



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

ORDER No. 7

BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL

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, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

The City Council, on June 6, 2011 adopted the Fiscal Year 2012 budget resolution which also required that "...departments shall not incur any expenses in excess of the adopted line item or departmental level budget without amending the Budget pursuant to the Flint City Charter, Section

7-104.” This clause requires a resolution to be submitted to City Council for all budget adjustments, including line item changes within a departmental budget, regardless of amount.

Based on the foregoing, it is hereby ordered that, in light of the City’s financial challenges, all City Officials, Department Heads and Division Heads shall adhere to the following budgetary guidelines and responsibilities:

1. Budgetary authority is **not** a mandate to spend.
2. Departmental expenses are to be managed within the amounts authorized in the department’s budgets.
3. All possible actions are to be taken to keep expenses as low as possible.
4. It is vital that all budgeted revenues are collected.
5. It is extremely important that all are continuously seeking and recommending ways of operating more efficiently and at lesser cost.
6. All budgetary revenues and expenditures must be continually monitored and the Finance Department must be immediately advised of any variances that become apparent, along with recommendations for addressing such variances.

Also, the Emergency Manager is suspending the line item budget requirement, with the following procedure to be enacted for budget transfers:

1. Budget Adjustments: A City department may move monies within its departmental budget between line items (within the same fund) by making a request for a budget adjustment to the Finance Department, except in wage, overtime and fringe benefit accounts.
2. Budget Amendments: A budget amendment request for amounts up to \$10,000 must be submitted to the Finance Director for approval. A budget amendment resolution for more than \$10,000 must be submitted to the Finance Director and Emergency Manager for approval.

Budget Amendments include:

- a. Transfers to and from wage, overtime and/or fringe benefit accounts
- b. Transfers between funds
- c. Transfers from fund balance
- d. Transfers between departments

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

Dated: 12-13-11

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