



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

Amendment to City of Pontiac Emergency Manager Order S-279 of June 17, 2013:


1. **Recommended Change to EM Order** – The Mayor, City Administrator, and Finance Director have determined that certain assumptions made over one year ago have resulted in changes to the financial condition of the City that require the City to amend various budgets for FY 15. This budget amendment is to recognize the recording of a liability in the TIFA 2 Fund to comply with GASB 70 and also authorize the transfer of the remaining fund balance in the TIFA 4 Fund to the TIFA 3 Fund.
2. **Justification for Recommendation** – These EM Order budget amendments are necessary due to some unanticipated changes in property tax captures and chargebacks in the TIFA districts. The City of Pontiac is required to adopt several budget amendments to recognize certain revenues and recognize certain financial guarantees required by GASB 70. As a result, the TIFA 2 Fund and the TIFA 4 Fund require budget amendments.

State Treasurer Approval:

I, Nick A. Khouri, State Treasurer for the State of Michigan, pursuant to the authority assigned by the Governor of the State of Michigan at the time of appointment of the Receivership Transition Advisory Board, do hereby:

Approve Submitted Recommendation

Deny Submitted Recommendation

  
\_\_\_\_\_  
N. A. Khouri, State Treasurer  
Michigan Department of Treasury

7/6/15  
\_\_\_\_\_  
Date



**CITY OF PONTIAC**  
**OFFICE OF THE EMERGENCY MANAGER**  
**LOUIS H. SCHIMMEL**

47450 Woodward Avenue  
Pontiac, Michigan 48342  
Telephone: (248) 758-3133  
Fax: (248) 758-3292

Dated: June 17, 2013  
Amended: July 06, 2015

**ORDER NO. S-279**

**RE: Adopt ordinance to appropriate the sums of money necessary to meet the expenditures set forth in the budget recommended for the operation of the City of Pontiac, Michigan; to defray the debts, expenditures, and liabilities of said City for the fiscal year beginning the first day of July, 2014.**

**TO: Sherikia Hawkins, City Clerk**  
**John Naglick, Finance Director**

The Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) in Section 10 empowers an Emergency Manager to issue orders to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government a Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom they are issued.

Section 12(1) of the Act provides that “[a]n emergency manager may take 1 or more of the following additional actions with respect to a local government that is in receivership, notwithstanding any charter provision to the contrary: (dd) [e]xercise solely, for and on behalf of the local government, all other authority and responsibilities of the chief administrative officer and governing body concerning the adoption, amendment, and enforcement of ordinances....”

WHEREAS, Emergency Manager Schimmel introduced the attached ordinance at a public meeting on June 10, 2013; and,

WHEREAS, the proposed ordinance was distributed to each member of the Council and the Mayor by the Clerk; and,

WHEREAS, a summary of the proposed ordinance and time and place of consideration by the Emergency Manager was published in the Oakland Press on June 11, 2013; and,

WHEREAS, the Emergency Manager at a public meeting on June 17, 2013 announced that he is adopting the proposed ordinance.

**It is hereby ordered:**

1. That the attached Ordinance No. 2286, an ordinance to appropriate the sums of money necessary to meet the expenditures set forth in the budget recommended for the operation of the City of Pontiac, Michigan; to

defray the debts, expenditures, and liabilities of said City for the fiscal year beginning the first day of July, 2014, is adopted.

2. That the City Clerk shall take all actions required under the law to reflect the attached ordinance changes on the City books and records, including publication of the adopted ordinance.

**The Order shall have immediate effect.**

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

This order is effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Manager as set forth in the Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Manager.

