

Office of the Auditor General
Performance Audit Report

Flint Emergency Expenditures
State of Michigan

January 2021

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Flint Emergency Expenditures

State of Michigan

Report Number:
000-2020-21

Released:
January 2021

On January 5, 2016, former Governor Rick Snyder declared a state of emergency for Genesee County (referred to as the Flint declaration of emergency) due to the ongoing health and safety issues caused by elevated lead levels in the City of Flint's drinking water. The Legislature enacted numerous appropriations to address this situation, both as supplemental appropriations to and transfers within the fiscal year 2016, 2017, and 2018 budget and spending authorizations provided in the fiscal year 2017, 2018, 2019, and 2020 budgets. As of September 30, 2020, appropriations totaled \$354.8 million and 10 State departments had expended a total of \$315.7 million. Public Act 3 of 2016 requires the Office of the Auditor General to audit the use of the funds appropriated for this emergency and report at a minimum of every six months until the funds are expended. This is our tenth report on the expenditure of these funds.

Audit Objective		Conclusion	
Objective #1: To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of September 30, 2020.		Appropriate	
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Since October 2016, approximately 5,700 out of an estimated 75,000 eligible people have made trips to medical-related locations or approved food locations and back home using the Michigan Department of Health and Human Services' Rides to Wellness program (<u>Observation #1</u>).	Not applicable for observations.		

Audit Objective			Conclusion
Objective #2: To report State agencies' expenditures of the Flint declaration of emergency appropriations.			Information provided
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.		Not applicable.	
Exhibits Related to This Audit Objective			
<u>Exhibit #1</u> - Department of Licensing and Regulatory Affairs <u>Exhibit #2</u> - Department of Environment, Great Lakes, and Energy <u>Exhibit #3</u> - Michigan Department of Health and Human Services <u>Exhibit #4</u> - Michigan Department of Education <u>Exhibit #5</u> - Department of Military and Veterans Affairs <u>Exhibit #6</u> - Michigan Department of State Police <u>Exhibit #7</u> - Department of Treasury <u>Exhibit #8</u> - Department of Attorney General <u>Exhibit #9</u> - Department of Natural Resources <u>Exhibit #10</u> - Department of Technology, Management, and Budget <u>Exhibit #11</u> - Summary of Flint Emergency Expenditures by Appropriations Act and Department <u>Exhibit #12</u> - Summary of the Amended Settlement Agreement			

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Doug A. Ringler, CPA, CIA
Auditor General

January 28, 2021

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Thomas Albert, Chair
House Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Curtis Hertel, Jr., Min. Vice Chair
Senate Appropriations Committee
Connie B. Binsfeld Building
Lansing, Michigan

The Honorable Joe Tate, Min. Vice Chair
House Appropriations Committee
Anderson House Office Building
Lansing, Michigan

Dear Senators Stamas and Hertel and Representatives Albert and Tate:

This is our performance audit report on the Flint Emergency Expenditures, State of Michigan.

We organize our findings and observations by audit objective.

Section 203, Public Act 3 of 2016, effective January 29, 2016, requires the Office of the Auditor General to audit the use of the funds appropriated for the Flint declaration of emergency and report to the chairs of the Senate and House Appropriations Committees at a minimum of every six months until the funds are expended. Our audit scope includes all funding for the Flint declaration of emergency as appropriated in Public Act 143 of 2015; Public Acts 3, 24, 249, 268, and 340 of 2016; Public Acts 107 and 108 of 2017; Public Acts 207 and 265 of 2018; and Public Acts 56, 58, and 67 of 2019 expended through September 30, 2020. This is the tenth of the reports required every six months.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

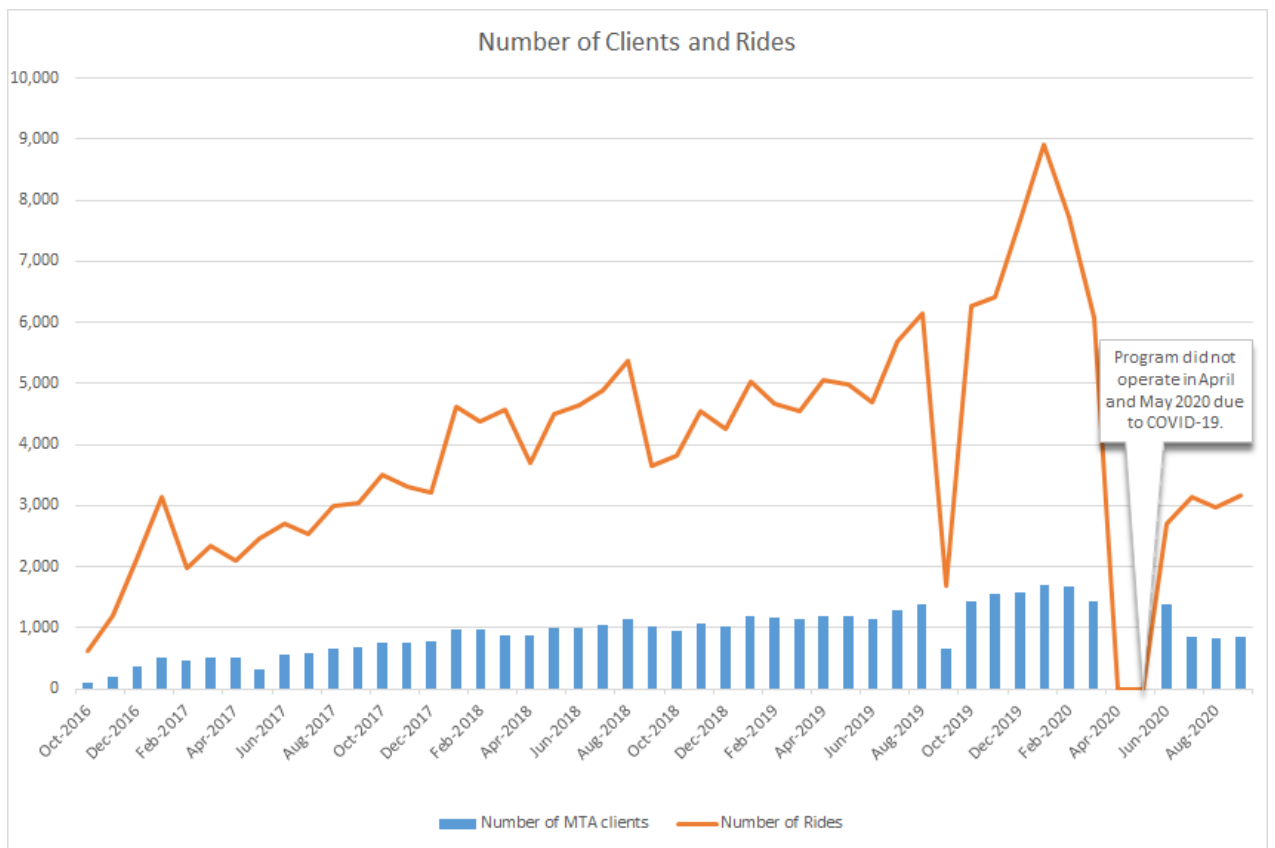
APPROPRIATENESS OF EXPENDITURE OF FLINT DECLARATION OF EMERGENCY APPROPRIATIONS AS OF SEPTEMBER 30, 2020

AUDIT OBJECTIVE	To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of September 30, 2020.
CONCLUSION	Appropriate.
FACTORS IMPACTING CONCLUSION	<ul style="list-style-type: none">• We did not identify any significant errors in our review of the supporting documentation for the audited transactions.

OBSERVATION #1

Rides to Wellness is a health and wellness-related transportation program that is available for anyone currently receiving assistance from the Michigan Department of Health and Human Services (MDHHS) and living in the area affected by the water crisis. Types of assistance that would qualify include Medicaid/Medicare, Food Assistance Program, Child Development and Care, State Emergency Relief, State Supplemental Security Income, Cash Assistance Program, or Direct Support Services. We identified between 75,000 and 81,000 eligible beneficiaries per month who qualified for at least one of these programs living in a Flint zip code for the months between October 2016 and September 2020. We found that over the four years 5,726 people have used the Rides to Wellness program. The number of people utilizing the program may be higher because Flint Mass Transportation Authority (MTA) only logs one person on a ride.

MDHHS contracts with MTA to provide the rides to eligible clients. Clients can only make trips to medical-related locations or approved food locations and back home.



Source: The OAG prepared this chart using information provided by the Flint MTA.

EXPENDITURES OF FLINT DECLARATION OF EMERGENCY APPROPRIATIONS

BACKGROUND

Public Act 3 of 2016 requires the Auditor General to conduct an audit of the use of the funds appropriated for the Flint declaration of emergency and to continue to audit and report on the use of these funds every six months until the funds are expended. Due to the ongoing nature of the audit, not all reported expenditures were audited by the end of our fieldwork. Reported expenditures not subject to audit during the prior or current audit will be considered for audit during our next audit of the Flint Emergency Expenditures, unless otherwise noted. The OAG prepared the exhibits based on the State agencies' reported expenditures to the State Budget Office (SBO).

AUDIT OBJECTIVE

To report State agencies' expenditures of the Flint declaration of emergency appropriations.

CONCLUSION

Information provided.

FACTORS IMPACTING CONCLUSION

- We reported the agencies' expenditures of the appropriations as of September 30, 2020.

