



CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
MICHAEL K. BROWN

July 13, 2012

Andy Dillon, State Treasurer and Chair
Michigan Department of Treasury
Bureau of Local Government Services
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Dillon:

I am attaching for your consideration the second quarterly report of the Emergency Manager of the City of Flint as required by P.A. 4, Section 15. The report details activities for the period of April 1, 2012 through June 30, 2012.

Respectfully submitted,

Michael K. Brown
Emergency Manager

Attachments

Cc: Roger S. Fraser, Deputy Treasurer
Fred Headen, Director, Bureau of Local Government

**QUARTERLY REPORT TO THE STATE TREASURER REGARDING
THE FINANCIAL CONDITION OF THE CITY OF FLINT**

July 15, 2012

This quarterly report covers the period from April 1, 2012 through June 30, 2012
and addresses the financial condition of the City of Flint.

Michael K. Brown, Emergency Manager
Jerry Ambrose, Financial Advisor to the Emergency Manger

Status of the Financial Condition of Flint
April 1, 2012 – June 30, 2012

Cash Flow

With monthly cash flow ranging between \$7 million and \$13 million, cash flow is barely adequate for an organization with average monthly expenditures of \$16 million. Cash flow is monitored on an ongoing basis, and actual receipts have been tracking projections acceptably.

2011 Deficit Elimination Plan

A deficit elimination plan for FY11 was submitted on April 6, 2012 and subsequently approved by Treasury on May 29, 2012. One key portion of the plan – the adoption of a credibly balanced spending plan for FY13 - has been accomplished. The second key portion of the plan – the issuance of Fiscal Stabilization Bonds in the amount necessary to eliminate the FY11 General Fund Deficit – remains pending.

2012 Financial Projections

Most recent projections for recently ended FY12 indicate that General Fund expenses will exceed revenues by \$9.3 million, for a total accumulated General Fund deficit of \$18.2 million when added to the FY11 deficit. This projection is consistent with previous estimates submitted to Treasury.

Deficits for FY12 are also projected in the City's Water and Sewer funds - \$4 million in water, and \$11.7 million in sewer. The total accumulated deficit (unreserved retained earnings) is projected to be \$24.9 million.

Other funds are projected to end the year in a positive position. For several funds, including Parks, Police, Building Inspection, and Waste, the positive position is only because of year-end transfers from the General Fund. Year-end transfers out totaled \$4.5 million, and were not anticipated in the City's adopted budget.

2013 Budget

The FY13 budget has been adopted by the Emergency Manager and is in the process of being implemented. Expenditures are balanced with credible revenue projections and there are no additional deficits anticipated, with the exception of unfunded OPEB liabilities in the water and sewer funds. (There are, of course, additional unfunded OPEB liabilities, recognized in notes to financial statements but not booked as liabilities.)

The development of the balanced FY13 budget required closing a gap of more than \$25 million between initially projected revenues and expenses. This was accomplished by a mix of significant revenue increases and expenditure reductions. Key changes to the current year's spending patterns were included:

- Elimination of 115 positions, or 16% of the workforce, with nearly all of these position eliminations coming from other than public safety
- Reduction in compensation costs for employees equivalent to a 20% reduction in salary costs, plus steps taken to reduce long term liabilities associated with retirees, including reductions in current compensation costs, modification of retiree benefits for existing employees; changes in health care for active and retired employees, and the elimination of retiree health care for new employees
- Establishment of a city-wide special assessment district for street lighting, to eliminate a \$2.85 million general fund cost, thus providing additional funds to maintain public safety levels
- Replacement of a 3 mill property tax levy for garbage collection with a fee reflective of the actual higher cost of garbage collection
- Implementation of an overall 25% combined increase in water and sewer rates to provide the necessary revenue stream to cover costs of water and sewer operations, exclusive of OPEB liabilities

Implementation of changes envisioned in the FY13 budget has begun. More than 80 of the 115 positions being eliminated will be vacant by July 1, with the remainder scheduled by no later than the end of the first quarter. (There were 147 positions eliminated in the adopted budget, however, 32 of those positions were reinstated with receipt of the federal SAFER grant.)

In addition, orders authorizing the increases in water and sewer rates, the establishment of the waste collection fee, and the establishment of the street lighting special assessment district have been issued. Tax bills are being mailed, with new fees and rates included, and employees have been enrolled in their new health care plans, which go into effect July 1. Notices to retirees are beginning to be mailed, with enrollment into their new plans scheduled to be effective by August 1 or September 1, depending on their Medicare eligibility status.

Other changes important to the budget are also underway. Decisions on outsourcing certain services, including waste collection, demolition, and janitorial are pending, as responses to RFPs are being received. Progress continues on gaining approval to transfer the administration of the Flint Employees Retirement System to the Municipal Employees Retirement System. A study of potential shared services between the City and County Treasurer's offices is also beginning, funded by a grant from the Mott Foundation.

Discussions are also coming to closure on how detention space can best be provided for arrests by Flint police, and how the City can most effectively manage its cost of providing water to residents and businesses. The implementation of the 800 MHz is progressing, and dialogue continues on possible consolidation of the County and Flint 911 centers.

Challenges

From a financial perspective, the primary goal is to end FY 13 without expenses exceeding revenues in all funds. If this can be done, the City will have taken a major step towards returning to financial solvency. However, there are several potential challenges to the plan being implemented which, if successful, can significantly impact success. These include:

Legal Challenges – This plan relies upon significant changes in the City’s revenue structure, where the City has already seen significant objections raised; changes in employee compensation, some of which were unilaterally imposed; and changes in retiree healthcare, which previous attempts to do so have been met with lawsuits and temporary restraining orders. In total, these challenges could affect the FY13 Budget by as much as \$30 million.

Economic Challenges – Revenue and expense estimates are conservative and credible. However, there are many factors not in the control of the City. Because of the City’s marginal cash flow, significant variances from expectations in areas such as income tax receipts, charge-backs from the County, energy, health care costs, court revenue, and other fees and charges, could compromise this plan.

Political Challenges – The uncertainty of the continuation of PA4 can also affect the ability to achieve the primary goal. If a major change in structure occurs, and includes significant changes in personnel, the time involved alone in making the change in leadership and governance could put this plan in jeopardy.

Compliance Monitoring

The Compliance Monitoring report is consistent with the previous report. The City has made progress in adherence to the UBAA by preparing a year-end budget adjustment currently awaiting approval by the Emergency Manager. However, deficits are still projected in the General Fund, as well as the Water and Sewer Funds. Progress has also been made in the timeliness of completing bank reconciliations.

Attachments:

Cash Flow Summary – Projected from May 2012 -- April 2013
Deficit Elimination Plan - Letter and State Response
FY12 – Year End Budget Projections (Resolution & Budget Adjustment)
FY13 Budget Document
Memorandum regarding FY13 Budget Challenges
Compliance Monitoring Report

Cash Flow Summary:

April - June, 2012

	<u>Projected</u>	<u>Actual</u>
April	\$ 11.3	\$ 12.7
May	\$ 7.0	\$ 8.2
June	\$ 6.7	\$ 8.8
July	\$ 5.5	\$ 9.0
August	\$ 11.5	
September	\$ 10.4	
October	\$ 11.3	
November	\$ 11.6	
December	\$ 12.8	
January	\$ 11.2	
February	\$ 13.8	
March	\$ 9.7	
April	\$ 10.5	

Cash projections Period Ending 04/30/2013 -Without \$9 million Fiscal Stabilization Borrowing

