,306	\$1,962,180	\$ 216,472	\$389,400	\$ 6,743	\$ 6,957,106	\$3,462,458	\$3,366,835	\$4,901,202	\$31,373,816	\$ 50,846,603	\$2,104,908	\$ -	\$ 29,029,314	\$ 192,134,341
REVENUES- EXPENSES	\$ -	\$ -	\$ (60,472)	\$ -	\$ 50,170	\$ (98,042)	\$ (199,471)	\$ 245,268	\$ 98,798	\$ -	\$ -	\$ 214,974	\$ 100,000	\$ 194,619	\$ 545,844
Unassigned Fund Balance	\$ (9,129,186)	\$ 10,826	\$ 871,734	\$ 11,048	\$ 61,265	\$ 677,686	\$1,100,858	\$ 250,606	\$ 104,880	\$(14,711,459)	\$(20,308,803)	\$ 1,325,921	\$ 100,000	\$ 675,073	\$ (38,959,551)

SUMMARY OF REVENUES AND EXPENDITURES-MAJOR FUNDS

	<u>FY 11 ACTUAL</u>			<u>FY12 PROJECTED</u>			<u>FY13 BUDGET</u>		
	<u>Revenues</u>	<u>Expenses</u>	<u>Difference</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Difference</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Difference</u>
General Fund	\$ 70,169,069	\$ 70,823,662	\$ (654,593)	\$ 55,202,299	\$ 64,468,351	\$ (9,266,052)	\$ 57,517,306	\$ 57,517,306	\$ -
Police Millage	\$ 2,468,866	\$ 2,497,087	\$ (28,221)	\$ 3,055,890	\$ 3,505,890	\$ (450,000)	\$ 1,962,180	\$ 1,962,180	\$ -
Drug Forfeiture	\$ 201,576	\$ 71,628	\$ 129,948	\$ 128,765	\$ 110,491	\$ 18,274	\$ 156,000	\$ 216,472	\$ (60,472)
Parks Millage	\$ 587,894	\$ 618,147	\$ (30,253)	\$ 609,393	\$ 944,393	\$ (335,000)	\$ 389,400	\$ 389,400	\$ -
Parks Senior Center	\$ 248,525	\$ 248,467	\$ 58	\$ 310,094	\$ 310,094	\$ -	\$ 56,913	\$ 6,743	\$ 50,170
Major Streets	\$ 7,650,057	\$ 7,985,392	\$ (335,335)	\$ 7,261,815	\$ 7,254,916	\$ 6,899	\$ 6,859,064	\$ 6,957,106	\$ (98,042)
Local Streets	\$ 3,161,985	\$ 3,139,751	\$ 22,234	\$ 2,983,574	\$ 3,161,533	\$ (177,959)	\$ 3,262,987	\$ 3,462,458	\$ (199,471)
Building Inspection	\$ 6,928,996	\$ 7,266,055	\$ (337,059)	\$ 5,975,112	\$ 7,071,442	\$ (1,096,330)	\$ 3,612,103	\$ 3,366,835	\$ 245,268
Trash Collection	\$ 3,391,059	\$ 4,405,114	\$ (1,014,055)	\$ 2,900,885	\$ 4,534,513	\$ (1,633,628)	\$ 5,000,000	\$ 4,901,202	\$ 98,798
Sewer	\$ 17,684,609	\$ 27,075,322	\$ (9,390,713)	\$ 21,930,134	\$ 28,468,248	\$ (6,538,114)	\$ 31,373,816	\$ 31,373,816	\$ -
Water	\$ 36,842,470	\$ 39,974,925	\$ (3,132,455)	\$ 46,349,053	\$ 46,964,592	\$ (615,539)	\$ 50,846,604	\$ 50,846,604	\$ -
Public Improvement Fund	\$ 3,499,011	\$ 4,105,965	\$ (606,954)	\$ 2,846,200	\$ 3,392,698	\$ (546,498)	\$ 2,319,880	\$ 2,104,906	\$ 214,974
Budget Stabilization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Total w/o Community Development	\$ 152,834,117	\$ 168,211,515	\$ (15,377,398)	\$ 149,553,214	\$ 170,187,161	\$ (20,633,947)	\$ 163,456,253	\$ 163,105,028	\$ 351,225
Community Development	\$ 15,188,603	\$ 15,468,130	\$ (279,527)	\$ 37,075,470	\$ 37,284,853	\$ (209,383)	\$ 29,223,933	\$ 29,029,314	\$ 194,619
Total w/Community Development	\$ 168,022,720	\$ 183,679,645	\$ (15,656,925)	\$ 186,628,684	\$ 207,472,014	\$ (20,843,330)	\$ 192,680,186	\$ 192,134,342	\$ 545,844

Staffing in the FY13 Budget

As of April, 2012, the City of Flint has 686 permanent full-time employees. In this budget, that number will be 539, a reduction of 147 employees. Reductions are virtually in every area of city service. The distribution of positions for FY13 will be as follows:

Governance (including the offices of Mayor, Council, Clerk, Emergency Manager, City Attorney, and Human Relations Commission) – Permanent full-time staffing will be 18, a reduction of 3 from the current 21.

Public Safety (including District Court, Police, Fire, and 911) – Permanent full-time staffing will be 245, a reduction of 55 from the current 300. The reductions are exclusively related to the loss of grant funding for police officers and fire fighters.

