

**Office of the Auditor General**  
Performance Audit Report

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**Flint Emergency Expenditures**  
State of Michigan

July 2021

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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*

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# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Flint Emergency Expenditures*

### *State of Michigan*

**Report Number:**  
**000-2021-21**

**Released:**  
**July 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 March 31, 2021, appropriations totaled \$371.2 million and 10 State departments had expended a total of \$321.2 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 eleventh 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 March 31, 2021.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Michigan Department of Education's (MDE's) insufficient monitoring of school social worker funding resulted in \$1,057,500 in unsupported and \$316,371 in improper expenditures ( <a href="#">Finding 1</a> ).		X	Agrees
MDE's insufficient oversight of a YMCA of Greater Flint grant resulted in \$299,552 in unsupported expenditures, \$139,624 in expenditures beyond the grant period, and \$21,613 in overpayments ( <a href="#">Finding 2</a> ).		X	Agrees
MDE's insufficient oversight resulted in \$9,900 in unsupported costs and \$901 in improper charges of Food Bank of Eastern Michigan nutrition assistance ( <a href="#">Finding 3</a> ).		X	Agrees
The Michigan Department of Health and Human Services lacked on-site reviews of all Flint Community Schools' nurses, and insufficient oversight resulted in \$6,105 in unsupported supply and payroll expenditures ( <a href="#">Finding 4</a> ).		X	Agrees

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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# OAG

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**Doug A. Ringler, CPA, CIA**  
Auditor General

July 30, 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. The Michigan Department of Health and Human Services and the Michigan Department of Education provided the preliminary responses to the recommendations at the end of our field work. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

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; Public Acts 56, 58, and 67 of 2019, and Public Acts 165 and 166 of 2020 expended through March 31, 2021. This is the eleventh 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 MARCH 31, 2021

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**AUDIT OBJECTIVE** To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of March 31, 2021.

**CONCLUSION** Appropriate.

**FACTORS  
IMPACTING  
CONCLUSION**

- We did not identify any significant errors in our review of the supporting documentation for the audited transactions.
- Reportable conditions\* related to insufficient oversight of grants, unsupported or improper grant charges, and lack of on-site reviews of school nurses (Findings 1 through 4). Improper expenditures were insignificant compared with overall expenditures.

\* See glossary at end of report for definition.

**FINDING 1**

**MDE did not sufficiently monitor FCS's use of school social worker funding.**

The Michigan Department of Education (MDE) did not sufficiently monitor the Flint Community Schools' (FCS's) use of school social worker funding, resulting in \$1,373,870 in unsupported or improper grant charges.

MDE provided Flint declaration of emergency appropriations totaling \$7,430,000 over four years to FCS:

Appropriations Act/ Boilerplate Section	Line Item in Exhibit	Funding Allocation	Provided to FCS for Social Workers
Section 11s(2), Public Act 249 of 2016	School social workers for Flint Public Schools	\$ 975,000	\$ 975,000
	School nurses and social workers for Flint Public Schools reserves	1,292,500	975,000
Section 11s(2), Public Act 108 of 2017	Support for Flint Schools	2,625,000	1,980,000
Section 11s(2), Public Act 265 of 2018	School social workers for Flint Public Schools	1,750,000	1,750,000
Section 11s(2), Public Act 58 of 2019	School social workers for Flint Public Schools	1,750,000	1,750,000
		<u>\$8,392,500</u>	<u>\$7,430,000</u>

The appropriations act boilerplate restricts the use of the funds to employing school social workers and classroom aides and requires the reporting of information necessary to ensure children receive the appropriate levels and types of services. MDE collected annual reports from FCS describing programs and services, as well as educational interventions, for children affected by lead.

	2017-18 School Year	2018-19 School Year	2019-20 School Year
Grant funded social workers	13	15	19
Grant funded classroom aides	0	31	31
Number of students receiving support	6,019	7,282	8,389

We noted during our review of 45 randomly and judgmentally selected grant expenditures:

- a. MDE was unable to provide detailed documentation for 9 (20%) payroll expenditures, resulting in \$1,057,500 in unsupported expenditures. Although these expenditures

were categorized as payroll, we could not substantiate this without supporting payroll details and invoices.

- b. FCS categorized \$316,371 of the school social worker funding to miscellaneous supplies and materials that were not allowable under the grant restrictions to employ school social workers and classroom aides.

Our review of 6 (13%) supplies and materials expenditures identified student laptops (\$24,241), sporting events (\$1,184), picture frames (\$159), miscellaneous purchases (\$99 for straws, desk fans, coffee maker, fruit, and candy), and unsupported (\$1,252) totaling \$26,935.

MDE informed us that social workers often use incentives for positive behaviors and to provide community engagement. However, the appropriations were just for employing school social workers.