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Louis H. Schimmel  
City of Pontiac  
Emergency Manager

cc: State of Michigan Department of Treasury  
Mayor Leon B. Jukowski  
Pontiac City Council

**2014-15 Budget Amendment**

Whereas, the Emergency Manager adopted the 2014-15 budget on June 18, 2013; and,

Whereas, the Mayor, City Administrator, and Finance Director have determined that certain assumptions made over one year ago have resulted in changes to the financial condition of the City that require the City to amend various budgets for the 2014-15 fiscal year; and,

Whereas, the Michigan Department of Treasury has reviewed the proposed amendments and concurs that the amendments are necessary for the City to comply with State law;

Now, therefore, be it resolved that the Pontiac City Council formally approves the following budget amendments and requests approval from the Transition Advisory Board and the State Treasurer:

**General Fund**

**ESTIMATED REVENUES**

Taxes	15,683,869	
Licenses and Permits	2,900,500	
State Grants	9,502,451	
Charges for Services	1,280,500	
Fines and Forfeits	60,000	
Interest and Rents	75,000	
Other Revenue	<u>1,056,889</u>	
	<b>TOTAL ESTIMATED REVENUES</b>	<b>30,559,209</b>
Transfers In and Other Uses		245,867

**APPROPRIATIONS**

General Government	3,559,766	
Public Safety	21,509,997	
Public Works	1,446,991	
Community and Economic Development	1,192,173	
Recreation and Culture	153,897	
Other Functions	<u>2,425,240</u>	
	<b>TOTAL APPROPRIATIONS</b>	<b>30,288,064</b>
Transfers Out and Other Uses		880,000

	<b>NET OF</b>	
<b>General Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(362,988)</b>
	<b>Estimated Beginning Fund</b>	
	<b>Balance</b>	<b>1,812,836</b>
	<b>Estimated Ending Fund Balance</b>	<b>1,449,848</b>

**Cable Fund**

**ESTIMATED REVENUES**

Charges for Services	<u>130,000</u>	
	<b>TOTAL ESTIMATED REVENUES</b>	<b>130,000</b>
Transfers In and Other Sources		0

**APPROPRIATIONS**

General Government	<u>179,015</u>	
	<b>TOTAL APPROPRIATIONS</b>	<b>179,015</b>
Transfers Out and Other Uses		0

	<b>Cable Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>(49,015)</b>
		<b>Estimated Beginning Fund Balance</b>	<b>1,003,944</b>
		<b>Estimated Ending Fund Balance</b>	<b>954,929</b>
<b><u>Major Street Fund</u></b>			
ESTIMATED REVENUES			
		State Grants	3,140,380
		Other Revenue	<u>53,417</u>
		TOTAL ESTIMATED REVENUES	3,193,797
		Transfers In and Other Sources	0
APPROPRIATIONS			
		Public Works	<u>3,324,543</u>
		TOTAL APPROPRIATIONS	3,324,543
		Transfers Out and Other Uses	471,100
	<b>Major Street Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>(601,846)</b>
		<b>Estimated Beginning Fund Balance</b>	<b>2,012,793</b>
		<b>Estimated Ending Fund Balance</b>	<b>1,410,947</b>
<b><u>Local Street Fund</u></b>			
ESTIMATED REVENUES			
		State Grants	<u>954,205</u>
		TOTAL ESTIMATED REVENUES	954,205
		Transfers In and Other Sources	471,100
APPROPRIATIONS			
		Public Works	<u>1,309,684</u>
		TOTAL APPROPRIATIONS	1,309,684
		Transfers Out and Other Uses	0
	<b>Local Street Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>115,621</b>
		<b>Estimated Beginning Fund Balance</b>	<b>1,505,454</b>
		<b>Estimated Ending Fund Balance</b>	<b>1,621,075</b>
<b><u>Senior Activities</u></b>			
ESTIMATED REVENUES			
		Taxes	220,850
		Charges for Services	<u>9,000</u>
		TOTAL ESTIMATED REVENUES	229,850
		Transfers In and Other Sources	0

APPROPRIATIONS		
Recreation and Culture		<u>309,143</u>
	TOTAL APPROPRIATIONS	309,143
Transfers Out and Other Uses		0
	<b>NET OF</b>	
<b>Senior Activities Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(79,293)</b>
	<b>Estimated Beginning Fund</b>	<b>Balance</b>
		<b>929,089</b>
	<b>Estimated Ending Fund Balance</b>	<b>849,796</b>

### **Chapter 20 Drain Fund**

ESTIMATED REVENUES		
Taxes		(250)
	TOTAL ESTIMATED REVENUES	(250)
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Works		<u>193,527</u>
	TOTAL APPROPRIATIONS	193,527
Transfers Out and Other Uses		0