Amount In Millions

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total	Comment	FY13 Budget:
Pooled cash Bal	\$14.35														
Less restricted cash	(\$2.26)														
Adjusted Beg cash	\$12.09	\$6.65	\$5.47	\$7.30	\$11.48	\$10.38	\$11.26	\$11.61	\$12.71	\$11.16	\$13.71	\$9.65	\$12.09		
Cash Inflow:															
Operating Accts															
Income Tax	1.40	1.01	1.05	1.45	0.93	1.40	1.18	1.21	1.81	0.96	1.37	0.88	14.64	Budgeted amount	14.95
Property tax city portion		1.20	4.04	0.65	0.19	1.07	0.26	0.22	0.43	0.43	0.38	0.36	9.22	Budgeted amount	9.58
Special assessment tax			3.43	0.55	0.17	0.91	0.22	0.18	0.37	0.37	0.31	0.31	6.82	Budgeted amount	7.86
Water	3.26	3.99	3.99	5.47	5.43	4.39	3.94	3.80	3.97	4.09	3.53	3.59	49.44	Budgeted amount	49.47
Sewer	1.72	1.56	2.26	3.05	3.12	2.76	2.71	2.61	2.86	2.83	2.51	2.52	30.50	Budgeted amount	31.07
State Rev Sharing -Constitutional		1.17		1.15		1.31		1.24		1.26		1.26	7.39	Budgeted amount	7.37
State Rev Sharing -statutory		0.96		0.96		0.96		0.96		0.96		0.96	5.77	Budgeted amount	5.77
Gas & Weight Tax	0.62	0.60	0.69	0.69	0.69	0.67	0.67	0.67	0.63	0.63	0.63	0.63	7.83	Budgeted amount	8.10
Charges for services rendered	0.42	0.99	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	5.41	Budgeted amount	4.58
Healthcare reimbursement	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.78	Budgeted amount	0.79
Fines & forfeiture	0.10	0.16	0.15	0.10	0.10	0.13	0.22	0.11	0.11	0.11	0.11	0.11	1.51	Budgeted amount	1.55
Cable Tv Franchise Fee	0.26			0.25			0.22		0.24		0.24		1.21	Budgeted amount	1.20
911 surcharge	0.37			0.30			0.30		0.30		0.30		1.57	Budgeted amount	1.53
Fed,State & Local grant revenue	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	21.60	Budgeted amount	32.80
Miscellaneous revenue	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	5.40	Budgeted amount	5.49
Fiscal stabilization bond														Budgeted amount	
Total Inflows	10.47	13.96	18.33	17.33	13.34	16.32	12.44	13.71	13.43	14.35	12.07	13.34	169.09		182.11
Cash Outflow:															
Operating Accts															
Wages, OT and FICA	3.44	5.15	2.72	2.75	2.68	2.56	2.67	3.75	2.63	2.48	2.41	2.42	35.65	Budgeted amount	33.66
Unemployment				1.30									1.30	FY12 projections	0.89
Pension	3.30		3.62			2.39			2.67		2.85		14.63	Budgeted amount	14.60
Active hcare, comp, ESL, final payout	0.92	1.79	1.25	0.71	0.84	1.17	0.84	0.84	0.98	0.98	0.98	0.98	12.31	Budgeted amount	11.26
Fringes - suits&settlement	0.05	0.55	0.05	0.05	0.55	0.05	0.05	0.05	0.05	0.05	0.05	0.05	1.60	Budgeted, 60 million distributed evenly + due CSB 0.5M in 6/12 and 0.5M in 9/12 and 2.4M in 6/13	2.50
Fringes - Retiree Hcare	1.88	0.78	1.69	1.20	1.37	1.58	1.57	1.61	1.87	1.63	1.87	1.63	18.68	Budgeted amount	18.77
Supplies, repairs and Insurance	0.55	0.91	0.67	0.64	1.09	0.64	0.88	0.55	0.51	0.52	0.48	0.23	7.68	Budgeted amount	7.68
Purch -Detroit water etc	1.89	1.85	1.89	2.15	2.50	2.13	1.98	1.90	1.98	1.98	1.98	1.98	24.19	Budgeted amount	24.03
Professional services	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	27.00	Estimate spending \$27.00 distributed evenly	33.67
Utilities and equipment operation	0.49	0.71	0.71	0.84	0.83	0.58	0.70	0.52	0.73	0.78	0.73	0.78	8.40	Budgeted amount	8.01
Capital outlay	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	6.84	Budgeted amount	6.87
Debt Service	0.01	0.01	0.52	0.13	1.20	0.95	0.01	0.01	0.18	0.01	1.60	1.05	5.68	Budgeted amount	3.36
Miscellaneous Expense	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	6.72	Budgeted amount	6.70
Total Outflows	15.91	15.14	16.50	13.15	14.44	15.44	12.09	12.61	14.98	11.80	16.13	12.49	170.68		172.00
Ending Cash Balance	\$6.65	\$5.47	\$7.30	\$11.48	\$10.38	\$11.26	\$11.61	\$12.71	\$11.16	\$13.71	\$9.65	\$10.50	\$10.50		
Month only Inflow/(Outflow)-not cumulative	(\$5.44)	(\$1.18)	\$1.83	\$4.18	(\$1.10)	\$0.89	\$0.35	\$1.09	(\$1.54)	\$2.55	(\$4.06)	\$0.85	(\$1.59)		
Previous projection	\$10.06	\$7.44	\$6.63	\$5.34	\$8.90	\$13.04	\$13.05	\$13.24	\$12.06	\$12.72	(\$3.14)	(\$2.35)			



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DEFICIT
CERTIFICATION
25-2040

May 29, 2012

Mr. Michael K. Brown, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, Michigan 48502



RE: Certification Pursuant to MCL 141.921 (2)

Dear Mr. Brown:

We have evaluated the financial plan of the City of Flint, County of Genesee, for the correction of the deficit condition as of Fiscal Year Ending June 30, 2011, in the following funds.

General (Through 2013)
Water Supply Division (Through 2013)
Downtown Development Authority

The plan, as submitted under the requirements of PA 140 of 1971, as amended, should correct the deficit condition of the above-mentioned funds. Should you have any questions regarding this letter, please contact Harlan Goodrich at (517) 373-0660.

Sincerely,

Frederick Headen, Director
Bureau of Local Government Services

c: Municipal Finance Systems Review Section

April 6, 2012

Harlan Goodrich, Manager
Local Audit and Finance Division
Department of Treasury
P.O. Box 30728
Lansing, MI 48909-8228

RE: 25-2-040
City of Flint
Deficit Elimination Plan

Dear Mr. Goodrich,

This letter provides the City of Flint plan to address the deficits for the fiscal year ended June 30, 2011, as noted in your letter of January 27, 2012. Those deficits were as follows:

General Fund -	\$ 8,863,134
Water Supply Division -	\$12,443,265
Downtown Development Authority -	\$ 778,018

As you know, the City of Flint is confronted with a financial emergency, and has been in receivership since November, 2011. My primary focus since being appointed is to see the City return to financial solvency in order that Flint can become the thriving municipality it once was.

In the City's financial condition, it is unrealistic to assume that these deficits, as well as the deficits accumulating this year, can be addressed from any existing financial sources within the City. We have been and continue to propose borrowing the necessary funds to eliminate accumulated deficits, other than deficits arising from inclusion of OPEB liabilities in our enterprise funds i.e., Water and Sewer. It is clearly not possible at this time to fund those deficits, and our approach is to reduce our liability by modifying provisions related to retiree health care.

However, this strategy will work only if we can demonstrate that in future years the City can manage its financial affairs and live within its means. Consequently, our work since being appointed in December, 2011 has been to take the steps necessary to develop and implement a spending plan for FY13 which is credibly balanced and which includes the budgetary allocation necessary to provide for the debt service associated with additional borrowing. I am pleased to report that we are making significant progress in that regards, and that I expect within the next two weeks to publicly announce a budget for FY13 which meets that criteria.

Specific to the FY11 deficits identified in your letter of January 27, 2011, we have determined that the \$12.4 million deficit in the Water Supply Division Fund is accounted for entirely by the inclusion of OPEB liabilities. In lieu of funding that deficit, which we do not see as possible, we are in the process of modifying labor contracts to 1) contain the city's costs with regards to current employees, and 2) eliminate retiree healthcare as a benefit for new employees. We are engaging all of our unions on this topic, and have at least one Tentative Agreement with one union which does both.

With respect to the \$778,018 deficit in the Downtown Development Authority, we have determined that the DDA's commitment to funding the debt service for the Parking Ramps is unrealistic, as declining property values have decreased their revenues, and as net revenues from parking debt operations have not realized its expectations. As a result, the City, as guarantor of the bonds, has made the necessary debt service payments, and has also recorded the nonpayment as a liability to the DDA and as a receivable to the City. Going forward, the City is working with the DDA to reduce its operational expenses in order to increase the amount they will pay for the debt service. However, the City will recognize in its budget that it will be paying a portion of the debt service, and it will no longer record that amount as a liability of the DDA or as a receivable to the City.

With respect to the \$8,863,134 accumulated deficit in the General Fund, we are proposing that the state authorize borrowing that amount in the form of Fiscal Stabilization Bonds or other appropriate instruments, with the City budgeting debt service from within the 2.5 mills required by City Charter to be set aside for capital improvements and/or debt service. The fund is projected have a balance of approximately \$900,000 by June 30, 2012. The 2.5 mill levy and DDA payment is projected to generate \$2.3 million in FY13, with projected expenses of \$1.9 million. For FY14, while the levy and DDA payment may generate only \$2.1 million, projected expenses will drop to approximately \$1.4 million, as existing debt for equipment purchases drops off. The unallocated revenue stream to be realized in FY13, and its projected continuation into FY14 and beyond, will be sufficient for the debt service on \$8.9 million. Existing fund balance and the commitment to budget any additional necessary debt service in the General Fund, will assure that the City is positioned to meet its obligations associated with this issuance. Additionally, we have confirmed with our financial consultant that sufficient unpledged revenue sharing funds exist to secure the payments if necessary.