SUPPLEMENTAL INFORMATION

Exhibit #1

FLINT EMERGENCY EXPENDITURES

Department of Licensing and Regulatory Affairs (LARA)
As of September 30, 2020

Public Act 143 of 2015

Appropriated: \$200,000

Authorized Uses: Section 154

One full-time equivalent employee in the Bureau of Construction Codes.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Construction Codes	<u>\$200,000</u>	<u>\$199,606</u>	<u>\$197,620</u>	<u>\$0</u>
Total	<u>\$200,000</u>	<u>\$199,606</u>	<u>\$197,620</u>	<u>\$0</u>

Public Act 3 of 2016

Appropriated: \$1,660,000

Public Act 340 of 2016 reduced the original appropriation of \$2,000,000 to \$1,660,000. LARA informed us that the \$340,000 was not needed.

Authorized Uses: Section 601

LARA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support plumbing fixture replacements at facilities to be designated by LARA.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Plumbing Fixture Replacements	<u>\$1,660,000</u>	<u>\$1,660,000</u>	<u>\$1,530,930</u>	<u>\$0</u>
Total	<u>\$1,660,000</u>	<u>\$1,660,000</u>	<u>\$1,530,930</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from the Michigan Administrative Information Network* (MAIN), the Statewide Integrated Governmental Management Applications* (SIGMA), and SBO.

* See glossary at end of report for definition.

FLINT EMERGENCY EXPENDITURES

Department of Environment, Great Lakes, and Energy* (EGLE)
As of September 30, 2020

Public Act 143 of 2015

Appropriated: \$7,300,000

Authorized Uses: Sections 152 and 1251

Section 152: Two full-time equivalent employees for drinking water and environmental health and laboratory services.

Section 1251: DEQ is authorized to pay up to \$6 million for reconnection services to the Detroit Water and Sewerage Department or its successor. The payments shall only be made once a legally executable agreement has been reached between the parties and a successful reconnection has occurred to the Flint water system. These funds are intended to pay reconnection costs through June 30, 2016.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Resource Management Division:				
ReConnection Services	\$6,000,000	\$6,000,000	\$6,000,000	\$0
Drinking Water and Environmental Health - Technical Assistance and Coordination	300,000	300,000	291,735	0
Remediation and Development Division:				
Laboratory Services - Water Sample Testing	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total	<u>\$7,300,000</u>	<u>\$7,300,000</u>	<u>\$7,291,735</u>	<u>\$0</u>

* Effective April 22, 2019, Executive Order No. 2019-6 renamed the Department of Environmental Quality (DEQ) as the Department of Environment, Great Lakes, and Energy.

Public Act 3 of 2016

Appropriated: \$5,786,500

Authorized Uses: Section 401

DEQ shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Water system needs.
- (b) Potential payment to City of Flint to aid with utility issues.
- (c) Lab and testing costs.
- (d) Corrosion control procedures.
- (e) Infrastructure integrity study using outside experts.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Flint Declaration of Emergency:				
Water System Needs	\$4,870,158	\$4,870,158	\$4,528,112	\$0
Lab and Testing	694,171	694,171	694,171	0
Infrastructure Study	222,171	222,171	222,171	0
Total	<u>\$5,786,500</u>	<u>\$5,786,500</u>	<u>\$5,444,454</u>	<u>\$0</u>

Public Act 268 of 2016

Appropriated: \$13,750,100

Authorized Uses: Sections 501, 502, and 503

Section 501: DEQ is authorized to pay up to \$3.9 million to the municipal water system. The payments shall only be made once a legally executable agreement has been reached between the parties. These funds are intended to pay service costs from July 2016 through September 30, 2016.

Section 502: DEQ shall allocate funds to address needs related to the declaration of emergency for drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Water system needs.
- (b) Water response team.

Section 503: DEQ shall grant \$25.0 million to a city in which a declaration of emergency due to drinking water contamination was issued. The funds shall be provided for service line removal based on a signed grant agreement between the State and the city. This section was replaced with Section 303, Public Act 340 of 2016.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
ReConnection Services (July 2016 - September 2016)	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000	\$0
Water System Needs	2,200,000	2,200,000	2,200,000	0
Drinking Water Emergency Response Team (Fiscal Year 2016)	2,250,000	2,250,000	2,239,874	0
ReConnection Services (October 2016 - December 2016)	3,900,000	3,900,000	3,900,000	0
Drinking Water Emergency Response Team (Fiscal Year 2017)	1,500,100	1,500,100	1,476,996	0
Total	<u>\$13,750,100</u>	<u>\$13,750,100</u>	<u>\$13,716,870</u>	<u>\$0</u>

Public Act 340 of 2016

Appropriated: \$27,617,000

Authorized Uses: Sections 301, 303, and 1601

Section 301: Work project appropriation. This funding will be used for a water distribution optimization analysis which will evaluate water distribution processes, corrosion control treatment, and any technical gaps. Standard operating procedures will also be developed and training provided to operations staff.

Section 303: DEQ shall grant \$25 million to a city in which a declaration of emergency due to drinking water contamination was issued. The funds shall be provided for service line removal based on a signed grant agreement between the State and the city.

Section 1601: Work project appropriation. This funding will be used for infrastructure upgrades and technical assistance. The tentative completion date is September 30, 2021.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Water Distribution Optimization				
Analysis	\$ 817,000	\$ 817,000	\$ 812,301	\$0
Water Plant Analysis	521,822 (1)	446,135	437,161	0
Technical Assistance and Training	1,013,596 (1)	999,314	710,016	0
School Water Testing	237,066 (1)	204,676	126,698	0
Community Outreach	27,516 (1)	27,516	0	0
Replacement of Lead Service Lines (2)	25,000,000	25,000,000	0	0
Total	\$27,617,000	\$27,494,641	\$2,086,176	\$0

(1) EGLE reallocated funding between the July 2020 audit and the current audit. The total amount appropriated did not change.

(2) Replacement of Lead Service Lines:

Audit Methodology and Results

The appropriations act boilerplate requires the Auditor General to conduct a preliminary audit of the City of Flint's use of these funds upon the City's receipt of \$10 million of the \$25 million. The audits were conducted and reported separately in the Flint Water Service Line Replacement Expenditures reports (761-3017-17 and 761-3017-19) issued in June 2018 and October 2019, respectively.

Public Act 107 of 2017

Appropriated: \$5,500,000

Authorized Uses: Section 451 and Legislative Transfer 2018-1

Section 451: Work project appropriation. This funding will be used to install a water main to connect treated water from the Great Lakes Water Authority (GLWA) to Genesee County Drain Commission (GCDC) customers and the City of Flint. This water main will enable GCDC customers to receive treated water from the Genesee County water treatment plant and allow the City of Flint to continue receiving treated water from GLWA.

Legislative Transfer 2018-1: A \$2.2 million transfer from the Drinking Water Declaration of Emergency Reserve Fund to complete residential water testing programs and contractual services of an integrity oversight monitor related to service line replacements.

Expenditures By Authorized Use Category

	Funding	Total	Expenditures Subject to Review	
	Allocation (1)	Expenditures	Prior Audits	Current Audit
Parallel Pipe; GCDC	\$3,300,000	\$3,300,000	\$3,300,000	\$0
Water Testing and Contractual Services	1,199,586 (1)	227,739	110,897	0
Technical Assistance and Training	102,866 (1)	30,866	0	0
Water Residential Assistance Program	107,500	107,460	0	0
Deloitte Contract	790,048 (1)	790,048	0	0
Total	\$5,500,000	\$4,456,113	\$3,410,897	\$0

(1) EGLE reallocated funding between the July 2020 audit and the current audit. The total amount appropriated did not change.

Public Act 207 of 2018

Appropriated: \$20,000,000

Authorized Uses: Section 602

DEQ is authorized to pay \$20 million for service line replacements related to the drinking water declaration of emergency. The tentative completion date is June 30, 2021.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Replacement of Lead Service Lines	\$20,000,000	\$20,000,000	\$0	\$0
Total	\$20,000,000	\$20,000,000	\$0	\$0

Replacement of Lead Service Lines:

Audit Methodology and Results

The settlement agreement required the State to request the OAG to conduct annual financial* and performance audits* of DEQ's administration of the payments or reimbursements described in paragraph 23 of the agreement. The replacement of lead service lines audit was conducted and reported in the second Flint Water Service Line Replacement Expenditures report (761-3017-19) issued in October 2019.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

* See glossary at end of report for definition.

FLINT EMERGENCY EXPENDITURES

Michigan Department of Health and Human Services (MDHHS)
As of September 30, 2020

Public Act 143 of 2015

Appropriated: \$1,850,000

Authorized Uses: Section 153

Allocates \$1,000,000 for emergency services local office allocations and \$850,000 for the Childhood Lead Program.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Purchase Water Resources	\$ 582,486	\$ 582,486	\$ 582,486	\$0
Bottled Water Purchases	417,514	417,514	417,514	0
Childhood Lead Program:				
Environmental Blood Lead Investigations	165,000	165,000	165,000	0
Epidemiologist Services	249,100	249,129	249,100	0
Nurse Case Management	435,900	435,871	430,605	0
Total	\$1,850,000	\$1,850,000	\$1,844,705	\$0

Public Act 3 of 2016

Appropriated: \$15,457,000

Authorized Uses: Section 501

MDHHS shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Purchases of bottled water, water filters, and replacement filter cartridges.
- (b) Department field operations costs.
- (c) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (d) Nutrition support, food banks, and community education.
- (e) Support for child and adolescent health centers and the Children's Healthcare Access Program (CHAP).
- (f) Assessment of potential linkages to other diseases.
- (g) Food inspections.
- (h) Crisis counseling and behavioral health services.
- (i) Additional nurse services.