	<b>NET OF</b>	
<b>Chapter 20 Drain Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(193,777)</b>
	<b>Estimated Beginning Fund</b>	<b>Balance</b>
		<b>391,789</b>
	<b>Estimated Ending Fund Balance</b>	<b>198,012</b>

### **Sanitation Fund**

ESTIMATED REVENUES		
Taxes		1,320,767
Charges for Services		2,815,351
Interest and Rents		<u>0</u>
	TOTAL ESTIMATED REVENUES	4,136,118
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Works		<u>4,063,882</u>
	TOTAL APPROPRIATIONS	4,063,882
Transfers Out and Other Uses		0

	<b>NET OF</b>	
<b>Sanitation Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>72,236</b>
	<b>Estimated Beginning Fund</b>	<b>Balance</b>
		<b>2,662,968</b>
	<b>Estimated Ending Fund Balance</b>	<b>2,735,204</b>

**Brownfield Redevelopment Authority**

ESTIMATED REVENUES

Taxes		<u>36,498</u>
	TOTAL ESTIMATED REVENUES	36,498
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>56,606</u>
	TOTAL APPROPRIATIONS	56,606
Transfers Out and Other Uses		0

<b>Brownfield Redevelopment Authority Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>(20,108)</b>
	<b>Estimated Beginning Fund Balance</b>	<b>20,108</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>

**Tax Increment Financing Authority**

**District 2**

ESTIMATED REVENUES

Charges for Services		38,000
Other Revenue		<u>537,820</u>
	TOTAL ESTIMATED REVENUES	575,820
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>575,820</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		0

<b>Tax Increment Financing District 2 Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Fund Balance</b>	<b>0</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>

**Tax Increment Financing Authority**

**District 3**

ESTIMATED REVENUES

Taxes		1,096,541
Other Revenue		<u>322,035</u>
	TOTAL ESTIMATED REVENUES	1,397,732
Transfers In and Other Sources		349,256

APPROPRIATIONS

Debt Service		<u>1,767,832</u>
	TOTAL APPROPRIATIONS	1,767,832
Transfers Out and Other Uses		0

	<b>NET OF</b>	
<b>Tax Increment Financing District 3 Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0
<b><u>Tax Increment Financing Authority</u></b>		
<b><u>District 4</u></b>		
ESTIMATED REVENUES		
Taxes		<u>349,256</u>
	TOTAL ESTIMATED REVENUES	349,256
Transfers In and Other Sources		0
APPROPRIATIONS		
Community and Economic Development		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		349,256
	<b>NET OF</b>	
<b>Tax Increment Financing District 4 Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0
<b><u>Capital Improvement</u></b>		
ESTIMATED REVENUES		
Taxes		<u>672,853</u>
	TOTAL ESTIMATED REVENUES	672,853
Transfers In and Other Sources		0
APPROPRIATIONS		
General Government		64,575
Public Works		<u>1,225,000</u>
	TOTAL APPROPRIATIONS	1,289,575
Transfers Out and Other Uses		0
	<b>NET OF</b>	
<b>Capital Improvement Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(616,722)</b>
	Estimated Beginning Fund	
	Balance	634,941
	Estimated Ending Fund Balance	18,219
<b><u>CDBG</u></b>		
ESTIMATED REVENUES		
Federal Grants		<u>65,000</u>
	TOTAL ESTIMATED REVENUES	65,000
Transfers In and Other Sources		0



APPROPRIATIONS		
Community and Economic Development		<u>65,000</u>
	TOTAL APPROPRIATIONS	65,000
Transfers Out and Other Uses		0
	<b>NET OF</b>	
<b>CDBG Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Fund</b>	<b>0</b>
	<b>Balance</b>	<b>0</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>

**HOME Investment Partnerships Grant**

ESTIMATED REVENUES		
Federal Grants		<u>40,000</u>
	TOTAL ESTIMATED REVENUES	40,000
Transfers In and Other Sources		0

APPROPRIATIONS		
Community and Economic Development		<u>40,000</u>
	TOTAL APPROPRIATIONS	40,000
Transfers Out and Other Uses		0

	<b>NET OF</b>	
<b>HOME Investment Partnerships Grant Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Fund</b>	<b>0</b>
	<b>Balance</b>	<b>0</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>