Finally, as you are aware, we are anticipating an additional deficit in the General Fund for FY12, currently projected to be as large as the FY11 deficit. Again, we are working aggressively to implement a balanced budget for FY13, based on credible revenue and expense estimates. We will be factoring the reality of this additional deficit into our future financial planning, including the integration of additional debt service obligations.

If you have any questions, please feel free to contact me at 810-237-2027 or City Finance Director Jerry Ambrose at 517-230-9793.

Sincerely,



Michael K. Brown, Emergency Manager
City of Flint

Capital Improvements Fund Projections

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
<u>REVENUES</u>							
Property Tax	\$ 2,822,945	\$ 2,413,000	\$ 1,930,400	\$ 1,737,360	\$ 1,650,492	\$ 1,567,967	\$ 1,567,967
DDA payment	\$ 676,066	\$ 432,200	\$ 388,980	\$ 369,531	\$ 351,054	\$ 333,502	\$ 333,502
Interest							
Other							
TOTAL REVENUES	\$ 3,499,011	\$ 2,845,200	\$ 2,319,380	\$ 2,106,891	\$ 2,001,546	\$ 1,901,469	\$ 1,901,469
<u>EXPENSES</u>							
FY04 Financial Recovery Bond	\$ 1,458,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Honeywell Contract	\$ 58,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY11 Fiscal Stabilization Bond	\$ -	\$ 440,755	\$ 600,142	\$ 602,104	\$ 600,192	\$ 602,754	\$ 604,417
Parking Deck Bond	\$ 668,778	\$ 726,598	\$ 726,953	\$ 726,163	\$ 724,213	\$ 726,213	\$ 727,013
Notes Payable to Sewer Fund	\$ 1,205,536	\$ 400,000	\$ 466,953	\$ -	\$ -	\$ -	\$ -
Capital Outlays	\$ 714,623	\$ 1,184,359	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Due from DDA Parking Deck - Write-off		\$ 1,171,848					
Expenses w/o FY12 Fiscal Stabilization Bond	\$ 4,105,965	\$ 3,923,560	\$ 1,894,048	\$ 1,428,267	\$ 1,424,405	\$ 1,428,967	\$ 1,431,430
<i>Proposed \$9.0 FY12 Fiscal Stabilization Bond - Estimate</i>	\$ -	\$ -	\$ 495,849	\$ 675,160	\$ 677,367	\$ 675,216	\$ 678,098
TOTAL EXPENSES with FSB	\$ 4,105,965	\$ 3,923,560	\$ 2,389,897	\$ 2,103,427	\$ 2,101,772	\$ 2,104,183	\$ 2,109,528
Net Revenues	\$ (606,954)	\$ (1,078,360)	\$ (70,517)	\$ 3,464	\$ (100,226)	\$ (202,714)	\$ (208,059)
Beginning Fund Balance	\$ 3,759,555	\$ 1,980,753	\$ 902,393	\$ 831,876	\$ 835,340	\$ 735,114	\$ 532,400
Ending Nonspendable Fund Balance	\$ 1,171,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Unassigned Fund Balance	\$ 1,980,753	\$ 902,393	\$ 831,876	\$ 835,340	\$ 735,114	\$ 532,400	\$ 324,342



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ALL CORRESPONDENCE SHOULD REFER TO STATE ID NUMBER

**DEFICIT ELIMINATION
PLAN NOTIFICATION
State ID Number
25-2-040**

January 27, 2012

Mr. Michael Brown, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, Michigan 48502-1416

FEB 1 2012

Dear Mr. Brown:

We have received an audit report from your local unit, which indicates a deficit balance in one or more funds as follows:

<u>FUND</u>	<u>AMOUNT</u>	<u>SOURCE OF INFORMATION</u>
General Fund	\$8,863,134	Audited Financial Statements 6/30/11, p. 21
Water Supply Division	\$12,443,265	Audited Financial Statements 6/30/11, p. 26
Downtown Development Authority	\$778,018	Audited Financial Statements 6/30/11, p. 32

According to MCL 141.921 and Attorney General Opinion No. 6154, if a local unit of government ends its fiscal year in a deficit condition, the local unit of government shall formulate and file a financial plan with the Department of Treasury within 90 days after the beginning of the fiscal year to correct the deficit. The local unit of government shall file the financial plan with the Department of Treasury for evaluation and certification to ensure the correction of the deficit condition. Upon certification by the Department of Treasury, the local unit shall institute the plan.

Your deficit elimination plan is due within 30 days from the date of this letter. A complete plan should identify exactly how the deficit is to be eliminated. The following are acceptable evidence to support a plan:

1. Certified copies of board/council resolutions (describing funds and amounts) approving additional appropriations sufficient to eliminate the deficit and a copy of the journal entry that shows that the transfer has been made.
2. Projected budget approved by the legislative body as evidenced by a certified resolution itemizing yearly revenues by source, expenditures/expenses by activity, and changes in the fund balance/retained earnings through the year of the deficit's eventual elimination. There is a five-year limit for an approved plan; the plan must be amended if the deficit increases or the plan is not otherwise followed.
3. For tax increment finance or downtown development authorities, the ordinance or plan approving their existence is acceptable if it shows the flow of revenue and the priority of expenditures that would satisfy a deficit elimination plan for these funds as indicated in #2 above.
4. For drain or other special assessment-type funds that have deficits, which are not "covered" on the balance sheet by a long-term receivable and deferred revenue, a letter from the Drain Commissioner itemizing assessment levies which could not be recognized for the audited fiscal year due to generally accepted accounting principles, will suffice as a deficit elimination.

After receiving your plan, we will notify you in writing if additional information is needed or that your plan has been certified. If you have any questions or concerns, please do not hesitate to contact me at (517) 373-0660. Our mailing address is Michigan Department of Treasury, Local Audit and Finance Division, P.O. Box 30728, Lansing, MI 48909-8228.

Sincerely,



Harlan Goodrich, Manager
Local Audit and Finance Division

12-5317

EM SUBMISSION NO.: 2012em 405

PRESENTED: 7-11-12

ADOPTED: 7-11-12

Resolution to Amend the Fiscal Year 2012 Budget

BY THE EMERGENCY MANAGER:

WHEREAS, the Finance Director has reviewed the actual and projected expenditures for the City of Flint for FY12; and

WHEREAS, the Uniform Budgeting and Accounting Act (UBAA) requires that revenues and expenses be within the parameters of the City's budget; and

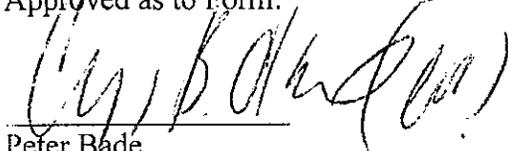
WHEREAS, it is necessary at this time to amend the FY12 budget to reflect revenues and expenditures projected as of June 30, 2012;

THEREFORE BE IT RESOLVED, that the City of Flint's Budget is amended as proposed by the Finance Director, and described in the attached document;

BE IT FURTHER RESOLVED, that the transfers proposed in the budget amendments are also authorized.

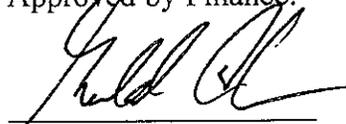
BE IT FURTHER RESOLVED, that the Finance Director shall prepare for the consideration of the Emergency Manager a Deficit Elimination Plan as required by state law.

Approved as to Form:



Peter Bade
Chief Legal Officer

Approved by Finance:



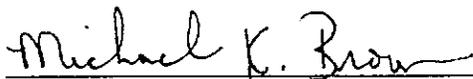
Gerald Ambrose
Director of Finance

EM DISPOSITION:

ENACT _____

FAIL _____

DATED 7-11-12



Michael K. Brown, Emergency Manager

City of Flint

Requested Budget Amendment FY2012

SUMMARY OF REVENUES AND EXPENDITURES-MAJOR FUNDS

	FY 12 ADOPTED			FY12 CURRENT AMENDED BUDGET			FY12 NEW AMENDED BUDGET		
	Revenues	Expenses	Difference	Revenues	Expenses	Difference	Revenues	Expenses	Difference
							\$ 55,995,644	\$ 65,290,882	\$ (9,295,238)
General Fund	\$ 50,483,995	\$ 50,958,984	\$ (474,989)	\$ 55,255,386	\$ 55,605,900	\$ (350,514)	\$ 3,353,781	\$ 3,306,270	\$ 47,511
Police Millage	\$ 3,257,451	\$ 3,257,451	\$ -	\$ 3,259,951	\$ 3,259,951	\$ -	\$ 133,685	\$ 105,639	\$ 28,046
Drug Forfeiture	\$ 195,851	\$ 195,851	\$ -	\$ 195,851	\$ 195,851	\$ -	\$ 925,702	\$ 920,569	\$ 5,133
Parks Millage	\$ 566,490	\$ 566,490	\$ -	\$ 626,490	\$ 626,490	\$ -	\$ 371,487	\$ 371,487	\$ -
Parks Senior Center	\$ -	\$ -	\$ -	\$ 400,527	\$ 400,527	\$ -	\$ 7,629,058	\$ 7,394,971	\$ 234,087
Major Streets	\$ 6,824,567	\$ 6,696,717	\$ 127,850	\$ 7,737,056	\$ 7,737,056	\$ -	\$ 2,984,604	\$ 2,984,604	\$ -
Local Streets	\$ 2,665,075	\$ 2,628,575	\$ 36,500	\$ 3,113,070	\$ 3,106,388	\$ 6,682	\$ 7,611,150	\$ 7,467,493	\$ 143,657
Building Inspection	\$ 2,250,280	\$ 2,250,280	\$ -	\$ 7,302,775	\$ 7,302,775	\$ -	\$ 4,666,269	\$ 4,624,416	\$ 41,853
Trash Collection	\$ 3,431,122	\$ 3,431,122	\$ -	\$ 3,431,122	\$ 3,431,122	\$ -	\$ 22,171,888	\$ 33,855,958	\$ (11,684,070)
Sewer	\$ 23,285,314	\$ 28,239,749	\$ (4,954,435)	\$ 23,285,314	\$ 28,634,321	\$ (5,349,007)	\$ 44,309,893	\$ 48,329,238	\$ (4,019,345)
Water	\$ 52,596,116	\$ 48,417,905	\$ 4,178,211	\$ 52,596,116	\$ 48,878,292	\$ 3,717,824	\$ 3,456,432	\$ 3,456,432	\$ -
Public Improvement Fun	\$ 3,260,239	\$ 3,260,239	\$ -	\$ 3,403,018	\$ 3,403,018	\$ -	\$ 153,609,593	\$ 178,107,959	\$ (24,498,366)
Total w/o Community Development	\$ 148,816,500	\$ 149,903,363	\$ (1,086,863)	\$ 160,606,676	\$ 162,581,691	\$ (1,975,015)	\$ 29,223,933	\$ 29,029,314	\$ 194,619
Community Development	\$ -	\$ -	\$ -	\$ 37,075,470	\$ 37,284,853	\$ (209,383)	\$ 182,833,526	\$ 207,137,273	\$ (24,303,747)
Total with Community Development	\$ 148,816,500	\$ 149,903,363	\$ (1,086,863)	\$ 197,682,146	\$ 199,866,544	\$ (2,184,398)			

SUMMARY OF REVENUES AND EXPENDITURES-Other Funds

	FY 12 ADOPTED			FY12 CURRENT AMENDED BUDGET			FY12 NEW AMENDED BUDGET		
	Revenues	Expenses	Difference	Revenues	Expenses	Difference	Revenues	Expenses	Difference
							\$ 32,995,327	\$ 32,995,327	\$ -
Fringe Benefit Fund	\$ 29,128,212	\$ 29,128,212	\$ -	\$ 29,128,212	\$ 29,128,212	\$ -	\$ 3,200,930	\$ 3,056,153	\$ 144,777
Information Services Fd	\$ 2,664,307	\$ 2,664,307	\$ -	\$ 3,018,573	\$ 3,018,573	\$ -	\$ 6,480,294	\$ 6,417,024	\$ 63,270
Fleet Fund	\$ 5,614,321	\$ 5,614,321	\$ -	\$ 5,614,621	\$ 5,614,321	\$ 300	\$ 4,318,987	\$ 4,182,431	\$ 136,556
Self Insurance Fund	\$ 4,378,006	\$ 4,378,006	\$ -	\$ 4,378,006	\$ 4,378,006	\$ -	\$ 7	\$ -	\$ 7
Atwood Stadium Trust F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 8
City Park Endowment Fd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ 9
RT Longway Charitable Trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,305,571	\$ 70,305,571	\$ -
Retirement System Fd	\$ 76,525,500	\$ 69,707,000	\$ 6,818,500	\$ 76,525,500	\$ 69,514,792	\$ 7,010,708	\$ 100,600	\$ 100,600	\$ -
Retirees Life Insur Fd	\$ 100,600	\$ 100,600	\$ -	\$ 100,600	\$ 100,600	\$ -	\$ 19,994,522	\$ 19,046,240	\$ 948,282
Retirees Healthcare Fd	\$ 20,670,947	\$ 20,670,947	\$ -	\$ 20,670,947	\$ 20,670,947	\$ -	\$ 137,396,255	\$ 136,103,346	\$ 1,292,909
Total Other Funds	\$ 139,081,893	\$ 132,263,393	\$ 6,818,500	\$ 139,436,459	\$ 132,425,451	\$ 7,011,008			

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
101-General Fund:					
Property Taxes	8,950,602	8,950,602	6,933,440	(2,017,162)	6,933,440
Income taxes	13,000,000	13,087,563	12,550,550	1,412,437	14,500,000
Special assessment taxes	40,000	40,000	(9,508)	(40,000)	0
Federal revenues	0	3,121,900	556,814	(370,676)	2,751,224
State revenues	9,312,620	9,346,852	9,114,445	4,097,923	13,444,775
License and Permits	1,397,795	1,397,795	1,020,216	(118,980)	1,278,815
Fines and forfeitures	2,182,223	2,321,223	2,055,824	(589,130)	1,732,093
Charges for service rendered	11,178,263	10,812,077	8,738,473	(1,406,874)	9,405,203
Interest and dividend income	210,000	210,000	147,608	(28,489)	181,511
Judgement Levy	0	5,199	1,000	(3,504)	1,695
Other revenues	584,202	2,333,885	1,835,037	198,879	2,532,764
Proceeds from sale of capital ass	5,000	5,000	1,300	(2,500)	2,500
Proceeds from loan	0	0	0	0	0
Gain on sale of fixed assets	0	0	0	18,000	18,000
Transfers in	2,990,000	2,990,000	2,990,000	0	2,990,000
Total Revenues	49,850,705	54,622,096	45,935,199	1,149,924	55,772,020
Legislative	1,269,986	1,269,556	1,083,784	(80,029)	1,189,527
Judicial	5,230,789	5,230,789	5,079,348	269,008	5,499,797
General government	5,000	5,000	792	0	5,000
Gen govt - Mayor's office	339,587	339,587	417,404	125,272	464,859
Gen govt - Administration	378,515	378,515	346,506	46,070	424,585
Gen govt - Finance	1,092,526	1,092,526	1,036,408	36,926	1,129,452
Gen govt - Customer Service	1,485,291	1,570,791	1,363,663	75,707	1,646,498
Gen govt - Assessment	1,492,544	1,492,544	1,285,551	(66,329)	1,426,215
Gen govt - Risk & Benefit	70,684	70,684	38,602	(28,963)	41,721
Gen govt - Purchasing	259,877	269,721	304,127	61,757	331,478
Gen govt - Personnel	992,566	686,879	538,038	(70,854)	616,025
Gen govt - Civil Service	217,000	217,000	138,545	(70,845)	146,155
Gen govt - Law Office	658,100	785,382	792,649	97,286	882,669
Gen govt - Human Relation	61,269	123,969	117,036	13,419	137,388
Gen govt - City Clerk	586,186	586,616	558,078	29,889	616,506
Gen govt - Election	573,327	573,327	492,504	(32,554)	540,773
Gen govt - Ombudsman	323,443	323,443	224,348	(86,145)	237,298
Gen govt - Fringe Benefit	430,334	430,334	386,877	(17,879)	412,455
Gen govt - External Contribution	50,000	50,000	51,000	3,000	53,000
Police	15,132,694	19,000,542	18,287,138	1,645,865	20,646,408

