

Lamphier, Wendy (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, March 12, 2013 5:27 PM
To: Stibitz, Brom (Treasury); Dillon, Andy (Treasury)
Cc: Fraser, Roger (Treasury)
Subject: RE: Flint
Attachments: SUMMARY REPORT FLINT TAB REQUEST Version III 03-12-13 (2).doc

Follow Up Flag: Follow up
Flag Status: Flagged

The report is attached.

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Thank you

-----Original Message-----

From: Stibitz, Brom (Treasury)
Sent: Tuesday, March 12, 2013 3:35 PM
To: Koryzno, Edward (Treasury)
Subject: Flint

Will you please send an electronic version of the Flint memo to me and Andy?

Thanks.

Sent from my iPad



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ANDY DILLON
STATE TREASURER

SUMMARY REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline, Unit Operations Specialist

SUBJECT: City of Flint Transition Advisory Board Request

DATE: March 12, 2013

Summary

On March 11, 2012, the Office of Fiscal Responsibility (OFR) was asked to provide summary comments regarding a potential request by the City of Flint to be removed from Emergency Financial Manager (EFM) status. A determination needs to be made whether a Transition Advisory Board (TAB) will be installed and the City can be allowed to move away from EFM status.

The OFR has analyzed the operations of the City and has identified areas of concern. The operational areas reviewed included: 1) The General Fund; 2) the FY 2011-2012 budget adopted by the Flint City Council; 3) the Water and Sewer system; 4) OPEB Liabilities; 5) Public Safety; 6) Community Development.

While required reporting information provided by the EFM has shown that the City of Flint is making some progress in alleviating its fiscal distress, it is unlikely that the City is ready to leave EFM status or have a Transition Advisory Board appointed.

The following details these conclusions:

FY 2011-2012 Budget:

The following issues were noted within 2011-2012 Budget.

- The budget was adopted by the City Council with an **annual budget deficit** and a **Fund Balance deficit**.
- Audited Final Expenditures were **\$63.4-million** vs. audited Revenue of **\$51.4-million**.
- The annual budget deficit for FY 2012 was **\$11.4-million**.
- Interfund Transfers for Sanitation, Building Safety, Parking, Neighborhood Policing, Parks, Fleet Management, and Senior Centers were incorrectly budgeted at **<\$4.7-million.>**
 - 2 of the interfund transfers' deficits were **over \$1-million**.