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Financial Audit Shows "Staggering Numbers" ^[1]

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By:

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At this Tuesday's work session of Council, the City's Finance Director Mary Haskell will present the Fiscal Year 2015 audit, and according to a memo ^[2] from Haskell attached to Tuesday's agenda ^[3], our pension debt combined with new accounting standards are going to "change the [City's] financial position presented on the Government-Wide, full accrual, statements dramatically." Says Haskell in her memo, "The numbers are staggering."

Haskell's memo did not attach the actual audit because when she sent the memo on Friday, she

and the auditors were ?still in the process of completing final documents.? She says the audit reports will be distributed at Tuesday?s Council meeting.

I asked Mayor Mark Meadows by email this afternoon if he had any comment on the memo or the City?s finances in advance of the meeting. He replied, ?I can only say that I will learn what is ?staggering? at the same time everyone else does. But, whatever the numbers, the Council is planning to address the City's financial issues and appoint a financial health team to provide suggestions on how we can avoid these issues in the future.?

As we explained in our earlier report ^[4] on the City?s debt, a number of factors have led to the financial problem we now face, and City officials have been trying for years to stop our retiree-related debt from ballooning out of control. But, at last report, East Lansing was in the bottom 15% of Michigan cities in terms of financial preparedness for paying retiree-related obligations and an ever-larger chunk of our annual tax revenues is going toward retiree-related costs.

Tuesday?s presentation will be done by Haskell in conjunction with Joe Heffernan of Plante Moran, the company hired to do our City?s external annual audit.

Because Tuesday?s meeting is a work session and because the Council has not yet shifted to the new system of meetings, there are no plans to video-record or broadcast the meeting. The session will be audio-taped, and whatever is handed out will become available to the public after the meeting. (Next month, as we reported ^[5], Council will start videotaping and broadcasting almost all meetings.) According to Haskell's memo, the audit will also be presented at the regular session of Council on December 15, and that meeting will be videotaped and broadcast.

Council?s meeting on Tuesday begins at 7 p.m. in City Hall.

UPDATE: We posted a correction on December 6 at 10:10 pm, because Mayor Meadows noticed the memo from Haskell says the presentation of the audit will be both this week at the work session and next week at the regular session, and he pointed this out to us. Consequently, we removed the section that had said this week might be the only chance to see the presentation, and added a note that it will also be presented next week. Our thanks to Meadows noting this mistake to us.

Reminder: Citizens can speak at or write to City Council on any issue, including those not on the agenda. Email can be sent to Council by writing to council@cityofeastlansing.com ^[6].

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