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
Emergency dispatch	3,091,962	3,091,962	2,835,110	(8,587)	3,083,375
Fire	11,678,903	11,678,903	10,932,149	393,151	12,072,054
Building inspections	164,719	164,719	159,175	12,645	177,364
Transportation	1,815,610	1,815,610	2,532,691	959,390	2,775,000
Parks and recreation	521,966	981,282	672,325	284,567	1,265,850
Parks-Facilities Maint	1,301,890	1,301,890	1,498,500	408,832	1,710,722
Community development	620,937	961,048	1,217,877	1,636,604	2,597,652
Transfers out	5,000	5,000	0	4,446,000	4,451,000
Total Expenditures	49,850,705	54,497,621	52,390,225	10,083,204	64,580,824
Current Year Surplus / (deficits)	0	124,476	(6,455,026)	(8,933,279)	(8,808,804)
BEGINNING FUND BALANCE	(5,439,837)	(5,439,837)	(5,439,837)		(5,439,837)
ENDING FUND BALANCE - Excluding Golf	(5,439,837)	(5,315,361)	(11,894,863)		(14,248,640)
584-Golf Fund					
Charges for service rendered	633,290	633,290	220,820	(412,127)	221,163
Interest and dividend income	0	0	0	0	0
Other revenues	0	0	2,461	2,461	2,461
Transfers in	0	0	0	0	0
Total Revenues	633,290	633,290	223,281	(409,666)	223,624
General government	57,977	57,977	59,025	1,048	59,025
Parks-Golf	1,050,302	1,050,302	491,448	(399,269)	651,033
Total Expenditures	1,108,279	1,108,279	550,473	(398,221)	710,058
Current Year Surplus / (deficits)	(474,989)	(474,989)	(327,192)	(11,445)	(486,434)
BEGINNING FUND BALANCE	(1,836,301)	(1,836,301)	(1,836,301)		(1,836,301)
ENDING FUND BALANCE	(2,311,290)	(2,311,290)	(2,163,493)		(2,322,735)
NET OF REVENUES/APPROPRIATIONS - FUND 584+Fund 101	(474,989)	(350,513)	(6,782,218)		(9,295,238)
BEGINNING FUND BALANCE Including Golf	(7,276,137)	(7,276,137)	(7,276,137)		(7,276,137)
ENDING Restricted GENERAL FUND BALANCE Including Golf	1,586,995	1,586,995	1,586,995		1,586,995
ENDING Unrestricted GENERAL FUND BALANCE Including Golf	(8,863,133)	(8,740,924)	(15,645,350)		(18,158,370)

**City of Flint
Requested Budget Amendment FY2012**

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
202-Major Street Fund					
State revenues	6,469,467	6,469,467	5,651,235	(233,727)	6,235,740
Charges for service rendered	200,000	200,000	12,421	12,421	212,421
Interest and dividend income	500	500	268	(232)	268
Other revenues	619,929	619,929	937,629	517,700	1,137,629
Transfers in	0	0	0	43,000	43,000
Total Revenues	7,289,896	7,289,896	6,601,553	339,162	7,629,058
General government	0	0	0	0	0
Gen govt - Purchasing	42,305	42,305	41,401	4,659	46,964
Transportation	7,190,402	7,190,402	6,123,363	29,715	7,220,117
Parks and recreation	31,886	31,886	9,270	(22,616)	9,270
Debt services - principal	108,438	108,438	118,620	10,182	118,620
Debt services - interest	10,186	10,186	0	(10,186)	0
Transfers out	353,839	353,839	0	(353,839)	0
Total Expenditures	7,737,056	7,737,056	6,292,655	(342,085)	7,394,971
Current Year Surplus / (deficits)	(447,161)	(447,161)	308,898	681,247	234,086
BEGINNING FUND BALANCE	777,227	777,227	777,227		777,227
ENDING FUND BALANCE	330,067	330,067	1,086,125		1,011,314
203-Local Street Fund					
Federal revenues	0	373,065	152,089	0	373,065
State revenues	1,654,736	1,654,736	1,557,076	76,116	1,730,852
Interest and dividend income	1,500	1,500	(544)	(1,500)	0
Other revenues	655,000	729,930	469,924	41,755	771,685
Transfers in	353,839	353,839	0	(353,839)	0
Total Revenues	2,665,075	3,113,070	2,178,545	(237,468)	2,875,603
Gen govt - Purchasing	26,836	26,836	25,970	600	27,436
Transportation	2,601,739	3,079,552	2,531,333	(165,385)	2,914,167
Transfers out	0	0	0	43,000	43,000
Total Expenditures	2,628,575	3,106,388	2,557,303	(121,785)	2,984,604
Current Year Surplus / (deficits)	36,500	6,682	(378,758)		(109,001)
BEGINNING FUND BALANCE	1,478,309	1,478,309	1,478,309		1,478,309
ENDING FUND BALANCE	1,514,809	1,484,991	1,099,550		1,369,308

**City of Flint
Requested Budget Amendment FY2012**

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
207-Police Fund					
Property Taxes	2,225,761	2,225,761	1,856,910	(368,851)	1,856,910
Fines and forfeitures	130,000	130,000	0	308,615	438,615
Charges for service rendered	530,000	530,000	176,085	(223,065)	306,935
Interest and dividend income	100	100	352	252	352
Other revenues	371,590	374,090	431,365	251,879	625,969
Transfers in	0	0	0	125,000	125,000
Total Revenues	3,257,451	3,259,951	2,464,712	93,830	3,353,781
Police	3,257,451	3,259,951	3,062,940	46,319	3,306,270
Total Expenditures	0	0	(598,228)		47,512
Current Year Surplus / (deficits)	6,017	6,017	6,017		6,017
BEGINNING FUND BALANCE	6,017	6,017	(592,211)		53,529
ENDING FUND BALANCE					
208-Park/Recreation Fund					
Property Taxes	556,440	556,440	465,370	(91,070)	465,370
Interest and dividend income	50	50	86	42	92
Other revenues	10,000	70,000	35,240	(34,760)	35,240
Transfers in	0	0	0	425,000	425,000
Total Revenues	566,490	626,490	500,695	299,212	925,702
Parks and recreation	566,490	626,490	711,352	294,079	920,569
Total Expenditures	566,490	626,490	711,352	294,079	920,569
Current Year Surplus / (deficits)	0	0	(210,656)		5,132
BEGINNING FUND BALANCE	41,651	41,651	41,651		41,651
ENDING FUND BALANCE	41,651	41,651	(169,005)		46,783

City of Flint
 Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
213-Park & Recreation Senior Citizen Centers					
Local grants	0	400,527	236,166	(90,433)	310,094
Interest and dividend income	0	0	(54)	0	0
Transfers in	0	0	0		51,000
Total Revenues	0	400,527	236,112	(90,433)	361,094
Parks and recreation	0	400,527	326,157	(29,040)	371,487
Total Expenditures	0	400,527	326,157	(29,040)	371,487
Current Year Surplus / (deficits)	0	0	(90,045)		(10,392)
BEGINNING FUND BALANCE	11,095	11,095	11,095		11,095
ENDING FUND BALANCE	11,095	11,095	(78,950)		703
226-Rubbish Collection Fund					
Property Taxes	3,431,022	3,431,022	2,785,034	(645,988)	2,785,034
License and Permits	0	0	1,620	1,620	1,620
Interest and dividend income	100	100	472	430	530
Other revenues	0	0	4,085	4,085	4,085
Transfers in	0	0	0	1,926,000	1,875,000
Total Revenues	3,431,122	3,431,122	2,791,211	1,286,147	4,666,269
Public works	3,431,122	3,431,122	4,174,043	1,193,294	4,624,416
Total Expenditures	3,431,122	3,431,122	4,174,043	1,193,294	4,624,416
Current Year Surplus / (deficits)	0	0	(1,382,832)		41,853
BEGINNING FUND BALANCE	119,711	119,711	119,711		119,711
ENDING FUND BALANCE	119,711	119,711	(1,263,121)		161,564

City of Flint

Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
265-Drug Law Enforcement Fund					
Fines and forfeitures	103,500	103,500	79,674	10,174	113,674
Interest and dividend income	2,000	2,000	1,497	(503)	1,497
Other revenues	6,261	6,261	17,094	12,253	18,514
Drawings from fund balance	84,090	84,090	0	(84,090)	0
Total Revenues	195,851	195,851	98,266	(62,166)	133,685
Police	195,851	195,851	54,524	(90,212)	105,639
Total Expenditures	195,851	195,851	54,524	(90,212)	105,639
Current Year Surplus / (deficits)	0	0	43,742		28,046
BEGINNING FUND BALANCE	913,932	913,932	913,932		913,932
ENDING FUND BALANCE	913,932	913,932	957,674		941,978
402-Public Improvement Fund					
Property Taxes	2,834,176	2,834,176	2,321,311	(512,865)	2,321,311
Interest and dividend income	1,000	1,000	2,031	1,031	2,031
Other revenues	375,000	375,000	726,598	351,598	726,598
Total Revenues	3,210,176	3,210,176	3,049,939	(160,237)	3,049,939
Judicial	700,000	700,000	69,919	14,993	714,993
General government	351,900	351,900	351,900	0	351,900
Parks and recreation	0	29,250	29,250	2,250	31,500
Parks-Facilities Maint	0	113,529	108,946	(4,583)	108,946
Debt services - principal	185,000	185,000	0	0	185,000
Debt services - interest	400,000	400,000	440,755	40,755	440,755
Transfers out	1,623,339	1,623,339	1,623,339	0	1,623,339
Total Expenditures	3,260,239	3,403,018	2,624,108	53,414	3,456,432
Current Year Surplus / (deficits)	(50,063)	(192,842)	425,831		(406,493)
BEGINNING FUND BALANCE	2,829,293	2,829,293	2,829,293		2,829,293
ENDING FUND BALANCE	2,779,230	2,636,451	3,255,125		2,422,801