	Expenditures By Authorized Use Category		Expenditures Subject to Review	
	Funding Allocation	Total Expenditures	Prior Audits	Current Audit
Purchase Water Resources	\$ 4,612,800	\$ 4,612,800	\$ 4,612,800	\$0
Purchase Water Filters	13,100	13,084	13,084	0
Department Field Operations:				
Lead Abatement	1,071,800	1,071,789	1,071,789	0
Epidemiological and Case Management:				
Environmental Health Staff Support	126,500	90,447	90,447	0
Nurse Case Management	70,000	70,000	70,000	0
Adult Blood Lead Epidemiology and Surveillance	18,500	18,500	18,500	0
Nutrition Support, Food Banks, and Community Education:				
Nutrition Education	118,500	67,509	67,509	0
Food Bank Resources	1,776,700	1,776,660	1,776,660	0
Nutritional Education Backpack Program	872,000	872,000	872,000	0
Lactation Consultant	78,600	78,648	72,139	0
Double Up Food Bucks Flint Expansion Project	380,000	380,000	380,000	0
Child and Adolescent Health Centers and Children's Healthcare Access Program:				
CHAP	200,000	200,000	200,000	0
Child and Adolescent Health Centers (1)	487,500	457,500	457,500	0
Pathways to Potential Expansion	1,253,700	1,253,678	1,253,678	0
Linkages to Legionnaires Disease	275,000	275,000	265,661	0
Food Inspections	200,000	200,000	200,000	0
Crisis Counseling and Behavioral Health Services:				
Crisis Counseling	500,000	500,000	500,000	0
Community Mental Health Services	2,535,000	0	0	0
Michigan Child Care Collaborative	237,100	237,082	237,082	0
Community Counseling Centers	101,700	101,670	100,835	0
Nurse Services	528,500	528,538	528,538	0
Total	\$15,457,000	\$12,804,905	\$12,788,222	\$0

(1) Child and Adolescent Health Centers:

Audit Methodology and Results

July 2020 Audit: We reviewed 18 randomly and judgmentally sampled expenditures totaling \$152,517 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

Public Act 268 of 2016

Appropriated: \$29,928,100

Authorized Uses: Sections 601, 602, 603, and 1910

MDHHS shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. Of the appropriated funds, \$14.8 million shall be used to support the following activities:

- (a) Nutrition support, food banks, and community education.
- (b) Intensive services and outreach for children, including evidence-based home visiting programs.
- (c) Assessment of potential linkages between the drinking water declaration of emergency and diseases in Flint residents.
- (d) Support for child and adolescent health centers and CHAP.
- (e) Interpretation services.
- (f) Childhood lead poisoning prevention program.
- (g) \$6.1 million in federal temporary assistance for needy families for emergency needs.
- (h) \$321,000 distributed to licensed private child welfare agencies.

Of the appropriated funds, \$15.1 million shall be used to support, but are not limited to, the following activities:

- (i) Emergency nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (j) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (k) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (l) Nursing services, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (m) Department field operations costs.
- (n) Assessment of potential linkages to other diseases.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Mobile Food Bank (Fiscal Year 2016)	\$ 446,400	\$ 446,408	\$ 446,408	\$0
Nutrition Programs	1,261,900	1,261,911	1,261,911	0
Linkages to Legionnaires Disease	2,677,000	2,677,014	2,317,189	0
Lead Abatement Program (Fiscal Year 2016)	386,600	386,581	386,269	0
Media Campaign	304,400	304,424	304,424	0
Parents as Teachers Program (Fiscal Year 2016)	323,600	323,618	204,688	0
Federal TANF Reserve	6,100,000	0	0	0
Child and Adolescent Health Centers (Fiscal Year 2016) (1)	662,500	662,500	662,500	0
Interpretation Services (Fiscal Year 2016)	20,700	20,673	0	0
Nutrition Assistance for Children of Flint	3,623,400	3,623,336	3,520,000	0
Mobile Food Bank (Fiscal Year 2017)	1,716,800	1,716,804	1,716,804	0
Nutrition Education Backpack Program	942,000	914,265	914,265	0
Adult Blood Lead Epidemiology and Surveillance	44,400	44,379	44,379	0
Child and Adolescent Health Centers (Fiscal Year 2017) (1)	60,900	60,909	60,909	0
Lead Abatement Program (Fiscal Year 2017)	319,400	319,303	291,810	0
Environmental Health Staff Support	266,300	266,333	212,000	0
Nurse Case Management (Fiscal Year 2016)	329,400	329,353	329,353	0
Community Education (Fiscal Year 2017)	175,300	175,369	85,369	0
Community Mental Health Services	1,869,300	0	0	0
Parents as Teachers Program (Fiscal Year 2017)	254,000	253,969	0	0
Double Up Food Bucks Flint Expansion Project	178,000	178,015	178,015	0
Food Safety Inspections (Fiscal Year 2016)	274,000	273,983	59,898	0
Food Safety Inspections (Fiscal Year 2017)	280,800	280,826	271,258	0
Michigan Child Care Collaborative	393,900	393,912	338,334	0
Pathways to Potential Expansion	493,200	340,189	340,189	0
CHAP (Fiscal Year 2016)	267,300	267,338	267,338	0
Flint Hospital Monitor	42,500	42,500	42,500	0
Flint Hospital Lab	63,000	63,040	63,040	0
Service Homebound, Frail Seniors	400,000	399,984	399,864	0
Lead Abatement GF Match for SCHIP	111,900	111,865	107,566	0
DEQ IAG Faucets and Fixtures	2,091,900	2,091,911	2,186,796	0
Addressing Household Needs in Flint	440,000	440,000	100,000	0
Rides to Wellness	1,164,700	1,164,735	1,164,735	0
Veggie Box Program	250,000	250,000	0	0
Nurse Family Partnership	439,200	439,240	439,240	0
Community Counseling Centers (Fiscal Year 2016)	65,800	65,742	29,556	0
CHAP (Fiscal Year 2017)	567,900	567,919	375,000	0
Community Counseling Centers (Fiscal Year 2017)	26,300	26,329	0	0
Community Education (Fiscal Year 2016)	200	198	0	0
Interpretation Services (Fiscal Year 2017)	10,700	10,693	0	0
Nurse Case Management (Fiscal Year 2017)	428,000	428,014	147,029	0
Water Heater Replacement	154,500	154,520	0	0
Total	\$29,928,100	\$21,778,102	\$19,268,636	\$0

(1) Child and Adolescent Health Centers:

Audit Methodology and Results

July 2020 Audit: We reviewed 12 randomly and judgmentally sampled expenditures totaling \$179,394 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

Public Act 107 of 2017

Appropriated: \$21,541,700

Authorized Uses: Section 1905 and Legislative Transfer 2018-1

Section 1905: MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.

Legislative Transfer 2018-1: The Legislature transferred \$7.5 million from the Drinking Water Declaration of Emergency Reserve Fund to support the Flint Community Outreach and Education (CORE) door-to-door program and Points of Distribution (POD) program at fixed sites. The programs support temporary jobs for the purpose of distributing bottled water and water filters, educating residents on the use of filters, staffing warehouses (\$6.0 million for the preceding items), and residential water sampling and testing (\$1.5 million).

Expenditures By Authorized Use Category

	Funding		Total	Expenditures Subject to Review	
	Allocation (1)			Prior Audits	Current Audit
Nurse Case Management	\$ 646,500	(1)	\$ 646,441	\$ 126,769	\$ 0
Lactation Consultant	322,400	(1)	322,433	51,388	0
Child and Adolescent Health Centers (2)	650,000		650,000	650,000	0
CHAP	330,600	(1)	330,584	0	0
Lead Abatement GF Match for SCHIP	23,500		23,466	23,466	0
Nurse Family Partnership	876,000	(1)	876,029	0	0
Nutrition Outreach	N/A		0	0	0
Parents as Teachers Evidence-Based Home Visiting Program	149,800		149,781	0	0
Environmental Health Staff Support	911,600	(1)	911,681	304,781	0
Adult Blood Lead Epidemiology and Surveillance	44,400		44,400	44,400	0
Nutrition Initiatives	N/A		0	0	0
Purchase Water Resources	N/A		0	0	0
Double Up Food Bucks Flint Expansion Project	336,900	(1)	336,911	0	0
Flint Hospital Monitor	23,600		23,650	0	0
Flint Hospital Lab	13,600		13,620	0	0
Community Education with Genesee County Health Department	118,700	(1)	118,701	0	0
CORE	2,610,600		2,610,560	2,524,000	0
CORE - Contractual Services	N/A		0	0	0
CORE - Sampling and Testing	4,889,500		1,427,082	0	0
Nutrition Programs	417,200		417,210	412,639	0
Linkages to Legionnaires Disease	374,300		374,241	0	0
Nutrition Education Backpack Program	N/A		0	0	0
Nutrition Assistance for Children of Flint	2,600,000		206,031	0	0
TANF Eligible Water Heater Replacement	1,199,300	(1)	299,446	0	0
Michigan Child Collaborative	285,000	(1)	284,909	0	0
Service Homebound, Frail Seniors	340,200	(1)	340,209	81,452	0
Community Counseling Centers	65,400		65,401	0	0
Interpretation Services	15,100	(1)	15,095	0	0
Lead Abatement Programming	413,600	(1)	394,161	211,584	0
Media Campaign	N/A		0	0	0
Mobile Food Bank (3)	1,426,000		1,426,000	1,426,000	0
Nutrition Education	N/A		0	0	0
Pathways to Potential Expansion	767,600		767,589	0	0
Rides to Wellness (4)	1,474,200	(1)	1,474,215	0	1,429,215
Veggie Box Program	216,100	(1)	216,089	0	0
Total	\$21,541,700		\$14,765,935	\$5,856,480	\$1,429,215

N/A: Not available as of September 30, 2020. Funding allocation amounts continuously change and will be updated as information becomes available.