**RECOMMENDATION**

We recommend that MDE sufficiently monitor FCS's use of school social worker funding for the Flint declaration of emergency.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDE provided us with the following response:

*MDE agrees with the finding.*

*MDE has met with current management at FCS to improve the retention of detailed supporting documentation. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers and invoices, on a regular basis to ensure the funds are used for social workers, and associated program costs. MDE will establish a grant agreement for fiscal year 2022 for appropriations related to the Flint Declaration of Emergency with detailed cost allowability requirements, including the social worker appropriations that are currently granted to FCS.*

## FINDING 2

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### Improved oversight needed in Flint YMCA grant reimbursements.

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MDE did not provide sufficient oversight of the YMCA of Greater Flint (Flint YMCA) grant for nutrition assistance to Flint residents, resulting in \$460,789 of unsupported or improper grant charges.

In December 2016, MDE approved a \$3.4 million grant to Flint YMCA (from Public Act 268 of 2016) to expand the Flint fresh mobile market and create a food space for producers to sell fresh produce supporting healthy food initiatives for Flint residents. MDE's Flint YMCA grant award documentation required the grantee to comply with program requirements, provide final financial and performance reports at the end of the grant period, and incur allowable costs, including food delivery and salaries, building purchase and renovation, and indirect costs.

Our review of 393 individual reimbursements supporting 12 randomly and judgmentally selected expenditures totaling \$2.1 million noted:

- a. MDE allowed 151 (38%) reimbursements totaling \$299,552 in unsupported expenditures. Examples include \$140,052 in payroll expenditures without detail to substantiate the staff providing the services and the hours worked; \$43,832 in vendor expenditures lacking the specific produce and supplies purchased or the services provided; \$34,362 in equipment without supporting documentation; \$28,788 in indirect costs without the basis used to calculate the costs; and \$10,000 in financial services with no output validation for the services billed.
- b. MDE allowed improper reimbursements for 13 (3%) payments totaling \$139,624 for expenditures beyond the September 30, 2018 grant period end date. These payments included \$57,785 for a generator using a quote provided four days prior to the end of the grant period; \$29,006 for insurance premiums, including liability, property, auto, and workers' compensation including coverage dates ending October 31, 2018 and July 24, 2019; \$16,000 for interim executive director services in October and November 2018; \$11,625 in water service we estimate covered October 2018 to August 2020; and \$10,800 in electrical service from October 2018 to March 2020.

MDE informed us the grant documentation does not specifically exclude prepaid expenses. However, the grant documents specifically state the grant period ended September 30, 2018.

- c. MDE reimbursed the Flint YMCA twice for 6 (2%) transactions, resulting in overpayments of

\$21,613. MDE informed us that it agreed these transactions were reimbursed in error.

- d. MDE was unable to provide the required final performance report due October 23, 2018. This report would have helped MDE determine if the grantee properly executed and completed the grant project. MDE informed us that it was unable to locate the report due to staff turnover.

**RECOMMENDATION**

We recommend that MDE provide sufficient oversight of the Flint YMCA grant for nutrition assistance to Flint residents.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDE provided us with the following response:

*MDE agrees with the finding.*

*MDE is currently amending the grant agreements for fiscal years 2020 and 2021 for appropriations related to the Flint Declaration of Emergency to include detailed cost allowability requirements according to the law. MDE is now requesting monthly detailed support to ensure the funds are used for nutrition related purposes. MDE is reviewing the monthly reports, following up with questions, and determining allowability of reported expenditures each month. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers and invoices, on a regular basis to ensure the funds are used for nutrition related purposes. MDE will also establish a grant agreement for fiscal year 2022 for appropriations related to the Flint Declaration of Emergency to include detailed cost allowability requirements.*

## FINDING 3

### Improved MDE oversight needed in FBEM grant charges.

MDE did not provide sufficient oversight of the Food Bank of Eastern Michigan's (FBEM's) grant for nutrition assistance to Flint residents, resulting in \$10,801 in unsupported or improper grant charges.

In May 2019, MDE approved a \$412,500 grant to the FBEM (from Public Act 268 of 2016) to provide additional servings of fresh fruits and vegetables to children and families to mitigate the effects of lead exposure. MDE's FBEM grant award documentation required the grantee to comply with program requirements and incur allowable costs, including food purchases, deliveries, and administrative costs.

MDE paid FBEM \$206,250 in July 2019 and \$206,250 in September 2020. As of December 2020, FBEM's spending reports reflected only \$207,110 in expenditures.