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
542-Building Inspection Fund					
Federal revenues	0	1,890,341	1,517,430	142,253	2,032,594
State revenues	0	0	92,857	92,857	92,857
License and Permits	1,863,502	1,863,502	1,260,973	(484,310)	1,379,192
Fines and forfeitures	0	61,312	0	(61,312)	0
Charges for service rendered	386,778	3,487,620	2,536,396	(497,446)	2,990,174
Other revenues	0	0	16,332	16,332	16,332
Transfers in	0	0	0	1,100,000	1,100,000
Total Revenues	2,250,280	7,302,775	5,423,988	308,374	7,611,150
General government	500	500	(1,044)	0	500
Building inspections	2,249,780	6,520,622	5,668,764	164,316	6,684,938
Community development	0	781,653	746,030	402	782,055
Total Expenditures	2,250,280	7,302,775	6,413,750	164,717	7,467,493
Current Year Surplus / (deficits)	0	0	(989,762)		143,657
BEGINNING FUND BALANCE	1,666	1,666	1,666		1,666
ENDING FUND BALANCE	1,666	1,666	(988,096)		145,323

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
590-Sewer Fund					
	0	0	0	0	0
Federal revenues					
Charges for service rendered	23,112,294	23,112,294	21,619,302	(1,302,471)	21,809,823
Interest and dividend income	80,803	80,803	206,547	125,744	206,547
Other revenues	92,217	92,217	141,045	63,301	155,518
Total Revenues	23,285,314	23,285,314	21,966,893	(1,113,426)	22,171,888
General government	837,810	837,810	837,810	0	837,810
Gen govt - Customer Service	1,487,369	1,487,369	1,242,387	82,938	1,570,307
Gen govt - Purchasing	253,487	253,487	270,416	36,915	290,402
Parks-Facilities Maint	79,007	79,007	0	(79,007)	0
Community development	0	463,347	364,086	(63,347)	400,000
Utilities	23,722,076	23,651,058	21,710,729	5,244,139	28,895,197
Debt services - principal	0	2,000	555	0	2,000
Debt services - interest	0	243	0	0	243
Transfers out	1,860,000	1,860,000	1,860,000	0	1,860,000
Total Expenditures	28,239,749	28,634,321	26,285,984	5,221,637	33,855,958
Current Year Surplus / (deficits)	(4,954,435)	(5,349,007)	(4,319,091)		(11,684,070)
BEGINNING FUND BALANCE	65,454,001	65,454,001	65,454,001		65,454,001
ENDING RESTRICTED NET ASSETS	61,812,344	61,812,344	61,812,344		61,812,344
ENDING UNRESTRICTED NET ASSETS	(1,312,778)	(1,707,350)	(677,434)		(8,042,413)

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY 12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
591-Water Fund					
	0	0	0	0	0
Federal revenues					
Charges for service rendered	52,541,240	52,541,240	43,446,405	(8,306,599)	44,234,641
Interest and dividend income	5,000	5,000	1,380	(3,620)	1,380
Other revenues	20,876	20,876	16,885	(3,348)	17,528
Gain on sale of fixed assets	29,000	29,000	56,343	27,343	56,343
Total Revenues	52,596,116	52,596,116	43,521,013	(8,286,223)	44,309,893
General government	1,215,447	1,215,447	1,215,447	0	1,215,447
Gen govt - Customer Service	1,485,518	1,485,518	1,242,627	83,171	1,568,689
Gen govt - Purchasing	141,559	141,559	161,985	32,097	173,656
Parks-Facilities Maint	79,653	79,653	0	(79,653)	0
Community development	0	377,000	375,532	0	377,000
Utilities	41,562,821	41,646,208	30,342,921	(584,668)	41,061,540
Transfers out	3,932,907	3,932,907	3,932,907	0	3,932,907
Total Expenditures	48,417,905	48,878,292	37,271,419	(549,054)	48,329,238
Current Year Surplus / (deficits)	4,178,211	3,717,824	6,249,594		(4,019,346)
BEGINNING FUND BALANCE	18,367,067	18,367,067	18,367,067		18,367,067
ENDING RESTRICTED NET ASSETS	31,232,214	31,232,214	31,232,214		31,232,214
ENDING UNRESTRICTED NET ASSETS	(8,686,936)	(9,147,323)	(6,615,553)		(16,884,893)
627-Fringe Benefit Fund					
Charges for service rendered	28,867,585	28,867,585	28,113,219	3,836,503	32,704,088
Other revenues	260,627	260,627	286,710	29,844	290,471
Total Revenues	29,128,212	29,128,212	28,399,928	3,866,347	32,994,559
General government	569,374	569,374	569,374	0	569,374
Gen govt - Risk & Benefit	2,799,921	2,799,921	2,940,904	395,385	3,195,306
Gen govt - Fringe Benefit	25,658,917	25,658,917	25,887,908	3,571,730	29,230,647
Transfers out	100,000	100,000	0	(100,000)	0
Total Expenditures	29,128,212	29,128,212	29,398,185	3,867,115	32,995,327
Current Year Surplus / (deficits)	0	0	(998,257)		(768)
BEGINNING FUND BALANCE	104,780	104,780	104,780		104,780
ENDING FUND BALANCE	104,780	104,780	(893,476)		104,013

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun 18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
636-Information Services Fund					
Charges for service rendered	2,663,807	2,663,807	2,525,793	536,193	3,200,000
Interest and dividend income	500	500	930	430	930
Total Revenues	2,664,307	2,664,307	2,526,723	536,623	3,200,930
General government	192,757	192,757	192,757	0	192,757
Gen govt - Information Serv	2,469,455	2,823,721	2,706,820	37,580	2,861,301
Debt services - principal	2,095	2,095	0	0	2,095
Total Expenditures	2,664,307	3,018,573	2,899,577	37,580	3,056,153
Current Year Surplus / (deficits)	0	(354,266)	(372,854)		144,777
BEGINNING FUND BALANCE	1,398,312	1,398,312	1,398,312		1,398,312
ENDING FUND BALANCE	1,398,312	1,044,047	1,025,458		1,543,089
661-Fleet/Central Garage Fund					
Charges for service rendered	4,169,508	4,169,508	3,976,119	528,577	4,698,085
Interest and dividend income	500	500	1,620	1,120	1,620
Other revenues	0	0	8,347	8,847	8,847
Transfers in	896,741	896,741	896,741	875,000	1,771,741
Total Revenues	5,066,749	5,066,749	4,882,828	1,413,545	6,480,294
General government	204,310	204,310	204,310	0	204,310
Gen govt - Purchasing	167,073	167,073	190,046	35,806	202,879
Public works	5,242,938	5,242,938	5,525,796	766,897	6,009,835
Total Expenditures	5,614,321	5,614,321	5,920,152	802,703	6,417,024
Current Year Surplus / (deficits)	(547,572)	(547,572)	(1,037,324)		63,270
BEGINNING FUND BALANCE	2,191,080	2,191,080	2,191,080		2,191,080
ENDING FUND BALANCE	1,643,508	1,643,508	1,153,756		2,254,350

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
677-Self Insurance Fund					
Fines and forfeitures	0	0	0	0	0
Charges for service rendered	4,213,986	4,213,986	4,232,377	20,000	4,233,986
Interest and dividend income	10,000	10,000	5,001	(4,999)	5,001
Other revenues	54,020	54,020	28,097	(24,020)	30,000
Transfers in	100,000	100,000	0	(50,000)	50,000
Total Revenues	4,378,006	4,378,006	4,265,476	(59,019)	4,318,987
General government	82,464	82,464	82,464	0	82,464
Gen govt - Risk & Benefit	1,051,192	1,051,192	867,751	(74,812)	976,380
Gen govt - Law Office	3,244,350	3,244,350	2,878,633	(120,764)	3,123,586
Total Expenditures	4,378,006	4,378,006	3,828,848	(195,575)	4,182,431
Current Year Surplus / (deficits)	0	0	436,628		136,557
BEGINNING FUND BALANCE	11,573	11,573	11,573		11,573
ENDING FUND BALANCE	11,573	11,573	448,201		148,130
710-Atwood Stadium Trust Fund					
Interest and dividend income	0	0	7	7	7
Total Revenues	0	0	7	7	7
715-City Park Endowment Fund					
Interest and dividend income	0	0	8	8	8
Total Revenues	0	0	8	8	8
717-Rt Longway Charitable Trust Fund					
Interest and dividend income	0	0	9	9	9
Total Revenues	0	0	9	9	9