(1) MDHHS reallocated funding between the July 2020 audit and the current audit. The total amount appropriated did not change.

(2) Child and Adolescent Health Centers:

Audit Methodology and Results

July 2020 Audit: We reviewed 21 randomly sampled expenditures totaling \$66,005 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

(3) Mobile Food Bank:

Audit Methodology and Results

July 2020 Audit: We reviewed 12 randomly sampled expenditures totaling \$275,120 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any significant errors.

Current Audit: We did not conduct additional testing during this audit.

(4) Rides to Wellness:

Audit Methodology and Results

Current Audit: We reviewed 3 randomly sampled expenditures totaling \$586,580 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any significant errors.

Observations

See observation on page 9.

Public Act 207 of 2018

Appropriated: \$4,621,100

Authorized Uses: Section 1905

MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.

Expenditures By Authorized Use Category

	Funding		Total	Expenditures Subject to Review	
	Allocation (1)			Prior Audits	Current Audit
CHAP	\$ 375,000	(1)	\$ 0	\$ 0	\$0
Child and Adolescent Health Centers (2)	650,000		650,000	650,000	0
Child Care Assistance for Flint Children	N/A		0	0	0
Double Up Food Buck Flint Expansion Project	51,600	(1)	51,618	0	0
Lactation Consultant	0	(1)	0	0	0
Lead Abatement	341,300	(1)	341,313	231,463	0
Nurse Case Management	96,000	(1)	95,982	0	0
Nurse Family Partnership	588,700	(1)	212,126	0	0
Nutrition Programs	100		68	0	0
Parents as Teachers Evidence-Based Home Visiting Program	153,2000	(1)	153,144	0	0
Purchase Water Filters	12,500		12,488	0	0
Rides to Wellness	129,800	(1)	84,835	0	0
Service Homebound, Frail Seniors	59,800	(1)	59,808	0	0
Water Heater Replacement	112,300	(1)	112,336	0	0
Community Counseling Centers	59,600	(1)	59,632	0	0
Interpretation Services	1,200	(1)	1,161	0	0
Michigan Childcare Collaborative	465,700	(1)	335,821	0	0
Community Education with Genesee County Health Department (new)	N/A	(1)	0	0	0
Mobile Food Bank (new)	1,426,000	(1)	1,426,000	0	0
Placeholder (new)	100	(1)	0	0	0
Revive Community Health Centers (new)	64,300	(1)	64,265	0	0
Veggie Box Program (new)	33,999	(1)	33,911	0	0
Total	\$4,621,100		\$3,694,508	\$881,463	\$0

N/A: Not available as of September 30, 2020. Funding allocation amounts continuously change and will be updated as information becomes available.

(1) MDHHS reallocated funding between the July 2020 audit and the current audit. The total amount appropriated did not change.

(2) Child and Adolescent Health Centers:

Audit Methodology and Results

July 2020 Audit: We reviewed 18 randomly sampled expenditures totaling \$67,101 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

Public Act 67 of 2019

Appropriated: \$4,621,100

Authorized Uses: Section 1910

MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. Of the appropriated funds, \$3.8 million shall be used to support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.
- (i) Transportation related to healthcare delivery.
- (j) Senior initiatives.
- (k) Lead abatement contractor workforce development.

Of the appropriated funds, \$800,000 shall be used to support the following activities:

- (l) \$300,000 for Revive Community Health Center for health support services as the center pursues certification as a federally qualified health center.
- (m) \$500,000 for Rides to Wellness through the Flint MTA.

Expenditures By Authorized Use Category

	Funding		Total	Expenditures Subject to Review	
	Allocation			Prior Audits	Current Audit
Mobile Food Bank	\$1,150,000	(1)	\$ 0	\$0	\$0
Pathways to Potential Expansion	525,200	(1)	525,205	0	0
CHAP	432,700	(1)	432,690	0	0
Nurse Case Management	N/A	(1)	0	0	0
Double Up Food Bucks Flint Expansion Project	150,000	(1)	0	0	0
Flint Abatement Activities	183,500	(1)	183,472	0	0
Child and Adolescent Health Centers	650,000		650,000	0	0
Service Homebound, Frail Seniors	200,000	(1)	0	0	0
Rides to Wellness	N/A		0	0	0
Community Education with Genesee County Health Department	N/A		0	0	0
Interpretation Services	20,000	(1)	0	0	0
Lactation Consultant	140,000	(1)	0	0	0
Community Counseling Centers	16,100	(1)	0	0	0
Michigan Child Collaborative Care	350,000	(1)	0	0	0
Nurse Family Partnership	123,400	(1)	0	0	0
Revive Community Health Centers	235,800	(1)	27,531	0	0
Parents as Teachers Evidence-Based Home Visiting Program	260,000	(1)	0	0	0
Water Heater Replacement (new)	184,400	(1)	0	0	0
Total	\$4,621,100		\$1,818,898	\$0	\$0

N/A: Not available as of September 30, 2020. Funding allocation amounts continuously change and will be updated as information becomes available.

(1) MDHHS reallocated funding between the July 2020 audit and the current audit. The total amount appropriated did not change.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Michigan Department of Education (MDE)
As of September 30, 2020

Public Act 3 of 2016

Appropriated: \$2,685,000

Authorized Uses: Section 301

MDE shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Hiring additional school nurses.
- (b) In the intermediate school district in which the declaration of emergency has been made, providing Early On (EO) and special education services, monitoring children from age 0 to 3 for symptoms of potential lead exposure, coordinating wraparound services, providing nutritional snacks to elementary students, and providing and coordinating communications for parents, educators, and the community.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Nurses	\$ 320,000	\$ 320,000	\$ 320,000	\$0
EO/Special Education Services, Lead Exposure Monitoring, Wraparound Services Coordination, Communications	2,225,000	2,225,000	2,225,000	0
Food and Nutrition	140,000	140,000	140,000	0
Total	<u>\$2,685,000</u>	<u>\$2,685,000</u>	<u>\$2,685,000</u>	<u>\$0</u>

Public Act 249 of 2016

Appropriated: \$21,830,000

Authorized Uses: Sections 11o. and 11s. and Legislative Transfer 2017-5

Sections 11o. and 11s.: MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) \$9.2 million to provide State early childhood services to children.
- (b) An amount not to exceed \$1.3 million for the purpose of employing school nurses and school social workers.
- (c) An amount not to exceed \$1.2 million to augment staff for the purpose of providing additional early childhood services and for nutritional services to children.
- (d) An amount not to exceed \$6.2 million to provide State early intervention services for children who are less than 4 years of age as of September 1, 2016.
- (e) An amount not to exceed \$1.5 million to enroll children in school-day Great Start Readiness Programs.

Legislative Transfer 2017-5: The Legislature transferred \$2.5 million to the appropriation under Section 11s. for services to the children of Flint. These funds should be used to support the following activities:

- (f) \$1.3 million for school nurses and school social workers within Flint Community Schools.
- (g) \$1.2 million for early intervention and early literacy services, as well as nutritional services.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Early Intervention and Great Start Readiness Program Services 0 - 4 (Fiscal Year 2016)	\$ 9,200,000	\$ 9,200,000	\$ 5,790,614	\$ 0
Early Intervention Services (1)	812,500	812,500	812,500	0
Nutritional Services	382,500	382,500	382,416	0
School Nurses for Flint Public Schools	317,500	317,500	317,500	0
School Social Workers for Flint Public Schools	975,000	975,000	975,000	0
Early Intervention Services 0 - 3 (Fiscal Year 2017)	6,155,000	6,155,000	6,155,000	0
Great Start Readiness Program (Fiscal Year 2017)	1,500,000	1,500,000	652,500	0
School Nurses and Social Workers for Flint Public Schools Reserves	1,292,500	1,292,500	317,500	0
Early Intervention Services, Early Literacy, and Nutritional Services Reserves (2)	1,195,000	1,195,000	442,065	370,435
Total	<u>\$21,830,000</u>	<u>\$21,830,000</u>	<u>\$15,845,095</u>	<u>\$370,435</u>

(1) Early Intervention Services:

Audit Methodology and Results

July 2020 Audit: We reviewed 2 randomly sampled expenditures totaling \$4,706 and determined that the expenditures were appropriately supported, approved, and charged to the appropriation. We did not identify any errors. However, we did identify a concern with the use of 11o and 11s funding for children born after September 1, 2015 (see Prior Audit Follow-Up in the Audit Scope, Methodology, and Other Information section of the report).