Infrastructure (including Water and Sewer operations, Waste Collection, Street Maintenance and Engineering, Parks, Development, DCED, Facilities, and Fleet) – Permanent full-time staffing will be 222, a reduction of 54 from the current 275.

Finance and Administration (including Finance, Treasury, Purchasing, Assessing, Information Services, Human Resources, and Risk Management) – Permanent full-time staffing will be 54, a reduction of 36 from the current 90.

ESTIMATED IMPACT OF FINANCING CHANGES

The FY13 Budget contains changes in the financing of city services.

The overall property tax levy for city services is reduced by 3 mills as the levy for trash pick up is removed. However, there is a new fee implemented for trash pick-up which will reflect the actual cost of the service.

There is also a special assessment district covering the entire city which will assess the costs of maintaining and improving street lighting throughout the City

Additionally, water and sewer rates are increased in order that the systems remain financially solvent.

In the upcoming tax year, most property owners will pay more in total for property taxes, street lighting, trash pick-up and water and sewer charges than they paid in 2011.

However, property owners whose property had a taxable value of more than \$53,450 in 2005 will pay less in the upcoming year than they paid in 2005.

Property owners whose property had a taxable value of less than \$53,450 in 2005 will pay more in the upcoming year than they paid in 2005.

TAX LEVIES, FEES AND CHARGES ON TAX BILL: JULY 2012 - JUNE 2013

		Tax year: 2005		2011		2012	
		Property Value:		Market:		Market:	
Tax year 2012:		\$	106,900	\$	74,039	\$	59,971
<i>Taxable Values are 56.1% of 2005 Values</i>							
Tax year 2011		\$	53,450	\$	37,019	\$	29,985
<i>Taxable Values are 69.3% of 2005 Values</i>							
Type	(Mills)	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost
Property tax - General	7.5	\$ 401	\$ 278	\$ 225			
Property tax- Police	2.0	\$ 107	\$ 74	\$ 60			
Property tax- Garbage (levy in 2005 & 2011 only)	3.0	\$ 160	\$ 111	\$ -			
Property tax - Parks	0.5	\$ 27	\$ 19	\$ 15			
Property tax - Public Improvement	2.5	\$ 134	\$ 93	\$ 75			
Property tax - County, schools, etc in 2005	41.5	\$ 2,218	-	-			
Property tax - County, schools, etc in 2011 and 2012	47.4	-	\$ 1,755	\$ 1,421			
<i>Total tax millage in 2005 was 57 mills, including 15.5 city</i>		\$	3,047	\$ 2,329	\$ 1,796		
<i>Total tax millage in 2011 was 62.9 mills, including 15.5 city</i>							
<i>Total tax millage in 2012 will be 59.9 mills, including 12.5 City</i>							
	(\$)						
Special Assessment - Lights (new in 2012)		\$ -	\$ -	\$ 100			
Waste Collection Fee (new in 2012)		\$ -	\$ -	\$ 165			
Water & Sewer Charges (est average charge)		\$ 685	\$ 990	\$ 1,670			
TOTAL TAXES, ASSESSMENTS, & FEES:		\$ 3,732	\$ 3,319	\$ 3,731			

DEFICIT REDUCTION PROGRESS

	<u>Deficit FY11</u>	<u>Projected Deficit FY12</u>	<u>Projected Deficit FY13</u>
General Fund	\$ (16,863,133)	\$ (18,129,186)	\$ (9,129,186)
Fiscal Stabilization Bonds*	\$ 8,000,000	\$ 9,000,000	\$ 10,000,000
Net General Fund Deficit	\$ (8,863,133)	\$ (9,129,186)	\$ 870,814
Police Millage	\$ 6,017	\$ 10,826	\$ 10,826
Drug Forfeiture	\$ 913,932	\$ 932,206	\$ 871,734
Parks Millage	\$ 163,096	\$ 41,651	\$ 11,048
Parks Senior Center	\$ 11,095	\$ 11,095	\$ 61,265
Major Streets	\$ 768,828	\$ 775,727	\$ 677,686
Local Streets	\$ 1,478,308	\$ 1,300,329	\$ 1,100,858
Building Inspection	\$ 1,666	\$ 5,336	\$ 250,606
Trash Collection	\$ 119,711	\$ 6,082	\$ 104,880
Community Development	\$ 689,838	\$ 480,454	\$ 675,073
Sewer Operating Deficit	\$ (9,390,713)	\$ (5,961,459)	\$ -
Water Operating Deficit	\$ (3,132,455)	\$ (615,539)	\$ -
Public Improvement Fund	\$ 1,657,445	\$ 1,110,947	\$ 1,325,921
Budget Stabilization	\$ -	\$ -	\$ 100,000
	\$ (15,576,365)	\$ (11,031,531)	\$ 6,060,711
Sewer OPEB Liability	\$ (16,449,351)	\$ (21,199,351)	\$ (26,199,351)
Water OPEB Liability	\$ (12,092,943)	\$ (15,592,943)	\$ (19,342,943)
	\$ (44,118,659)	\$ (47,823,825)	\$ (39,481,583)

* Fiscal Stabilization Bonds Issued in 2011 in the amount of \$8 million

Request has been made as part of the FY11 Deficit Elimination Plan to borrow an additional \$9 million in 2012

City also anticipates a final borrowing of up to \$10 million in FY13 to address the final portion of the deficit

Assuming the FY13 budget is implemented as planned, the deficit should be eliminated

The Public Improvement Fund is being reserved for debt service for the 3 borrowings, but additional sources of funds - primarily the General Fund - will also be used.



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