City of Flint
Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
731-Retirement System Fund					
Charges for service rendered	126,000	126,000	311,411	185,411	311,411
Interest and dividend income	3,000,000	3,000,000	2,150,126	(831,728)	2,168,272
Dividend income	2,800,000	2,800,000	2,616,510	(135,783)	2,664,217
Net increase in fair value of inv	50,000,000	50,000,000	10,283,658	(37,121,978)	12,878,022
Other revenues	125,000	125,000	606,681	481,681	606,681
Members' contribution	2,734,500	2,734,500	3,524,260	1,351,952	4,086,452
Employer contribution	17,740,000	17,740,000	13,749,346	(3,584,491)	14,155,509
Total Revenues	76,525,500	76,525,500	33,241,992	(39,654,936)	36,870,564
Gen govt - Finance	451,166	451,166	426,282	14,369	465,535
Gen govt - Personnel	0	307,750	257,896	(21,199)	286,551
Gen govt - Law Office	0	47,376	42,832	(1)	47,374
Pension Fund	69,255,834	68,707,000	62,143,235	799,098	69,506,098
Interest and dividend income	0	1,500	12	(1,488)	12
Total Expenditures	69,707,000	69,514,792	62,870,257	790,780	70,305,571
Current Year Surplus / (deficits)	6,818,500	7,010,708	(29,628,265)		(33,435,008)
BEGINNING FUND BALANCE	507,644,255	507,644,255	507,644,255		507,644,255
ENDING FUND BALANCE	514,656,464	514,656,464	478,016,003		474,209,260
735-Retirees' Life Insurance Fund					
Dividend income	6,500	5,000	2,631	(2,369)	2,631
Net increase in fair value of inv	50,000	50,000	12,185	(37,815)	12,185
Members' contribution	20,000	20,000	3,781	(16,219)	3,781
Total Revenues	76,500	75,000	18,597	(56,403)	18,597
Death Benefit Fund	100,600	100,600	76,803	0	100,600
Total Expenditures	100,600	100,600	76,803	0	100,600
Current Year Surplus / (deficits)	(24,100)	(25,600)	(58,206)		(82,003)
BEGINNING FUND BALANCE	577,203	577,203	577,203		577,203
ENDING FUND BALANCE	553,103	551,603	518,998		495,201

City of Flint

Requested Budget Amendment FY2012

Function	FY 2012 Adopted Budget	FY12 Existing Amended Budget	FY 12 Activity Thru Jun18, 2012	Requested Increase/(Dec rease) in Budget	FY 12 New Amended Budget
736-Public Employee Health Care Fund					
Charges for service rendered	328,544	328,544	212,705	(69,675)	258,869
Other revenues	1,828,308	1,828,308	1,142,154	(686,154)	1,142,154
Employer contribution	18,514,095	18,514,095	18,593,499	79,404	18,593,499
Total Revenues	20,670,947	20,670,947	19,948,358	(676,425)	19,994,522
General government	328,123	328,123	0	0	328,123
Retiree Health Insurance	20,342,824	20,342,824	18,706,617	(1,624,707)	18,718,117
Total Expenditures	20,670,947	20,670,947	18,706,617	(1,624,707)	19,046,240
Current Year Surplus / (deficits)	0	0	1,241,740		948,281
BEGINNING FUND BALANCE	79,055	79,055	79,055		79,055
ENDING FUND BALANCE	79,055	79,055	1,320,795		1,027,336
737-Voluntary Employees Benefit Association					
Interest and dividend income	0	0	9	9	9
Dividend income	0	0	7,542	7,542	7,542
Net increase in fair value of inv	0	0	(200,902)	0	0
Members' contribution	0	0	182,543	182,543	182,543
Total Revenues	0	0	(10,808)	190,094	190,094
VEBA	0	0	0	0	0
Total Expenditures	0	0	0	0	0
Current Year Surplus / (deficits)	0	0	(10,808)		190,094
BEGINNING FUND BALANCE	171,378	171,378	171,378		171,378
ENDING FUND BALANCE	171,378	171,378	160,569		361,471

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

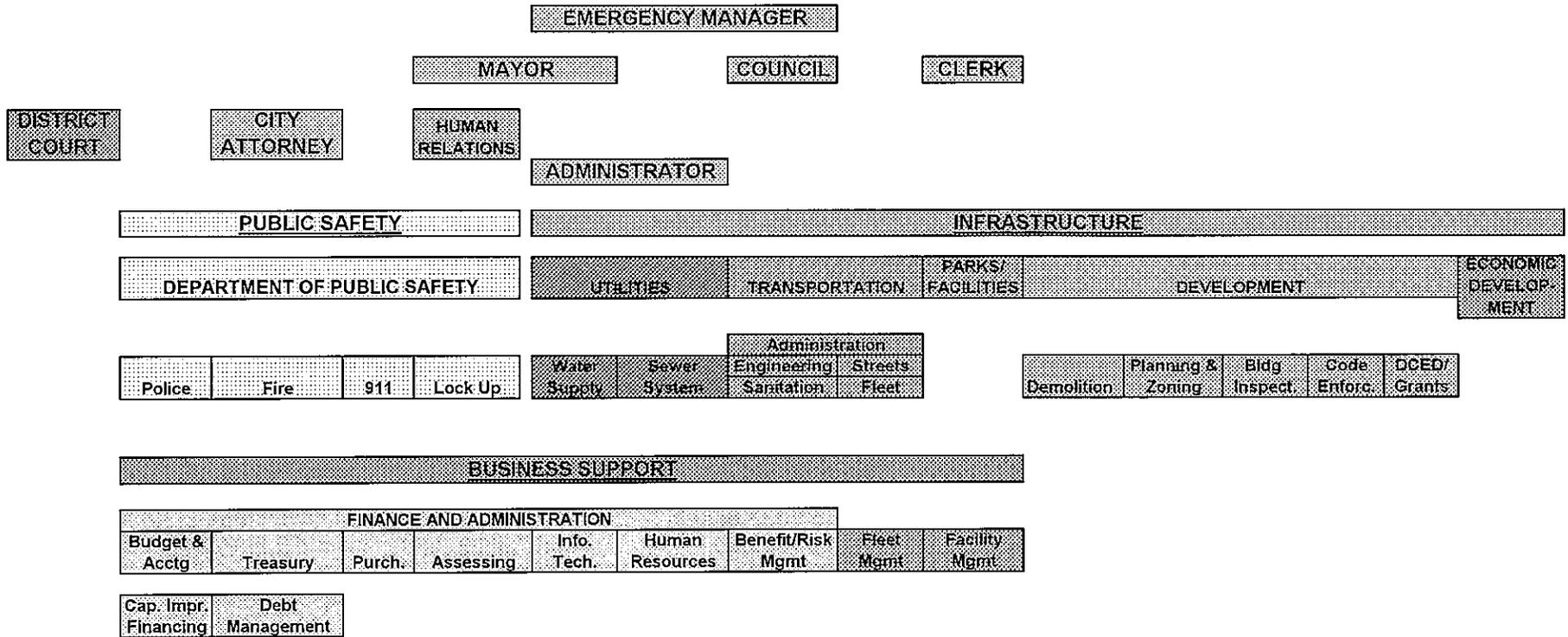
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, **WE SEE HOPE FOR THE FUTURE.**

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

	<u>General</u> <u>Fund</u>	<u>Dedicated</u> <u>Millage</u> <u>Funds</u>	<u>Other</u> <u>Funds</u>	<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

<u>REVENUE SOURCE</u>	<u>General Fund Services</u>	<u>Police Millage</u>	<u>Drug Forfeiture</u>	<u>Parks Millage</u>	<u>Senior Center</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Building Inspection</u>	<u>Trash Collection</u>	<u>Sewer</u>	<u>Water</u>	<u>Public Improv.</u>	<u>Budget Stabil.</u>	<u>Community Development</u>	<u>TOTAL</u>
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	\$ 99,078,272
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	\$2,104,906	\$ -	\$ 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
<i>Tax year 2012:</i>	<u>Property Value:</u>	<u>Market:</u>	<u>Market:</u>	<u>Market:</u>
<i>Taxable Values are 56.1% of 2005 Values</i>		\$ 106,900	\$ 74,039	\$ 59,971
<i>Tax year 2011:</i>		<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>
<i>Taxable Values are 69.3% of 2005 Values</i>		\$ 53,450	\$ 37,019	\$ 29,985
	<u>Type</u>	<u>(Mills)</u>	<u>Total Cost</u>	<u>Total Cost</u>
Property tax - General		7.5	\$ 401	\$ 278
Property tax- Police		2.0	\$ 107	\$ 74
Property tax- Garbage (levy in 2005 & 2011 only)		3.0	\$ 160	\$ 111
Property tax - Parks		0.5	\$ 27	\$ 19
Property tax - Public Improvement		2.5	\$ 134	\$ 93
Property tax - County, schools, etc in 2005		41.5	\$ 2,218	\$ -
Property tax - County,schools,etc in 2011 and 2012		47.4	\$ -	\$ 1,755
<i>Total tax millage in 2005 was 57 mills, including 15.5 city</i>			\$ 3,047	\$ 2,329
<i>Total tax millage in 2011 was 62.9 mills, including 15.5 city</i>				\$ 1,796
<i>Total tax millage in 2012 will be 59.9 mills, including 12.5 City</i>				
		<u>(\$)</u>		
Special Assessment - Lights (new in 2012)			\$ -	\$ 100
Waste Collection Fee (new in 2012)			\$ -	\$ 165
Water & Sewer Charges (est average charge)			\$ 685	\$ 990
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)
<i>Fiscal Stabilization Bonds*</i>	\$ 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
<u>Budget Stabilization</u>	\$ -	\$ -	\$ 100,000
	<u>\$ (15,576,365)</u>	<u>\$ (11,031,531)</u>	<u>\$ 6,060,711</u>
Sewer OPEB Liability	\$ (16,449,351)	\$ (21,199,351)	\$ (26,199,351)
<u>Water OPEB Liability</u>	<u>\$ (12,092,943)</u>	<u>\$ (15,592,943)</u>	<u>\$ (19,342,943)</u>
	\$ (44,118,659)	\$ (47,823,825)	\$ (39,481,583)