Current Audit: We did not conduct additional testing during this audit.

(2) Early Intervention Services, Early Literacy, and Nutritional Services Reserves:

Audit Methodology and Results

Current Audit: We reviewed 5 randomly sampled expenditures totaling \$9,712 and determined that the expenditures were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Public Act 268 of 2016

Appropriated: \$33,650,100

Authorized Uses: Sections 401 and 402

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) To address child care and nutrition needs.
- (b) \$8 million for child care and development funds for emergency needs.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Nutrition Assistance (1)	\$ 9,500,000	\$ 9,500,000	\$ 3,599,007	\$1,808,940
Child Care Assistance (0 - 3) (Fiscal Year 2016) (2)	8,100,000	8,100,000	4,345,177	3,754,823
Child Care and Development Fund Reserve for Flint Day Care Needs	8,000,000	8,000,000	8,000,000	0
Child Care Assistance (0 - 3) (Fiscal Year 2017) (2)	8,050,100	395,831	0	395,831
Total	\$33,650,100	\$25,995,831	\$15,944,184	\$5,959,594

(1) Nutrition Assistance:

Audit Methodology and Results

Current Audit: We reviewed 37 randomly sampled expenditures totaling \$267,395 and determined that they were appropriately supported, approved, and charged to the appropriation.

(2) Child Care Assistance (0 - 3) (Fiscal Year 2016) and Child Care Assistance (0 - 3) (Fiscal Year 2017):

Audit Methodology and Results

Current Audit: We reviewed 42 randomly and judgmentally sampled expenditures totaling \$539,690 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any significant errors.

Public Act 108 of 2017

Appropriated: \$8,730,000

Authorized Uses: Section 11s.

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,625,000 for the purpose of employing school nurses and school social workers.
- (b) \$2,500,000 to provide State early childhood services and nutritional services to children.
- (c) An amount not to exceed \$3,000,000 to enroll children in school-day Great Start Readiness Programs.
- (d) An amount not to exceed \$605,000 for nutritional services to children.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Support for Flint Schools	\$2,625,000	\$2,625,000	\$ 0	\$0
Support for GISD (1)	1,720,000	1,720,000	1,720,000	0
GISD Nutrition	780,000	780,000	0	0
Summer Great Start Readiness Programs (2)	3,000,000	3,000,000	2,830,026	0
Nutritional Services	605,000	605,000	0	0
Total	\$8,730,000	\$8,730,000	\$4,550,026	\$0

(1) Support for GISD:

Audit Methodology and Results

July 2020 Audit: We reviewed 10 randomly sampled expenditures totaling \$51,773 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors. However, we did identify a concern with the use of 11s funding for children born after September 1, 2015 (see Prior Audit Follow-Up in the Audit Scope, Methodology, and Other Information section of the report).

Current Audit: We did not conduct additional testing during this audit.

(2) Summer Great Start Readiness Programs:

Audit Methodology and Results

July 2020 Audit: We reviewed 25 randomly sampled expenditures totaling \$123,415 and determined that the expenditures were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

Public Act 265 of 2018

Appropriated: \$7,369,600

Authorized Uses: Section 11s. and Administrative Transfer 2018-5

Section 11s.: MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,625,000 for the purpose of employing school nurses, classroom aides, and school social workers.
- (b) An amount not to exceed \$605,000 for nutritional services to children.

Administrative Transfer 2018-5: Moved \$4,139,600 from the Discretionary Payments line item appropriation to the drinking water declaration of emergency appropriation for the purposes described in the partial settlement agreement in the civil action known as *D.R., et al. v. Michigan Department of Education, et al.*, which includes planning and initial implementation of a program to screen and assess children who may have been exposed to elevated levels of lead in the Flint water supply.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Childcare Services	\$ 50,000	\$ 48,922	\$ 0	\$0
Nutrition (formerly GISD: EO)	705,000	378,247	0	0
Great Start Readiness Program	50,000	0	0	0
School Nurses for Flint Public Schools	675,000	675,000	0	0
School Social Workers for Flint Public Schools	1,750,000	1,750,000	0	0
Screen and Assess Children Exposed (1)	4,139,600	4,139,600	4,139,572	0
Total	\$7,369,600	\$6,991,769	\$4,139,572	\$0

(1) Screen and Assess Children Exposed:

Audit Methodology and Results

July 2020 Audit: We reviewed all expenditures totaling \$4,139,572 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

Current Audit: We did not conduct additional testing during this audit.

Public Act 58 of 2019

Appropriated: \$8,075,000

Authorized Uses: Section 11s.

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,425,000 for the purpose of employing school nurses, classroom aides, and school social workers.
- (b) \$4,000,000 to provide State early intervention services for children who are between age 3 and age 5.
- (c) \$1,000,000 to enroll children in school-day great start readiness programs.
- (d) \$650,000 for nutritional services to children.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Support for Flint Schools	\$ 675,000	\$ 30,000	\$0	\$0
School Social Workers for Flint Public Schools	1,750,000	1,750,000	0	0
Early Intervention Services	4,000,000	4,000,000	0	0
Great Start Readiness Programs	1,000,000	1,000,000	0	0
Nutritional Services	650,000	650,000	0	0
Total	\$8,075,000	\$7,430,000	\$0	\$0

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Military and Veterans Affairs (DMVA)
As of September 30, 2020

Public Act 3 of 2016

Appropriated: \$2,000,000

Authorized Uses: Section 701

DMVA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the Michigan National Guard water support efforts.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Michigan National Guard Water Support Efforts	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$0</u>
Total	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$0</u>

Public Act 340 of 2016

Appropriated: \$500,000

Authorized Uses: Section 105

DMVA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the Michigan National Guard water support efforts.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Michigan National Guard Water Support Efforts	<u>\$500,000</u>	<u>\$476,834</u>	<u>\$476,834</u>	<u>\$0</u>
Total	<u>\$500,000</u>	<u>\$476,834</u>	<u>\$476,834</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Michigan Department of State Police (MSP)
As of September 30, 2020

Public Act 3 of 2016

Appropriated: \$100,000

Authorized Uses: Section 801

MSP shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support operational funding for the Flint Water Interagency Coordinating Committee.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Flint Water Interagency Coordinating Committee	<u>\$100,000</u>	<u>\$9,043</u>	<u>\$9,043</u>	<u>\$0</u>
Total	<u>\$100,000</u>	<u>\$9,043</u>	<u>\$9,043</u>	<u>\$0</u>

Public Act 268 of 2016

Appropriated: \$6,000,000

Authorized Uses: Section 801

MSP shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds may support, but are not limited to, purchases of water and replacement filter cartridges.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Bottled Water Purchases	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$0</u>
Total	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$0</u>

Public Act 107 of 2017

Appropriated: \$3,908,100

Authorized Uses:

MSP shall allocate \$3.9 million from the Drinking Water Declaration of Emergency Reserve Fund to support various Flint Operational Costs to include warehouse costs; Federal Emergency Management Agency (FEMA) matching funds; logistical and IT support from the Department of Technology, Management, and Budget (DTMB); and printing costs related to fliers and mailers.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Section 18 Reimburse - DTMB	\$3,908,100	\$2,711,816	\$2,508,100	\$0
Total	\$3,908,100	\$2,711,816	\$2,508,100	\$0

Flint Emergency Expenditures Paid from the Disaster and Emergency Contingency Fund

Appropriated: \$14,000,000

Public Act 268 of 2016 appropriated \$10 million to the Disaster and Emergency Contingency Fund (DECF).

Public Act 107 of 2017 increased the original appropriation by an additional \$4 million.

Authorized Uses:

DECF was established by the Emergency Management Act (Public Act 390 of 1976). The Act authorizes the MSP Director to expend money from DECF for needs required for the mitigation of the effects of, or in response to, a disaster or emergency and to pay necessary and reasonable overtime, travel, and subsistence expenses incurred by an employee of the State acting at the direction of the Director.

	Reimbursed Expenditures			
	Funding Allocation	Total Expenditures	Expenditures Subject to Review Prior Audits	Current Audit
Emergency Response	\$14,000,000	\$11,381,881	\$11,316,876	\$0
Total	\$14,000,000	\$11,381,881	\$11,316,876	\$0

DECF Expenditure History

DECF - Flint related expenditures (Fiscal Year 2016)	\$ 9,718,344
DECF - Flint related expenditures (Fiscal Year 2017)	11,379,791
DECF - Flint related expenditures (Fiscal Year 2018)	21,789
DECF - Flint related expenditures (Fiscal Year 2019)	65,005
DECF - Flint related expenditures (Fiscal Year 2020)	0
Total	\$21,184,929
Less transfers:	
Article XXI, Section 1003, Public Act 268 of 2016 to Treasury	(\$ 894,948)
Legislative Transfer Request 2017-5 to Treasury	(2,400,000)
Article XX, Section 115, Public Act 107 of 2017 to Treasury	(4,000,000)
Article XX, Section 112, Public Act 107 of 2017 to MSP	(2,508,100)
Total transfers	(\$9,803,048)
DECF - Flint related expenditures (Net)	\$11,381,881

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Treasury (Treasury)
As of September 30, 2020

Public Act 24 of 2016

Appropriated: \$30,000,000

Authorized Uses: Section 301

Treasury shall allocate up to \$30 million to reimburse the water enterprise fund of the City of Flint in an amount equal to credits posted to its customers' accounts in accordance with Section 302.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Water Credit Reimbursements	<u>\$30,000,000</u>	<u>\$30,000,000</u>	<u>\$30,000,000</u>	<u>\$0</u>
Total	<u><u>\$30,000,000</u></u>	<u><u>\$30,000,000</u></u>	<u><u>\$30,000,000</u></u>	<u><u>\$0</u></u>

Public Act 268 of 2016

Appropriated: \$24,130,000

Authorized Uses: Sections 1001 and 1003 and Legislative Transfers 2017-1, 2017-5, and 2017-7

Section 1001: Treasury shall allocate up to \$12,750,000 to reimburse the water enterprise fund of the City of Flint in an amount equal to credits posted to its customers' accounts in accordance with Section 1002.