Our review of 21 randomly and judgmentally sampled FBEM expenditures totaling \$105,431 noted:

- a. MDE allowed 3 (14%) expenditures totaling \$9,900 in unsupported costs for food delivery by FBEM. Also, MDE and FBEM could not provide documentation of the methodology used to establish this cost.
- b. MDE allowed improper charges for 3 (14%) expenditures totaling \$608 in hygiene-related items. Public Act 268 of 2016 requires grantees to use these Flint nutrition assistance funds to provide for the purchase and delivery of fresh fruits and vegetables.
- c. MDE allowed an estimated \$293 in improper truck depreciation charges. In May 2017, MDE provided FBEM separate grant funds to purchase two trucks for the summer food service program. FBEM included a depreciation calculation for these two trucks in its grant charges, duplicating MDE's costs.
- d. MDE was unable to adequately support its review of the appropriateness of FBEM expenditures or of its grant monitoring. MDE informed us that it agrees these costs were not for the purposes noted in the grant documents and MDE could improve the clarity of the grant documents to assist both MDE and the grantee.

## RECOMMENDATION

We recommend that MDE provide sufficient oversight of FBEM's grant for nutrition assistance to Flint residents.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDE provided us with the following response:

*MDE agrees with the finding.*

*MDE is currently amending the grant agreements for fiscal years 2020 and 2021 for appropriations related to the Flint Declaration of Emergency to include detailed cost allowability requirements according to the law. MDE is now requesting monthly detailed support to ensure the funds are used for nutrition related purposes. MDE is reviewing the monthly reports, following up with questions, and determining allowability of reported expenditures each month. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers and invoices, on a regular basis to ensure the funds are used for nutrition related purposes. MDE will also establish a grant agreement for fiscal year 2022 for appropriations related to the Flint Declaration of Emergency to include detailed cost allowability requirements.*



## FINDING 4

### Insufficient oversight of the FCS grant for employing school nurses.

The Michigan Department of Health and Human Services (MDHHS) did not provide sufficient oversight of the FCS grant for employing school nurses. Improved oversight would allow MDHHS to evaluate services provided and ensure the appropriate expenditure of grant funds.

Public Acts 3 and 249 of 2016 provided \$955,000 directly to FCS to add 9 full-time school nurses so that each of the 11 FCS schools employed 1 full-time nurse. These expenditures were reviewed in our Flint Emergency Expenditures audits issued in July 2017 (000-2017-17) and January 2018 (000-2017-18).

Public Act 108 of 2017 and Public Act 265 of 2018 appropriated MDE additional funding of \$1,290,000 to continue employing FCS school nurses. MDE transferred the \$1,290,000 to MDHHS through an interagency agreement. MDHHS added matching Medicaid funds of \$1,140,000 to provide a total of \$2,430,000 for nursing staff, supplies, and materials to FCS. MDHHS reported that FCS nurses served 2,746 youths during 10,724 youth visits during fiscal year 2019:

	<u>Funding Allocation</u>	<u>Medicaid Match Funds</u>
Public Act 108 of 2017	\$ 645,000	\$ 570,000
Public Act 265 of 2018	645,000	570,000
MDE transferred to MDHHS	<u>\$ 1,290,000</u>	<u>\$ 1,140,000</u>
	Funding MDHHS provided to FCS	<u>\$ 2,430,000</u>

We noted:

- a. MDHHS did not conduct on-site reviews for 7 of the 11 FCS schools. Without reviews of all sites, MDHHS was unable to sufficiently evaluate the services provided with these funds.

In June 2020, MDHHS conducted on-site reviews of 4 FCS schools as part of its oversight of the School Wellness Program. These on-site reviews included observing the school and clinic space, interviewing staff, and reviewing administrative and clinical records. However, MDHHS did not conduct on-site visits at the remaining 7 FCS schools because these FCS schools did not participate in the School Wellness Program.

- b. MDHHS did not ensure FCS maintained adequate source documentation for school nurse expenditures, such as invoices and payroll details. Without sufficient documentation, MDHHS does not have assurance that funds are appropriately expended.

We randomly sampled 40 items from \$2,480,789 in school nurse expenditures between July 2017 and June 2020. MDHHS and FCS were unable to provide supporting documentation for 9 (22.5%) supply and payroll expenditures totaling \$6,105. MDHHS's grant agreement requires FCS to maintain adequate fiscal records, including source documentation to support all expenditures, for seven years. However, MDHHS informed us that FCS did not maintain the supporting documentation because of changes in operations and staffing turnover.

**RECOMMENDATION**

We recommend that MDHHS provide sufficient oversight of the FCS grant for employing school nurses.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDHHS provided us with the following response:

*MDHHS agrees with the finding.*

*For part a., MDHHS focused limited resources on conducting in-person reviews for the FCS schools that had a School Wellness Program. MDHHS plans to conduct onsite reviews for the remaining nurse-only sites by December 2021.*

*For part b., MDHHS will continue to monitor both financial and programmatic reporting for the FCS grant. The unsupported expenditures occurred when FCS used an outside accounting service. Since that time, all accounting services were brought in house at FCS and significant improvements have already been noted in this area. The randomly sampled expenditures that occurred with the in-house staff were substantiated; therefore, we believe FCS has put the necessary processes in place to ensure all expenditures will have appropriate support moving forward. However, MDHHS will continue to monitor FCS financial staff to ensure that controls are maintained.*

## **EXPENDITURES OF FLINT DECLARATION OF EMERGENCY APPROPRIATIONS**

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### **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. 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 March 31, 2021.