**Drug Enforcement Fund**

ESTIMATED REVENUES		
Fines and Forfeits		<u>0</u>
	TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Safety		<u>89,699</u>
	TOTAL APPROPRIATIONS	89,699
Transfers Out and Other Uses		0

	<b>NET OF</b>	
<b>Drug Enforcement Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(89,699)</b>
	<b>Estimated Beginning Fund</b>	<b>0</b>
	<b>Balance</b>	<b>160,271</b>
	<b>Estimated Ending Fund Balance</b>	<b>70,572</b>

**PA 48 Telecommunications Fund**

ESTIMATED REVENUES		
State Grants		<u>195,867</u>
	TOTAL ESTIMATED REVENUES	195,867

Transfers In and Other Sources		0
APPROPRIATIONS		
Public Works		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		195,867
<b>PA 48 Telecommunications Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Fund Balance</b>	<b>0</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>

**Parking Fund**

ESTIMATED REVENUES		
Interest and Rents		<u>85,875</u>
	TOTAL ESTIMATED REVENUES	85,875
Transfers In and Other Sources		0
APPROPRIATIONS		
Public Works		45,000
Recreation and Culture		<u>2,872,300</u>
	TOTAL APPROPRIATIONS	2,917,300
Transfers Out and Other Uses		0
<b>Insurance Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>(2,831,425)</b>
	<b>Estimated Beginning Net Assets</b>	<b>15,118,760</b>
	<b>Estimated Ending Net Assets</b>	<b>12,287,335</b>

**Self-Insurance Workers' Compensation Fund**

ESTIMATED REVENUES		
Other Revenue		<u>645,465</u>
	TOTAL ESTIMATED REVENUES	645,465
Transfers In and Other Sources		0
APPROPRIATIONS		
Other Functions		<u>645,465</u>
	TOTAL APPROPRIATIONS	645,465
Transfers Out and Other Uses		0
<b>Self-Insurance Worker's Compensation Fund</b>	<b>NET OF REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Net Assets</b>	<b>33,519</b>
	<b>Estimated Ending Net Assets</b>	<b>33,519</b>

**Employee Sick and Vacation Fund**

ESTIMATED REVENUES		
Transfers In and Other Sources	TOTAL ESTIMATED REVENUES	0
		0
APPROPRIATIONS		
Transfers Out and Other Uses	TOTAL APPROPRIATIONS	0
		0
	<b>NET OF</b>	
<b>Sick and Vacation Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Net Assets</b>	<b>0</b>
	<b>Estimated Ending Net Assets</b>	<b>0</b>

**Insurance Fund**

ESTIMATED REVENUES		
Other Revenue		<u>980,410</u>
	TOTAL ESTIMATED REVENUES	980,410
Transfers In and Other Sources		0
APPROPRIATIONS		
General Government		94,923
Other Functions		<u>1,309,378</u>
	TOTAL APPROPRIATIONS	1,404,301
Transfers Out and Other Uses		0
	<b>NET OF</b>	
<b>Insurance Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>(423,891)</b>
	<b>Estimated Beginning Net Assets</b>	<b>2,583,895</b>
	<b>Estimated Ending Net Assets</b>	<b>2,160,004</b>

**District Court Fund**

ESTIMATED REVENUES		
State Sources		183,000
Charges for Services		801,718
Fines and Forfeits		922,758
Other Revenue		<u>(6,910)</u>
	TOTAL ESTIMATED REVENUES	1,900,566
Transfers In and Other Sources		880,000
APPROPRIATIONS		
General Government		<u>2,780,566</u>
	TOTAL APPROPRIATIONS	2,780,566
Transfers Out and Other Uses		0
	<b>NET OF</b>	
<b>District Court Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>0</b>
	<b>Estimated Beginning Fund Balance</b>	<b>0</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>



# Memorandum

**To:** Pontiac City Council

**From:** Joseph M. Sobota, M.P.A., City Administrator

**Date:** May 19, 2015

**Re:** TIFA budget amendments

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Due to some unanticipated changes in property tax captures and chargebacks in the TIFA districts, the City of Pontiac is required to adopt several budget amendments to recognize certain revenues and recognize certain financial guarantees required by GASB 70. As a result, the TIFA 2 Fund and the TIFA 4 Fund require budget amendments.