Section 1003: Treasury shall allocate funds for purposes related to the drinking water declaration of emergency. These funds may support, but are not limited to, Mission Flint costs.

Legislative Transfer 2017-1: A \$300,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for contractual services of an integrity oversight monitor.

Legislative Transfer 2017-5: A \$2,400,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for continued purchase of bottled water for MSP.

Legislative Transfer 2017-7: A \$7,300,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) for the continued purchase of bottled water through February 2018.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Water Credit Reimbursements	\$12,750,000	\$11,737,844	\$11,737,844	\$0
Mission Flint Program Management	1,380,000	1,380,000	1,380,000	0
Integrity Oversight Monitor	300,000	270,143	270,143	0
Bottled Water Purchases (2017-5)	2,400,000	2,400,000	2,400,000	0
Bottled Water Purchases (2017-7)	7,300,000	7,138,092	6,788,651	0
Total	\$24,130,000	\$22,926,079	\$22,576,638	\$0

Public Act 107 of 2017

Appropriated: \$13,900,000

Authorized Uses: Sections 115 and 752 and Legislative Transfer 2018-3 and 2018-8

Section 115: A \$4,000,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for continued purchase of bottled water by MSP.

Section 752: Treasury shall allocate \$400,000 to the University of Michigan - Flint for costs related to the drinking water declaration of emergency.

Legislative Transfer 2018-3: A \$9,000,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) for the cost of service line replacements.

Legislative Transfer 2018-8: A \$500,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for contractual services of an integrity oversight monitor.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Bottled Water Purchases	\$ 4,000,000	\$ 4,000,000	\$4,000,000	\$0
University of Michigan - Flint Water Costs	400,000	400,000	400,000	0
Replacement of Lead Service Lines (1)	9,000,000	9,000,000	0	0
Integrity Oversight Monitor (2)	500,000	500,100	500,100	0
Total	\$13,900,000	\$13,900,100	\$4,900,100	\$0

(1) Replacement of Lead Service Lines:

Audit Methodology and Results

The settlement agreement required the State to request the OAG to conduct annual financial and performance audits of DEQ's administration of the payments or reimbursements described in paragraph 23 of the agreement. The replacement of lead service lines audit was conducted and reported separately in the second Flint Water Service Line Replacement Expenditures report (761-3017-19) issued in October 2019.

(2) Integrity Oversight Monitor:

Audit Methodology and Results

July 2020 Audit: We reviewed all expenditures totaling \$500,100 and determined that the expenditures were appropriately supported, approved, and charged to the appropriation.

Current Audit: We did not conduct additional testing during this audit.

Public Act 207 of 2018

Appropriated: \$5,663,000

Authorized Uses: Section 118 and Legislative Transfer 2019-1

Section 118: A \$50,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund to fund improved recording of service line improvements in the City of Flint by the Genesee County Register of Deeds.

Legislative Transfer 2019-1: A \$5,613,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for Food Bank contractual costs, water filters and related fixtures, and lead service line replacements.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Genesee County Register of Deeds	\$ 50,000	\$ 24,988	\$0	\$0
Food Bank Resources	200,000	0	0	0
Filters and Fixtures Purchases	180,000	0	0	0
Service Line Replacements	5,233,000	5,194,790	0	0
Total	<u>\$5,663,000</u>	<u>\$5,219,778</u>	<u>\$0</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Attorney General (AG)
As of September 30, 2020

Public Act 268 of 2016

Appropriated: \$3,900,000

Authorized Uses: Sections 301 and 314

Section 301: The AG may spend the funds for the costs of all associated expenses related to the declaration of emergency issued on January 5, 2016 due to drinking water contamination up to \$1.3 million.

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$3,900,000	\$3,900,000	\$0	\$0
Total	\$3,900,000	\$3,900,000	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 107 of 2017

Appropriated: \$2,600,000

Authorized Uses: Section 314 and Public Act 158 of 2017

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2,000,000.

Public Act 158 of 2017: Increased funding by \$600,000 for the costs of all associated expenses related to the declaration of emergency issued on January 5, 2016 due to drinking water contamination.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$2,599,980	\$0	\$0
Total	\$2,600,000	\$2,599,980	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 207 of 2018

Appropriated: \$2,600,000

Authorized Uses: Section 314

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$790,446	\$0	\$0
Total	\$2,600,000	\$790,446	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 56 of 2019

Appropriated: \$2,600,000

Authorized Uses: Section 314

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$1,970,023	\$0	\$0
Total	\$2,600,000	\$1,970,023	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Natural Resources (DNR)
As of September 30, 2020

Public Act 268 of 2016

Appropriated: \$250,000

Authorized Uses: Section 701

DNR shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall support a limited summer youth employment program.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Summer Youth Employment Program	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$0</u>
Total	<u><u>\$250,000</u></u>	<u><u>\$250,000</u></u>	<u><u>\$250,000</u></u>	<u><u>\$0</u></u>

Source: The OAG prepared this exhibit based on the specified Public Act and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Technology, Management, and Budget (DTMB)
As of September 30, 2020

Public Act 107 of 2017

Appropriated: \$500,000

Authorized Uses: Sections 113 and 701

DTMB shall allocate funds to contract with an integrity oversight monitor to ensure legal compliance, detect misconduct, and promote best practices in the expenditure of the funds appropriated for the drinking water declaration of emergency.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Integrity Monitoring	\$500,000	\$500,000	\$500,000	\$0
Total	\$500,000	\$500,000	\$500,000	\$0

**Drinking Water Declaration of Emergency Reserve Fund
 Public Act 268 of 2016**

Appropriated: \$53,900,000

Public Act 268 of 2016 appropriated \$18.9 million to the Drinking Water Declaration of Emergency Reserve Fund.

Public Act 340 of 2016 increased the original appropriation by an additional \$10.0 million.

Public Act 107 of 2017 increased the appropriation an additional \$25.0 million.

Authorized Uses: Sections 901 and 902

Section 901: The Drinking Water Declaration of Emergency Reserve Fund is created within the State treasury. Funds may only be spent from the Drinking Water Declaration of Emergency Reserve Fund upon appropriation or legislative transfer.

Section 902: DTMB may contract with an integrity oversight monitor to ensure legal compliance, detect misconduct, and promote best practices in the expenditure of the funds appropriated under part 1 as determined by DTMB. The integrity oversight monitor shall supplement this State's existing compliance control mechanisms to prevent the inefficient expenditure of State funds.

**Drinking Water Declaration of Emergency
Summary of Emergency Reserve Fund Withdrawals
As of September 30, 2019**

Budget Area/Program/Authorization	FY 2015-16 Year-to-Date	FY 2016-17 Year-to-Date	FY 2017-18 Year-to-Date	FY 2018-19 Year-to-Date
Agriculture and Rural Development				
Placeholder (PA 107 of 2017, Article I)	\$0	\$0	\$100	\$0
Education				
Placeholder (PA 268 of 2016, PA 107 of 2017, and PA 207 of 2018: Article VI)	0	100	100	100
Environmental Quality				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article VII)	0	100	100	100
Water distribution system optimization study (PA 340 of 2016)	477,000	0	0	0
Flint water plant technical assistance/training (PA 340 of 2016)	0	1,464,400	0	0
Genesee County back-up water plant pipe costs (PA 107 of 2017, Article XX)	0	3,300,000	0	0
Residential water testing (Leg. transfer request 2018-1)	0	0	1,500,000	0
Integrity oversight monitoring (Leg. transfer request 2018-1)	0	0	700,000	0
Service line replacements (PA 207 of 2018, Article XX)	0	0	2,000,000	0
Health and Human Services				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article X)	0	100	100	100
Michigan Works!/Flint CORE training programs (Leg. transfer request 2018-1)	0	0	7,500,000	0
Licensing and Regulatory Affairs				
Placeholder (PA 107 of 2017, Article XIII)	0	0	100	0
Military and Veterans Affairs				
Support for National Guard deployment (PA 340 of 2016)	500,000	0	0	0
School Aid				
Placeholder (PA 249 of 2016, PA 108 of 2017, PA 265 of 2018: Article I)	0	100	100	100
Flint community schools: nurses/social workers (Leg. transfer request 2017-5)	0	1,292,500	0	0
Genesee ISD: literacy/nutritional services (Leg. transfer request 2017-5)	0	1,195,000	0	0
State Police				
Funds for water, warehousing, transport, logistics (PA 107 of 2017, Article XX)	0	3,908,100	0	0
Integrity oversight monitoring (PA 107 of 2017, Article XX)	0	500,000	0	0
Talent and Economic Development				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
Technology, Management, and Budget				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
Treasury				
Placeholder (PA 268 of 2016, Article VIII; PA 201 of 2017; PA 207 of 2018, Article VIII)	0	100	100	100
Bottled water purchases/distribution/warehousing (PA 107 of 2017, Article XX)	0	4,000,000	0	0
UM-Flint costs for water emergency (PA 107 of 2017, Article XX)	0	400,000	0	0
Integrity oversight monitoring (Leg. transfer requests 2017-1 and 2018-8)	0	300,000	500,000	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-5)	0	2,400,000	0	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-7)	0	7,300,000	0	0
Service line replacements (Leg. transfer requests 2018-3 and 2019-1)	0	0	9,000,000	5,613,000
Genesee County register of deeds water line records (PA 207 of 2018, Article XX)	0	0	50,000	0
Total Flint Drinking Water Emergency Reserve Fund Withdrawals	\$977,000	\$26,060,500	\$21,250,700	\$5,613,700
Cumulative Reserve Fund Appropriations				\$53,900,000
Cumulative Reserve Fund Withdrawals (excluding 19 unexpended \$100 placeholders)				(\$53,900,000)
Reserve Fund Balance				\$0