# SUPPLEMENTAL INFORMATION

Exhibit 1

## FLINT EMERGENCY EXPENDITURES

Department of Licensing and Regulatory Affairs (LARA)  
As of March 31, 2021

### **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 March 31, 2021

**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 November 30, 2022.

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	446,135	437,161	0
Technical Assistance and Training	1,013,596	1,012,079	710,016	0
School Water Testing	237,066	204,676	126,698	0
Community Outreach	27,516	27,516	0	0
Replacement of Lead Service Lines (1)	25,000,000	25,000,000	0	0
<b>Total</b>	<b>\$27,617,000</b>	<b>\$27,507,406</b>	<b>\$2,086,176</b>	<b>\$0</b>

(1) 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 Allocation	Total Expenditures	Expenditures Subject to Review	
			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	252,959	110,897	0
Technical Assistance and Training	102,866	38,131	0	0
Water Residential Assistance Program	107,500	107,460	0	0
Deloitte Contract	790,048	790,048	0	0
Total	<u>\$5,500,000</u>	<u>\$4,488,598</u>	<u>\$3,410,897</u>	<u>\$0</u>

**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 December 31, 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 March 31, 2021

**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
<b>Total</b>	<b>\$1,850,000</b>	<b>\$1,850,000</b>	<b>\$1,844,705</b>	<b>\$0</b>

**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.

Exhibit 3  
(Continued)

	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	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
<b>Total</b>	<b>\$15,457,000</b>	<b>\$12,804,905</b>	<b>\$12,788,222</b>	<b>\$0</b>

**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.

Exhibit 3  
(Continued)

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)	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)	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
<b>Total</b>	<b>\$29,928,100</b>	<b>\$21,778,102</b>	<b>\$19,268,636</b>	<b>\$0</b>

**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 Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Nurse Case Management	\$ 646,500	\$ 646,441	\$ 126,769	\$0
Lactation Consultant	322,400	233,660	51,388	0
Child and Adolescent Health Centers	650,000	650,000	650,000	0
CHAP	330,600	330,584	0	0
Lead Abatement GF Match for SCHIP	23,500	23,466	23,466	0
Nurse Family Partnership	876,000	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	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	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	114,321	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	299,446	0	0
Michigan Child Collaborative	285,000	284,909	0	0
Service Homebound, Frail Seniors	340,200	340,209	81,452	0
Community Counseling Centers	65,400	65,401	0	0
Interpretation Services	15,100	15,095	0	0
Lead Abatement Programming	413,600	394,161	211,584	0
Media Campaign	N/A	0	0	0
Mobile Food Bank	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 (1)	1,474,200	1,474,215	1,429,215	0
Veggie Box Program	216,100	216,089	0	0
<b>Total</b>	<b>\$21,541,700</b>	<b>\$14,672,782</b>	<b>\$7,285,695</b>	<b>\$0</b>

N/A: Not available as of March 31, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.



(1) Rides to Wellness:

Audit Methodology and Results

**January 2021 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.

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

**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	\$ 157,900	(1)	\$ 115,734	\$ 0	\$0
Child and Adolescent Health Centers	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		51,618	0	0
Lactation Consultant	70,000	(1)	69,998	0	0
Lead Abatement	341,300		341,313	231,463	0
Nurse Case Management	96,000		95,981	0	0
Nurse Family Partnership	588,700		443,660	0	0
Nutrition Programs	100		68	0	0
Parents as Teachers Evidence-Based Home Visiting Program	188,200	(1)	188,169	0	0
Purchase Water Filters	12,500		12,488	0	0
Rides to Wellness	172,600	(1)	172,520	0	0
Service Homebound, Frail Seniors	105,200	(1)	105,257	0	0
Water Heater Replacement	112,300		112,336	0	0
Community Counseling Centers	87,800	(1)	87,824	0	0
Interpretation Services	4,900	(1)	4,883	0	0
Michigan Childcare Collaborative	352,300	(1)	352,323	0	0
Community Education with Genesee County Health Department	N/A		0	0	0
Mobile Food Bank	1,426,000		1,426,000	0	0
Placeholder	100		0	0	0
Revive Community Health Centers	64,300		64,265	0	0
Veggie Box Program	33,900		33,911	0	0
Environmental Health Staff Support (new)	105,400	(1)	105,424	0	0
<b>Total</b>	<b>\$4,621,100</b>		<b>\$4,433,772</b>	<b>\$881,463</b>	<b>\$0</b>

N/A: Not available as of March 31, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.