The easiest amendment to explain is TIFA 4. TIFA 4 has more fund balance than previously anticipated that can be used by TIFA 3 for the balance of this fiscal year ending June 30, 2015. Therefore, a budget amendment is required to authorize an additional transfer of \$199,273 from TIFA 4 to TIFA 3.

The second amendment involves TIFA 2. There are two negative actions that must properly be recorded in the budget. First, TIFA 2 was required to issue an \$84,089 property tax refund that is not reflected in the current budget. Second, as a result of the recalculation of the subsidy that the General Fund will be required to provide to TIFA 2 into the future, an additional \$476,488 financial guarantee repayment to the General Fund must be recorded as an expenditure this fiscal year so the City is in compliance with GASB 70. This will result in a greater fund deficit than presently recorded in TIFA 2 and has triggered the required filing of a deficit elimination plan with the Michigan Department of Treasury; however, the City has requested a waiver from filing a deficit elimination plan because the cause of the deficit is the implementation of GASB 70, an accounting rule recently enacted by the Government Accounting Standards Board regarding General Fund subsidized debt payments. The City has not yet received a response from Treasury, but the journal entry must be recorded before June 30, 2015, hence the requirement for a budget amendment.

Budgets cannot be amended subsequent to year end; therefore, the City Council is requested to approve the attached budget amendments no later than June 4, 2015 so the Transition Advisory Board and the State Treasurer can approve the amendments before June 30, 2015.

Under Section 5.106 of the City Charter, after at least one week's notice in a newspaper of general circulation, the City Council is permitted to adopt the proposed budget amendments. Five votes will be needed to approve the budget amendments. **Therefore, at the Council meeting of Thursday, May 21, I am requesting City Council to pass the following resolution:**

*Whereas, Section 5.106 of the City Charter requires the City Council to publish notice in a newspaper of general circulation at least one week's notice when it intends to adopt a budget amendment that appropriates fund balance to previously unavailable revenues;*

*Now, therefore, be it resolved that the City Council authorizes the City Clerk to advertise in a newspaper of general circulation that the City Council intends to consider a proposed budget amendment to the TIFA 2 Fund and the TIFA 4 Fund at its meeting on Thursday, June 4, 2015, and that such advertisement shall be published at least one week before June 4.*

**Therefore, at the Council meeting of Thursday, June 4, I am requesting City Council to pass the following resolution:**

**2014-15 Budget Amendment**

*Whereas, the Pontiac City Council adopted the 2014-15 amended budget on June 5, 2014; and,*

*Whereas, the Mayor, City Administrator, and Finance Director have determined that certain assumptions made over one year ago have resulted in changes to the financial condition of the City that require the City to amend various budgets for the 2014-15 fiscal year; and,*

*Now, therefore, be it resolved that the Pontiac City Council formally approves the following budget amendments and requests approval from the Transition Advisory Board and the State Treasurer:*

**Tax Increment Financing Authority District**

**2**

**ESTIMATED REVENUES**

Taxes	136,223
Charges for Services	38,000
Other Revenue	<u>395,297</u>
	<b>TOTAL ESTIMATED REVENUES</b>
	569,520
Transfers In and Other Sources	0

**APPROPRIATIONS**

Debt Service	<u>1,051,058</u>
	<b>TOTAL APPROPRIATIONS</b>
	1,051,058
Transfers Out and Other Uses	0

	<b>NET OF</b>	
<b>Tax Increment Financing District 2 Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	-481,538
	<b>Estimated Beginning Fund Balance</b>	-568,919
	<b>Estimated Ending Fund Balance</b>	-1,050,457

**Tax Increment Financing Authority District**

**4**

ESTIMATED REVENUES

Taxes		<u>391,211</u>
	TOTAL ESTIMATED REVENUES	391,211
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		548,530

	<b>NET OF</b>	
<b>Tax Increment Financing District 4 Fund</b>	<b>REVENUES/APPROPRIATIONS</b>	<b>-157,319</b>
	<b>Estimated Beginning Fund Balance</b>	<b>157,319</b>
	<b>Estimated Ending Fund Balance</b>	<b>0</b>