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO. In addition, the Senate Fiscal Agency provided its Drinking Water Declaration of Emergency Summary of Emergency Reserve Fund Withdrawals as of September 30, 2019 for inclusion in this report (this summary is unaudited).

FLINT EMERGENCY EXPENDITURESSummary of Flint Emergency Expenditures by Appropriations Act and Department
As of September 30, 2020

Appropriations Act/Department	Amount Appropriated	Total Expenditures	Lapsed Appropriations	Remaining as of September 30, 2020
Public Act 143 of 2015 - October 15, 2015				
Environmental Quality	\$ 7,300,000	\$ 7,300,000	\$ 0	\$ 0
Health and Human Services	1,850,000	1,850,000	0	0
Licensing and Regulatory Affairs	200,000	199,606	0	394
Subtotal	\$ 9,350,000	\$ 9,349,606	\$ 0	\$ 394
Public Act 3 of 2016 - January 29, 2016				
Education	\$ 2,685,000	\$ 2,685,000	\$ 0	\$ 0
Environmental Quality	5,786,500	5,786,500	0	0
Health and Human Services	15,457,000	12,804,905	2,652,095	0
Licensing and Regulatory Affairs (1)	2,000,000	1,660,000	0	0
Military and Veterans Affairs	2,000,000	2,000,000	0	0
State Police	100,000	9,043	90,957	0
Subtotal	\$ 28,028,500	\$ 24,945,448	\$ 2,743,052	\$ 0
Public Act 24 of 2016 - February 26, 2016				
Treasury	\$ 30,000,000	\$ 30,000,000	\$ 0	\$ 0
Subtotal	\$ 30,000,000	\$ 30,000,000	\$ 0	\$ 0
Public Act 249 of 2016 - June 27, 2016				
Education	\$ 19,342,500	\$ 19,342,500	\$ 0	\$ 0
Legislative Transfer 2017-5 – Section 11s	2,487,500	2,487,500	0	0
Subtotal	\$ 21,830,000	\$ 21,830,000	\$ 0	\$ 0
Public Act 268 of 2016 - June 29, 2016				
Attorney General	\$ 3,900,000	\$ 3,900,000	\$ 0	\$ 0
Education	33,650,100	25,995,831	0	7,654,269
Environmental Quality	13,750,100	13,750,100	0	0
Health and Human Services	29,928,100	21,778,102	8,150,000	0
Natural Resources	250,000	250,000	0	0
State Police	6,000,000	6,000,000	0	0
Disaster and Emergency Contingency Fund	10,000,000	10,000,000	0	0
Treasury	14,130,000	13,117,844	1,012,156	0
Legislative Transfer 2017-1	300,000	270,143	0	29,857
Legislative Transfer 2017-5	2,400,000	2,400,000	0	0
Legislative Transfer 2017-7	7,300,000	7,138,092	0	161,908
Subtotal	\$121,608,300	\$104,600,112	\$ 9,162,156	\$ 7,846,034
Public Act 340 of 2016 - December 14, 2016				
Environmental Quality	\$ 27,617,000	\$ 27,494,641	\$ 108,078	\$ 14,281
Licensing and Regulatory Affairs (1)	(340,000)	N/A	N/A	N/A
Military and Veteran Affairs	500,000	476,834	23,166	0
Subtotal	\$ 27,777,000	\$ 27,971,475	\$ 131,244	\$ 14,281
Public Act 107 of 2017 - July 14, 2017				
Attorney General	\$ 2,600,000	\$ 2,599,980	\$ 0	\$ 20
Environmental Quality	3,300,000	3,300,000	0	0
Legislative Transfer 2018-1	2,200,000	1,156,113	0	1,043,887
Health and Human Services	14,041,700	10,728,292	3,293,810	19,598
Legislative Transfer 2018-1	7,500,000	4,037,642	0	3,462,358
State Police	3,908,100	2,711,816	0	1,196,284
Disaster and Emergency Contingency Fund	4,000,000	1,381,881	0	2,618,119
Technology, Management, and Budget	500,000	500,000	0	0

Exhibit #11
(Continued)

Appropriations Act/Department	Amount Appropriated	Total Expenditures	Lapsed Appropriations	Remaining as of September 30, 2020
Public Act 107 of 2017 - July 14, 2017, continued				
Treasury	\$ 4,400,000	\$ 4,400,000	\$ 0	\$ 0
Legislative Transfer 2018-3	9,000,000	9,000,000	0	0
Legislative Transfer 2018-8	500,000	500,100	0	(100)
Subtotal	<u>\$ 51,949,800</u>	<u>\$ 40,315,824</u>	<u>\$ 3,293,810</u>	<u>\$ 8,340,166</u>
Public Act 108 of 2017 - July 14, 2017				
Education	\$ 8,730,000	\$ 8,730,000	\$ 0	\$ 0
Subtotal	<u>\$ 8,730,000</u>	<u>\$ 8,730,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Public Act 207 of 2018 - June 21, 2018				
Attorney General	\$ 2,600,000	\$ 790,446	\$ 532,154	\$ 1,277,400
Environmental Quality	20,000,000	20,000,000	0	0
Health and Human Services	4,621,100	3,694,508	0	926,592
Treasury	50,000	24,988	0	25,012
Legislative Transfer 2019-1	5,613,000	5,194,790	0	418,210
Subtotal	<u>\$ 32,884,100</u>	<u>\$ 29,704,732</u>	<u>\$ 532,154</u>	<u>\$ 2,647,214</u>
Public Act 265 of 2018 - June 28, 2018				
Education	\$ 7,369,600	\$ 6,991,769	\$ 0	\$ 377,831
Subtotal	<u>\$ 7,369,600</u>	<u>\$ 6,991,769</u>	<u>\$ 0</u>	<u>\$ 377,831</u>
Public Act 56 of 2019 - September 29, 2019				
Attorney General	\$ 2,600,000	\$ 1,970,023	\$ 629,977	\$ 0
Subtotal	<u>\$ 2,600,000</u>	<u>\$ 1,970,023</u>	<u>\$ 629,977</u>	<u>\$ 0</u>
Public Act 58 of 2019 - September 30, 2019				
Education	\$ 8,075,000	\$ 7,430,000	\$ 0	\$ 645,000
Subtotal	<u>\$ 8,075,000</u>	<u>\$ 7,430,000</u>	<u>\$ 0</u>	<u>\$ 645,000</u>
Public Act 67 of 2019 - September 30, 2019				
Health and Human Services	\$ 4,621,100	\$ 1,818,898	\$ 0	\$ 2,802,202
Subtotal	<u>\$ 4,621,100</u>	<u>\$ 1,818,898</u>	<u>\$ 0</u>	<u>\$ 2,802,202</u>
Total	<u>\$354,823,400</u>	<u>\$315,657,887</u>	<u>\$ 16,492,393</u>	<u>\$22,673,122</u>

- (1) Public Act 340 of 2016 reduced the original appropriation of \$2,000,000 to \$1,660,000. LARA informed us that the \$340,000 was not needed.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Summary of the Amended Settlement Agreement

The Amended Settlement Agreement (Agreement) was entered into on November 16, 2020 and filed on November 18, 2020. The defendants agreed to pay \$641,250,000 to the Flint Water Cases (FWC) Qualified Settlement Fund*:

State Defendants*	\$600,000,000
Flint Defendants*	\$ 20,000,000
McLaren Defendants*	\$ 20,000,000
Rowe Professional Services Company	\$ 1,250,000

Upon legislative approval, the Michigan Strategic Fund will issue bonds to obtain and loan funds for the State Defendants' lump sum contribution to the FWC Qualified Settlement Fund. The State Defendants would make annual payments of approximately \$35,000,000 for a period of 30 years to repay this loan. The Agreement identified categories for claimants to qualify for compensation from the net funds from the FWC Qualified Settlement Fund. The net settlement funds equal \$641,250,000, less expenses, costs, and attorney fees permitted by the Agreement or the Final Orders and Judgments.