(1) MDHHS reallocated funding between the January 2021 audit and the current audit. The total amount appropriated did not change.

**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 Mass Transportation Authority (MTA).

Expenditures By Authorized Use Category

	Funding Allocation		Total Expenditures	Expenditures Subject to Review	
				Prior Audits	Current Audit
Mobile Food Bank	\$1,150,000		\$ 0	\$0	\$0
Pathways to Potential Expansion	525,200		525,205	0	0
CHAP	432,700		432,690	0	0
Nurse Case Management	N/A		0	0	0
Double Up Food Bucks Flint Expansion Project	N/A	(1)	0	0	0
Flint Abatement Activities	183,500		183,472	0	0
Child and Adolescent Health Centers	650,000		650,000	0	0
Service Homebound, Frail Seniors	154,500	(1)	15,441	0	0
Rides to Wellness	12,300	(1)	12,315	0	0
Community Education with Genesee County Health Department	N/A		0	0	0
Interpretation Services	16,300	(1)	0	0	0
Lactation Consultant	70,000	(1)	0	0	0
Community Counseling Centers	17,200	(1)	17,141	0	0
Michigan Child Collaborative Care	49,200	(1)	49,257	0	0
Nurse Family Partnership	123,400		0	0	0
Revive Community Health Centers	300,000	(1)	104,842	0	0
Parents as Teachers Evidence-Based Home Visiting Program	225,000	(1)	29,170	0	0
Water Heater Replacement	250,000	(1)	0	0	0
Media Campaign (new)	200,000	(1)	0	0	0
Vital Records - Flint Settlement Costs (new)	200,000	(1)	0	0	0
Environmental Health Staff Support (new)	61,800	(1)	29,145	0	0
<b>Total</b>	<b>\$4,621,100</b>		<b>\$2,048,678</b>	<b>\$0</b>	<b>\$0</b>

N/A: Not available as of March 31, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.

(1) MDHHS reallocated funding between the January 2021 audit and the current audit. The total amount appropriated did not change.

**Public Act 166 of 2020**

Appropriated: \$4,621,000

Authorized Uses: Section 1306

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 Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
CHAP	\$ 349,400	\$ 0	\$0	\$0
Child and Adolescent Health Centers	650,000	0	0	0
Childhood Lead Poisoning (CLPPP) Prevention Program Support	404,600	12,792	0	0
Community Counseling Centers	146,000	0	0	0
Double Up Food Bucks Flint Expansion Project	150,000	0	0	0
Interpretation Services	6,800	0	0	0
Lactation Consultant	140,000	0	0	0
Michigan Child Care Collaborative (MC3)	350,000	0	0	0
Nurse Case Management	352,600	0	0	0
Nurse Family Partnership	361,600	0	0	0
Parents as Teachers Evidence-Based Home Visiting Program	260,000	0	0	0
Pathways to Potential Expansion	300,000	0	0	0
Revive Community Health Centers	300,000	49,068	0	0
Rides to Wellness	500,000	75,405	0	0
Service Homebound, Frail Seniors	100,000	0	0	0
Water Heater Replacement	250,000	0	0	0
<b>Total</b>	<b>\$4,621,000</b>	<b>\$137,265</b>	<b>\$0</b>	<b>\$0</b>

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 March 31, 2021

**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
<b>Total</b>	<u><u>\$2,685,000</u></u>	<u><u>\$2,685,000</u></u>	<u><u>\$2,685,000</u></u>	<u><u>\$0</u></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	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)	1,292,500	1,292,500	317,500	975,000
Early Intervention Services, Early Literacy, and Nutritional Services Reserves (2)	1,195,000	1,195,000	812,500	0
Total	<u>\$21,830,000</u>	<u>\$21,830,000</u>	<u>\$16,215,530</u>	<u>\$975,000</u>

(1) School Nurses and Social Workers for Flint Public Schools Reserves:

Audit Methodology and Results

**Current Audit:** We reviewed 10 randomly and judgmentally selected social worker expenditures totaling \$65,309. We noted \$26,677 in unsupported or improper grant charges (see Finding 1).

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

Audit Methodology and Results

**January 2021:** 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.

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

**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	Total	Expenditures Subject to Review	
	Allocation	Expenditures	Prior Audits	Current Audit
Nutrition Assistance (1)	\$ 9,500,000	\$ 9,500,000	\$ 5,407,947	\$3,879,893
Child Care Assistance (0 - 3) (Fiscal Year 2016) (2)	8,100,000	8,100,000	8,100,000	0
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	703,496	395,831	0
<b>Total</b>	<b>\$33,650,100</b>	<b>\$26,303,496</b>	<b>\$21,903,778</b>	<b>\$3,879,893</b>

(1) Nutrition Assistance:

Audit Methodology and Results

**January 2021:** We reviewed 37 randomly sampled expenditures totaling \$267,395 and determined that they were appropriately supported, approved, and charged to the appropriation.