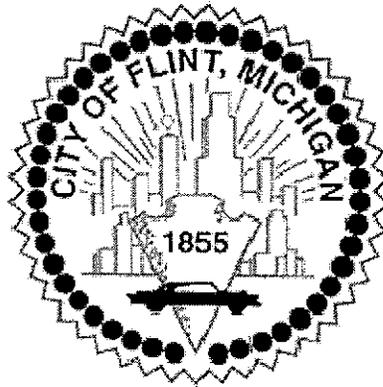
* Fiscal Stabilization Bonds Issued in 2011 in the amount of \$8 million

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.



CITY OF FLINT

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Gerald Ambrose, Director
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POTENTIAL CHALLENGES TO IMPLEMENTING THE FY13 BUDGET

For the second time in 8 years, the City of Flint is in receivership due to continued deficits created by many factors. These factors include the structural imbalances between revenue sources and expenditure pressures affecting most urban cities, the long term impacts of the Great Recession, and the failure to realistically reduce city spending to revenue limits. A workforce of more than 1,500 has been reduced to less than 700 at this time, with further reductions anticipated in the next year. At the same time, crime and poverty rates have increased, and aging infrastructure demands repairs which have gone unmet. A city which once had a population of more than 200,000 now has a population of 102,000. Where General Motors once provided employment for 80,000, it now provides employment for 6,000.

An Emergency Manager has been called into Flint with the charge of restoring it to financial solvency, and more importantly, to restore its capability to redevelop the Flint community as an attractive and safe place for residents, businesses, and visitors. One of the most immediate steps has been to develop a budget which moves the City towards financial stability. That was accomplished with the development of the FY13 budget.

We are now beginning to implement the budget for the year beginning July 1, 2013. It is balanced realistically, and encompasses significant revenue increases and expenditure reductions. We started with a projected gap of \$25 million between projected revenues and projected expenses. The result is a total budget of \$192 million, of which \$82 million is sewer and water; \$58 million is General Fund and \$30 is federal CDBG.

We are implementing expenditure reductions which include the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes. Within the next week, we will be issuing layoff notices to employees in positions being eliminated. On July 1, new health care plans for active and retired employees will be in place, as well changes in pension benefits. For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are numerous changes which increase management flexibility and reduce other employee costs.

We are also implementing new revenues in order to provide the level of revenues still needed – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a \$143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a \$62 special assessment fee for operation, maintenance, and improvement of street lights (currently a \$2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, our choices for increasing revenues at this time are limited.

If we can implement our budget as planned, we will have achieved a significant objective- not spending more than we take in, and beginning the process of eliminating the accumulated deficit. We will have done this while avoiding public safety reductions beyond those associated with expiring grant funds.

However, given the public reaction not only to the budget but to the presence of an Emergency Manager (and all it is perceived by some to represent), there is a strong probability that we will face several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget beginning July 1, 2012 will have severe financial impacts.

For example, legal challenges which result in Temporary Restraining Orders prohibiting us from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may result in the City’s ability to function at all. Remember that cash flow at this time is marginal at best.

Here’s a brief synopsis of the potential challenges we may be facing from a budgetary perspective:

Water and Sewer Rate Increases – the 25% overall increase will generate some \$15 million, and issuance of a TRO would cost the City more than \$1 million per month. While the increases can be documented as necessary to keep the fund solvent, the history of this issue, on top of recent significant rate increases, could lead to legal challenges, and the solvency of the two systems would be threatened.

Waste Collection Fee – The waste collection fee replaces a 3 mill tax levy, and is projected to generate the \$5 million necessary to operate the system. While this approach has been used routinely in other municipalities, the possibility of a Bolt challenge should not be ignored. Without the fee, there will be no waste collection provided by or through the City, and no time to construct a workable alternative. An immediate decision would be needed to end the City’s waste collection service.

Street Lighting Assessment District – Implementing a special assessment for this purpose relieves the General Fund of a financial burden projected at \$2.85 million. Absorbing this back into the General Fund as the result of a legal challenge will directly impact the amount of funds available for public safety, because the General Fund is the primary source of funding for public safety and already accounts for 70% of General Fund expenses. While a special assessment for street lighting is specifically provided for in law, the possibility of a challenge to the assessment methodology should not be ignored.

Retiree Health Care -- With state approval for the Emergency Manager to issue orders restructuring the provision of health care to retirees, steps are being taken to implement changes for pre-65 retirees on July 1 and post-65 retirees on September 1. The budget assumes successful implementation and projected costs for retiree health care have been reduced by \$3.5 million. If there is a challenge to this, and implementation is prohibited,

immediate action will be necessary to reduce expenditures by \$3.5 million. 55% of this reduction – or nearly \$2.0 million – would fall to the General Fund.

Employee Concessions- Concession related cost reductions across all bargaining units and exempt employees total \$8.6 million. Of this, nearly \$5 million was from bargaining units where contract changes were implemented unilaterally. A legal challenge stopping implementation of these changes would be very significant, especially to the General Fund, and would require immediate action to reduce expenses.

Summary

We have a budget realistically balanced, and if we are allowed to implement it as planned, we will take a major step towards restoring financial solvency. However, there are several potential legal challenges which could impact implementation and financial solvency significantly and immediately. The legal challenges noted above, exclusive of water and sewer, could impact the city budget by more than \$16 million, by negating budgeted expenditure reductions of \$8.5 million and eliminating budgeted revenues of \$7.8 million. The revenue impact on water and sewer alone is nearly \$15 million additional, and would significantly impact the solvency of the systems..

Emergency Manager's Compliance Monitoring Report
City of Flint
Quarter Ended June 30, 2012

- a) **Confirm** – That revenues recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, revenues recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting.
- b) **Confirm** – That expenditures recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, expenditures recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting. Accounts payable, vouchers payable, and accrued payrolls are to be included in the determination of expenditures.
- c) **Deny** – That all appropriate inter-fund transactions have been recorded in the financial records of the City.

All known inter-fund transactions have been reflected in our FY12 projections but not all the transactions have been recorded in the financial records, due to the reason that the actual may be different from the estimates. For example, we have included the retiree healthcare cost in FY12 projections based on our best estimate but not recorded in the books; postings in the General Ledger still reflect the original budgeted amount. All interfund transactions will be reflected in the year-end financial statements.

- d) **Deny** – That the City is in compliance with its budget for the fiscal year on a year-to-date basis and that the budget has been amended as required by law.

For purposes of compliance with UBAA, a year-end budget has been prepared. Revenues and expenses for all funds are currently projected to be consistent with the amended budgets; with the exception of the General Fund, the Water Fund, and the Sewer Fund, all remaining funds are not projected to be in a deficit.

- e) **Deny** – That the reconciliation of bank accounts has been completed and appropriate adjusting journal entries have been made to the general ledger of the City.

During the last year FY11 audit, the City was behind in bank reconciliations by six months. Our auditors reviewed the status of compliance as of May. We have made significant progress; the goal is to get caught up on bank reconciliations by December 2012.

- f) **Confirm** – That remittance of payroll taxes, pension payments, 401(k) payments, debt payments, and taxes collected for other governmental units were completed on a timely basis.
- g) **Confirm** – That cash flow reported for the most recent preceding month is fairly stated in all material respects.
- h) **Confirm** – That overtime is properly disclosed and recorded in the most recent quarterly financial report of the City.
- i) **Confirm** – That the originals of all source financial documents have been properly retained and preserved and that the City is in compliance with all other legal requirements, except to the extent specified in the report.