


MACKINAC CENTER
FOR PUBLIC POLICY

Detroit

January 3, 2001

Mr. Mark A. Murray
Treasury Building
430 West Allegan Street
Lansing, Michigan 48922

RE: Detroit Comprehensive Annual Financial Report and Public Act 72.

Dear Mr. Murray:

My name is Michael LaFaive and I am a policy analyst with the Mackinac Center for Public Policy. We have met several times in the past, both in my capacity as an assistant to the Governor for Constituent Services, and as a policy analyst for the Center.

I am writing today to bring your attention Detroit's most recent Comprehensive Annual Financial Report. In short, it is delinquent, which suggests that a condition under section 12 of Public Act 72 of 1990 (Local Government Fiscal Responsibility Act) MCL 141.1212 *et seq.* has been met. I believe that this may obligate your office to "conduct a preliminary review to determine the existence of a local government financial problem."

Paragraph (l) in section 12 (MCL 141.1212(l)) reads that "the local government fails to provide an annual financial report or audit that conforms with the minimum procedures and standards of the state treasurer and is required under the uniform budgeting and accounting act. . ."

Detroit officials knew that its audit was going to be delinquent several months ago and asked for an extension from the state of two months, which they are allowed to do by law. The extension was granted, but on January 2 that extension expired. The city's delinquency was confirmed for me by Mr. Baldermann in the office of the state Treasurer.

I bring this to your attention for two reasons. First, I believe that state law may have been violated and feel obligated to bring this to your attention for a remedy. Second, Detroit's fiscal health is poor and eroding further still.

I spent the last five months pouring over the city's budget and Comprehensive Annual Financial Report and have been mortified by my discoveries. I believe that a state investigation into the city's fiscal health may be just what Detroit officials need to get them to make real changes for the city and its citizens.

Thank you for your time in advance. If I may be of any help to you please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in cursive script that reads "Michael LaFaive". The signature is written in black ink and is positioned above the printed name.

Michael LaFaive
Policy Analyst