Categories	Description	Percentage of Net Settlement Funds
1 - 7	Ages 6 or younger ¹	64.5%
8 - 14	Ages 7 to 11 ¹	10 %
15 - 21	Ages 12 to 17 ¹	5 %
22 - 27	Adults 18 and over ²	15 %
28	Residential Property ³	3 %
29 - 30	Business Property and Economic Loss ⁴	0.5%
N/A	Programmatic Relief ⁵	2 %

¹ Minors on the date the individual was first exposed to Flint water with the following categories: 1. High lead level at or above 10.0 mcg/dL, 2. Lead level at or between 5.0 and 9.9 mcg/dL or cognitive deficit, 3. Lead level at or between 3.0 and 4.9 mcg/dL, cognitive deficit, preterm birth or low birth weight, 4. Lead level at or between 0.1 and 2.9 mcg/dL or formula-fed infant, 5. Residential water lead level of 15 ppb or higher or lead/galvanized steel service lines, 6. No blood or bone lead level, and 7. Exposed to Flint water only after July 31, 2016.

² Adults Ages 18 and over on the date the individual was first exposed to Flint water with the following categories: 1. High lead level at or above 10.0 mcg/dL, 2. Lead level at or between 5.0 and 9.9 mcg/dL or serious personal injury, 3. Physical injury, 4. Exposed to Flint water after July 31, 2016 with lead level at or above 5 mcg/dL or physical injury, 6. Women miscarriages, 7a. Legionnaires Disease not causing death, and 7b. Legionnaires Disease causing death.

³ Owner of Residential/Residence, Lessee of Residential/Residence, Decrease in Residential Property Value, Harm to Pipes or Property in Residence.

⁴ Business property damage and economic loss for all nonfarm and non-real property businesses that operated in the City of Flint, and that received Flint water, on or between April 25, 2014 and July 31, 2016.

* See glossary at end of report for definition.

⁵ Programmatic Relief Sub-Qualified Settlement Fund shall be used to enable the local school districts and public school academies within the Genesee Intermediate School District to provide special education services for students who resided in the City of Flint during the Exposure Period and require such services.

The complete Amended Settlement Agreement can be found at:

[Exhibit A](#)

[Exhibit B](#)

Source: The OAG prepared this exhibit based on the Amended Settlement Agreement documents from the United States District Court, Eastern District of Michigan, Southern Division, Case No. 5:16-cv-10444-JEL-MKM.

DESCRIPTION

On January 5, 2016, former Governor Rick Snyder declared a state of emergency for Genesee County (referred to as the Flint declaration of emergency) due to the ongoing health and safety issues caused by elevated lead levels in the City of Flint's drinking water. The state of emergency expired August 14, 2016.

The Legislature enacted numerous appropriations to address this situation, both as supplemental appropriations to and transfers within the fiscal year 2016, 2017, and 2018 budget and spending authorizations provided in the fiscal year 2017, 2018, and 2019 budgets. As of September 30, 2020, the end of the audit period for this report, 10 State departments had received appropriations totaling \$354.8 million (Exhibit #11).

Public Act 3 of 2016 requires the Office of the Auditor General (OAG) to audit the use of the funds appropriated for this emergency and report at a minimum of every six months until the funds are expended. This is our tenth report on the expenditure of these funds.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To determine if the expenditures charged to Flint declaration of emergency appropriations were appropriate and to report those expenditures. Our audit was limited to expenditures reported by September 30, 2020 and funded by Public Act 143 of 2015; Public Acts 3, 24, 249, 268, and 340 of 2016; Public Acts 107 and 108 of 2017; Public Act 207 and 265 of 2018; and Public Acts 56, 58, and 67 of 2019.

Due to the ongoing nature of the audit, not all reported expenditures were audited by the end of our fieldwork. Reported expenditures not subject to audit during the prior or current audits will be considered for audit during our next audit of the Flint Emergency Expenditures, unless otherwise noted. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

PERIOD

Our audit procedures, which included audit planning, audit fieldwork, report preparation, and quality assurance, generally covered April 1, 2020 through September 30, 2020.

METHODOLOGY

We conducted various audit planning activities during our first audit to develop a basis for defining our audit objectives and scope. Because this audit was a continuation of the first audit, we utilized the same objectives and scope. During this audit, we:

- Continued to meet with Office of Internal Audit Services and department staff to enhance our understanding of the controls established over expenditures and reporting.
- Reviewed SBO reports to gain an understanding of expenditures reported by State departments.

OBJECTIVE #1

To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of September 30, 2020.

To accomplish this objective, we:

- Interviewed management and staff from State departments appropriated Flint emergency funding along with staff from local agencies to obtain an understanding

of their expenditures and related purchasing processes, payment mechanisms, and monitoring activities.

- Reviewed source documentation supporting selected expenditures. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the overall populations.

OBJECTIVE #2

To report State agencies' expenditures of the Flint declaration of emergency appropriations.

To accomplish this objective, we:

- Updated the account coding used by 10 State departments for expenditure of appropriations.
- Extracted the expenditures charged to the appropriations from MAIN and SIGMA.
- Obtained selected expenditure data from SBO.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions*, reportable conditions*, or observations*.

AGENCY RESPONSES

Not applicable.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported finding from our July 2020 performance audit of the Flint Emergency Expenditures, State of Michigan (000-2020-20):

MDE did not seek legislative clarification or request an Attorney General Opinion to support the age criteria it used in charging costs for early intervention services. Instead, MDE requested division level guidance from the Department of Attorney General. On December 30, 2020, MDE informed us that it had not received a response. We concluded that MDE has not complied with the prior audit recommendation as of the date of this report.

SUPPLEMENTAL INFORMATION

Our audit report includes supplemental information presented as Exhibits #1 through #12.

Occasionally, amounts appropriated, funding allocations, total expenditures, or expenditures subject to review may change between reports. In most instances, this is a result of agency coding changes, expenditure transfers, or errors identified during our review of expenditures. Exhibits are adjusted as we become aware of these changes.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

AG	Department of Attorney General.
CHAP	Children's Healthcare Access Program.
CORE	Community Outreach and Education.
DECF	Disaster and Emergency Contingency Fund.
DEQ	Department of Environmental Quality. The name was changed to the Department of Environment, Great Lakes, and Energy under Executive Order No. 2019-6 on April 22, 2019.
DMVA	Department of Military and Veterans Affairs.
DNR	Department of Natural Resources.
DTMB	Department of Technology, Management, and Budget.
EGLE	Department of Environment, Great Lakes, and Energy, formerly known as the Department of Environmental Quality. This change occurred under Executive Order No. 2019-6 on April 22, 2019.
EO	Early On.
FBEM	Food Bank of Eastern Michigan.
FCS	Flint Community Schools.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
Flint Defendants	The City of Flint, Howard Croft, Michael Glasgow, Dayne Walling, and Daugherty Johnson (collectively "City Personnel") and Gerald Ambrose, Edward Kurtz, Darnell Earley, and Michael Brown (collectively "Emergency Managers").

FWC	Flint Water Cases.
FWC Qualified Settlement Fund	A fund that will be established for purposes of defendants paying or causing to be deposited the settlement amount.
GCDC	Genesee County Drain Commission.
GF	General Fund.
GISD	Genesee Intermediate School District.
GLWA	Great Lakes Water Authority.
IT	information technology.
LARA	Department of Licensing and Regulatory Affairs.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
McLaren Defendants	McLaren Health Care Corporation, McLaren Regional Medical Center, and McLaren Flint Hospital.
MDE	Michigan Department of Education.
MDHHS	Michigan Department of Health and Human Services.
Michigan Administrative Information Network (MAIN)	The State's automated administrative management system that supported accounting, purchasing, and other financial management activities through fiscal year 2017.
MSP	Michigan Department of State Police.
MTA	Mass Transportation Authority.

NCE	Neurodevelopmental Center of Excellence.
OAG	Office of the Auditor General.
observation	A commentary that highlights certain details or events that may be of interest to users of the report. An observation may not include all of the attributes (condition, effect, criteria, cause, and recommendation) that are presented in an audit finding.
OFM	Office of Financial Management.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
SBO	State Budget Office.
SCHIP	State Children's Health Insurance Program, currently known as the Children's Health Insurance Program (CHIP).
State Defendants	State of Michigan, Michigan Department of Environmental Quality (now known as Michigan Department of Environment, Great Lakes, and Energy), Michigan Department of Health and Human Services, Michigan Department of Treasury, former Governor Richard D. Snyder, Governor Gretchen Whitmer, the Flint Receivership Transition Advisory Board, Lianne Shekter Smith, Daniel Wyant, Stephen Busch, Patrick Cook, Michael Prysby, Bradley Wurfel, Eden Wells, Nick Lyon, Nancy Peeler, Robert Scott, Adam Rosenthal, Dennis Muchmore, Kevin Clinton, Linda Dykema, and Andy Dillon.

Statewide Integrated
Governmental
Management Applications
(SIGMA)

The State's enterprise resource planning business process and software implementation that support budgeting, accounting, purchasing, human resource management, and other financial management activities.

TANF

Temporary Assistance for Needy Families.

Treasury

Department of Treasury.



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