**Current Audit:** We reviewed 34 randomly and judgmentally sampled expenditures totaling \$2,229,772. We noted \$460,789 in unsupported or improper charges to the YMCA grant and \$10,801 in unsupported or improper charges to the FBEM grant (see Findings 2 and 3).

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

Audit Methodology and Results

**January 2021:** 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.

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

**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 (1)	\$2,625,000	\$2,625,000	\$ 0	\$2,625,000
Support for GISD	1,720,000	1,720,000	1,720,000	0
GISD Nutrition	780,000	780,000	0	0
Summer Great Start Readiness Programs	3,000,000	3,000,000	2,830,026	0
Nutritional Services	605,000	605,000	0	0
<b>Total</b>	<b>\$8,730,000</b>	<b>\$8,730,000</b>	<b>\$4,550,026</b>	<b>\$2,625,000</b>

(1) Support for Flint Schools:

Audit Methodology and Results

**Current Audit:** We reviewed 20 randomly selected nurse expenditures totaling \$27,691. We noted MDHHS did not conduct on-site reviews at all FCS schools and \$2,645 in unsupported expenditures (see Finding 4).

We reviewed 12 randomly and judgmentally selected social worker expenditures totaling \$14,371. We noted \$533 in unsupported or improper grant charges (see Finding 1).

**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 (1)	675,000	675,000	0	645,000
School Social Workers for Flint Public Schools (2)	1,750,000	1,750,000	0	1,730,000
Screen and Assess Children Exposed	4,139,600	4,139,600	4,139,572	0
<b>Total</b>	<b>\$7,369,600</b>	<b>\$6,991,769</b>	<b>\$4,139,572</b>	<b>\$2,375,000</b>

(1) School Nurses for Flint Public Schools:

Audit Methodology and Results

**Current Audit:** We reviewed 20 randomly selected nurse expenditures totaling \$24,866. We noted MDHHS did not conduct on-site reviews at all FCS schools and \$3,460 in unsupported expenditures (see Finding 4).

(2) School Social Workers for Flint Public Schools:

Audit Methodology and Results

**Current Audit:** We reviewed 11 randomly and judgmentally selected social worker expenditures totaling \$1,059,639. We noted \$1,057,125 in unsupported grant charges (see Finding 1).

**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	\$ 675,000	\$0	\$ 0
School Social Workers for Flint Public Schools (1)	1,750,000	1,750,000	0	1,430,362
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
<b>Total</b>	<b>\$8,075,000</b>	<b>\$8,075,000</b>	<b>\$0</b>	<b>\$1,430,362</b>

(1) School Social Workers for Flint Public Schools:

Audit Methodology and Results

**Current Audit:** We reviewed 12 randomly and judgmentally selected social worker expenditures totaling \$20,093. We noted \$99 in improper grant charges (see Finding 1).

**Public Act 165 of 2020**

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) \$2,400,000 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.
- (e) \$1,600,000 for intervention supports for K to 12 students.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Support for Flint Schools	\$ 675,000	\$ 0	\$0	\$0
School Social Workers for Flint Public Schools	1,750,000	943,542	0	0
Early Intervention Services	2,400,000	0	0	0
Great Start Readiness Programs	1,000,000	545,400	0	0
Nutritional Services	650,000	650,000	0	0
ISD Interventions	1,600,000	727,200	0	0
<b>Total</b>	<b>\$8,075,000</b>	<b>\$2,866,142</b>	<b>\$0</b>	<b>\$0</b>

**Public Act 166 of 2020**

Appropriated: \$1,000,000

Authorized Uses: Section 1101

- (a) MDE shall allocate \$1,000,000 to Educare to continue the expansion of early childhood services because of a drinking water declaration of emergency.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Educare	\$1,000,000	\$0	\$0	\$0
Total	\$1,000,000	\$0	\$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 March 31, 2021

**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 March 31, 2021

**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
DECF - Flint related expenditures (Fiscal Year 2021 through March 31, 2021)	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 March 31, 2021

**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
<b>Total</b>	<b>\$24,130,000</b>	<b>\$22,926,079</b>	<b>\$22,576,638</b>	<b>\$0</b>

**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	500,000	500,100	500,100	0
Total	<u>\$13,900,000</u>	<u>\$13,900,100</u>	<u>\$4,900,100</u>	<u>\$0</u>

(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.

**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 (1)	\$ 50,000	\$ 50,000	\$0	\$50,000
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>\$5,244,790</u>	<u>\$0</u>	<u>\$50,000</u>

(1) Genesee County Register of Deeds:

Audit Methodology and Results

**Current Audit:** We reviewed all expenditures totaling \$50,000 and determined that they were appropriately supported, approved, and charged to the appropriation. We did not identify any errors.

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 March 31, 2021

**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

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

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 166 of 2020**

Appropriated: \$2,643,900

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 \$2,643,900.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,643,900	\$614,583	\$0	\$0
Total	\$2,643,900	\$614,583	\$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 March 31, 2021

**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 March 31, 2021

**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
<b>Agriculture and Rural Development</b>				
Placeholder (PA 107 of 2017, Article I)	\$0	\$0	\$100	\$0
<b>Education</b>				
Placeholder (PA 268 of 2016, PA 107 of 2017, and PA 207 of 2018: Article VI)	0	100	100	100
<b>Environmental Quality</b>				
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
<b>Health and Human Services</b>				
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
<b>Licensing and Regulatory Affairs</b>				
Placeholder (PA 107 of 2017, Article XIII)	0	0	100	0
<b>Military and Veterans Affairs</b>				
Support for National Guard deployment (PA 340 of 2016)	500,000	0	0	0
<b>School Aid</b>				
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
<b>State Police</b>				
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
<b>Talent and Economic Development</b>				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
<b>Technology, Management, and Budget</b>				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
<b>Treasury</b>				
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
<b>Total Flint Drinking Water Emergency Reserve Fund Withdrawals</b>	<b>\$977,000</b>	<b>\$26,060,500</b>	<b>\$21,250,700</b>	<b>\$5,613,700</b>
<b>Cumulative Reserve Fund Appropriations</b>				<b>\$53,900,000</b>
<b>Cumulative Reserve Fund Withdrawals (excluding 19 unexpended \$100 placeholders)</b>				<b>(\$53,900,000)</b>
<b>Reserve Fund Balance</b>				<b>\$0</b>

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 EXPENDITURES**Summary of Flint Emergency Expenditures by Appropriations Act and Department  
As of March 31, 2021

Appropriations Act/Department	Amount Appropriated	Total Expenditures	Lapsed Appropriations	Remaining as of March 31, 2021
<b>Public Act 143 of 2015 - October 15, 2015</b>				
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	394	0
Subtotal	<u>\$ 9,350,000</u>	<u>\$ 9,349,606</u>	<u>\$ 394</u>	<u>\$ 0</u>
<b>Public Act 3 of 2016 - January 29, 2016</b>				
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	<u>\$ 28,028,500</u>	<u>\$ 24,945,448</u>	<u>\$ 2,743,052</u>	<u>\$ 0</u>
<b>Public Act 24 of 2016 - February 26, 2016</b>				
Treasury	\$ 30,000,000	\$ 30,000,000	\$ 0	\$ 0
Subtotal	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Public Act 249 of 2016 - June 27, 2016</b>				
Education	\$ 19,342,500	\$ 19,342,500	\$ 0	\$ 0
Legislative Transfer 2017-5 – Section 11s	2,487,500	2,487,500	0	0
Subtotal	<u>\$ 21,830,000</u>	<u>\$ 21,830,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Public Act 268 of 2016 - June 29, 2016</b>				
Attorney General	\$ 3,900,000	\$ 3,900,000	\$ 0	\$ 0
Education	33,650,100	26,303,496	6,909,288	437,316
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	1,786	28,071
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	<u>\$121,608,300</u>	<u>\$104,907,777</u>	<u>\$ 16,073,231</u>	<u>\$ 627,295</u>
<b>Public Act 340 of 2016 - December 14, 2016</b>				
Environmental Quality	\$ 27,617,000	\$ 27,507,406	\$ 108,078	\$ 1,516
Licensing and Regulatory Affairs (1)	(340,000)	N/A	N/A	N/A
Military and Veterans Affairs	500,000	476,834	23,166	0
Subtotal	<u>\$ 27,777,000</u>	<u>\$ 27,984,240</u>	<u>\$ 131,244</u>	<u>\$ 1,516</u>
<b>Public Act 107 of 2017 - July 14, 2017</b>				
Attorney General	\$ 2,600,000	\$ 2,599,980	\$ 20	\$ 0
Environmental Quality	3,300,000	3,300,000	0	0
Legislative Transfer 2018-1	2,200,000	1,188,598	0	1,011,402
Health and Human Services	14,041,700	10,635,139	3,310,639	95,922
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 March 31, 2021
<b>Public Act 107 of 2017 - July 14, 2017, continued</b>				
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>\$ 40,255,156</u>	<u>\$ 3,310,659</u>	<u>\$ 8,383,985</u>
<b>Public Act 108 of 2017 - July 14, 2017</b>				
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>
<b>Public Act 207 of 2018 - June 21, 2018</b>				
Attorney General	\$ 2,600,000	\$ 790,446	\$ 1,809,554	\$ 0
Environmental Quality	20,000,000	20,000,000	0	0
Health and Human Services	4,621,100	4,433,772	100	187,228
Treasury	50,000	50,000	0	0
Legislative Transfer 2019-1	5,613,000	5,194,790	0	418,210
Subtotal	<u>\$ 32,884,100</u>	<u>\$ 30,469,008</u>	<u>\$ 1,809,654</u>	<u>\$ 605,438</u>
<b>Public Act 265 of 2018 - June 28, 2018</b>				
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>
<b>Public Act 56 of 2019 - September 29, 2019</b>				
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>
<b>Public Act 58 of 2019 - September 30, 2019</b>				
Education	\$ 8,075,000	\$ 8,075,000	\$ 0	\$ 0
Subtotal	<u>\$ 8,075,000</u>	<u>\$ 8,075,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Public Act 67 of 2019 - September 30, 2019</b>				
Health and Human Services	\$ 4,621,100	\$ 2,048,679	\$ 0	\$ 2,572,421
Subtotal	<u>\$ 4,621,100</u>	<u>\$ 2,048,679</u>	<u>\$ 0</u>	<u>\$ 2,572,421</u>
<b>Public Act 165 of 2020 – September 30, 2020</b>				
Education	\$ 8,075,000	\$ 2,866,142	\$ 0	\$ 5,208,858
Subtotal	<u>\$ 8,075,000</u>	<u>\$ 2,866,142</u>	<u>\$ 0</u>	<u>\$ 5,208,858</u>
<b>Public Act 166 of 2020 - September 30, 2020</b>				
Attorney General	\$ 2,643,900	\$ 614,583	\$ 0	\$ 2,029,317
Education	1,000,000	0	0	1,000,000
Health and Human Services	4,621,000	137,265	0	4,483,735
Subtotal	<u>\$ 8,264,900</u>	<u>\$ 751,848</u>	<u>\$ 0</u>	<u>\$ 7,513,052</u>
<b>Total</b>	<u><b>\$371,163,300</b></u>	<u><b>\$321,174,696</b></u>	<u><b>\$ 24,698,211</b></u>	<u><b>\$25,290,395</b></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

Public Acts 358 and 359 of 2020 authorized the Michigan Strategic Fund to issue bonds to obtain 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. Alternatively, during May 2021, the Michigan House of Representatives passed House Bill 4420 for \$595,000,000 General Fund appropriations to fulfill the settlement payment. At the time of this report, House Bill 4420 had not passed in the Michigan Senate.

To qualify for a settlement, claimants were required to submit a registration form by March 29, 2021. Media reports on May 26, 2021 noted 85,584 registration forms were received.

The net settlement funds equal \$641,250,000, less expenses, costs, and attorney fees permitted by the Agreement or the Final Orders and Judgments. On March 8, 2021, a motion was filed for an award of attorney fees and reimbursement of expense for \$202,760,000. However, objections were filed March 29, 2021, on behalf of a group of Flint residents challenging the fee request.

The Agreement identified categories for claimants to qualify for compensation from the net funds from the FWC Qualified Settlement Fund.

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

<sup>1</sup> 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.

<sup>2</sup> 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

\* See glossary at end of report for definition.

at or above 5 mcg/dL or physical injury, 6. Women miscarriages, 7a. Legionnaires Disease not causing death, and 7b. Legionnaires Disease causing death.

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

<sup>4</sup> 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.

<sup>5</sup> 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

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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, 2019, and 2020 budgets. As of March 31, 2021, the end of the audit period for this report, 10 State departments had received appropriations totaling \$371.2 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 eleventh report on the expenditure of these funds.

## **AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION**

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### **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 March 31, 2021 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 Acts 207 and 265 of 2018; Public Acts 56, 58, and 67 of 2019; and Public Acts 165 and 166 of 2020.

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 October 1, 2020 through March 31, 2021.

### **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 March 31, 2021.

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**

Our audit report contains 4 findings and 4 corresponding recommendations. MDE's and MDHHS's preliminary responses indicate that they agree with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

\* See glossary at end of report for definition.

**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 provided us with the following update:

*MDE has always interpreted the intention of the law to mean that all children in need of early intervention could receive services using the declaration of emergency appropriations. MDE believes the age limitation boilerplate language was a technical error and sought to have that language removed. The FY2022 State Aid Appropriation Act, Public Act 48 eliminated the age restriction which supports MDE's interpretation of the law which is to provide essential Early On services to those children impacted by the water emergency.*

We concluded that changes to current appropriation act boilerplate language do not support intent for previous requirements. 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.



## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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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").

Flint YMCA	YMCA of Greater Flint.
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.
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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