



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

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April 11, 2013

Andy Dillon, State Treasurer  
Michigan Department of Treasury  
Bureau of Local Government Services  
4<sup>th</sup> Floor Treasury Building  
430 West Allegan Street  
Lansing, MI 48922

Dear Mr. Dillon:

This is the seventeenth quarterly report of the Emergency Manager for the City of Pontiac submitted for your consideration as prepared by Carl Johnson of Plante & Moran. The quarterly report details the time period of January 1, 2013 through March 31, 2013.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Louis H. Schimmel".

Louis H. Schimmel  
Emergency Manager

Cc: Roger S. Fraser, Deputy Treasurer  
Edward B. Koryzno, Administrator, Office of Fiscal Responsibility

Emergency Financial Manager's Compliance Monitoring Report  
City of Pontiac  
Quarter Ended March 31, 2013

The following is the status of the City's compliance with maintaining adequate accounting systems and management practices:

- (a) Confirm - Revenues for the quarter ended March 31, 2013 are fairly stated in all material respects on both the modified and full accrual basis of accounting.**

All revenues are properly recorded in the appropriate funds and have been recorded on a timely basis. The Treasurer's office has worked diligently to ensure timely posting of cash receipts into the general ledger system that are not automatically integrated with the system, such as wire transfers, ACH transactions, and lockbox deposits (income taxes and property taxes).

- (b) Confirm - Expenditures for the quarter ended March 31, 2013 are fairly stated in all material respects on both the modified and full accrual basis of accounting.**

Expenditures for the quarter are fairly stated in all material respects. However, due to the deadline of this report and the volume of expenditures in a city this size, it is impossible to ensure that all expenditures are recorded in the general ledger before the due date of the report.

- (c) Confirm - All interfund transactions have been recorded in the financial records.**

The City had interfund balances recorded at June 30, 2012. As of the quarter ended March 31, 2013, a portion of the interfund balance was still recorded in the general ledger. However, no new interfund borrowings have occurred during fiscal year 2013.

- (d) Confirm - The City is in compliance with its budget for the fiscal year on a year-to-date basis and the budget has been amended as required by law.**

The City had a beginning fund deficit of approximately \$3,425,000 for fiscal year 2013.

The current amended budget for fiscal year 2013 anticipates revenue to exceed expenditures by approximately \$4,805,000. The cumulative fund deficit will be eliminated, resulting in a surplus of approximately \$1,380,000 at June 30, 2013. The deficit elimination is primarily due to the agreement with the Oakland County Water Resource Commission regarding the City's Water and Sewerage operations that occurred at the end of August 2012. The resulting surplus is lower than that reported on the December 31, 2012 quarterly report due to the City using the proceeds from the Water and Sewerage operations to pay off several additional outstanding long term debt obligations.

- (e) Deny - Bank reconciliations have been completed and appropriate journal entries have been made to the general ledger.**

Bank reconciliations have been completed through February 28, 2013. The majority of the March 2013 bank statements have been completed; however, several of the smaller bank statements are still being received by the Treasury division from the various banks and, therefore, cannot be completed by the date of this report.

- (f) Deny - Remittance of payroll taxes, pension payments, 401(k), debt payments and taxes collected for other governmental units were completed on a timely basis.**

The PFRS pension payments due June 30, 2012 have not been made.

PFRS VEBA payments due June 30, 2012 have not been made.

- (g) Confirm – General Fund cash flow for the preceding month (February) is fairly stated in all material respects.**

The attached cash flow shows the General Fund has a cash balance of \$5,497,813 as of March 31, 2013.

- (h) Confirm - Overtime is properly disclosed and reported in the most recent quarterly financial report.**

Cumulative Citywide and General Fund overtime totaled \$152,954 and \$69,447 as of March 31, 2013, respectively.

- (i) Confirm - All original financial source documents have been properly retained and preserved and the City is in compliance with all other financial legal requirements except as noted above.**

City of Pontiac			
General Fund Cash Flow			
Three Months Ended March 31, 2013			
Printed April 15, 2013			
	Actual	Actual	Actual
	January-13	February-13	March-13
<b>Beginning Cash Balance</b>	2,860,221	9,597,985	8,246,736
<b>Sources</b>			
Income tax	987,238	881,286	669,156
Property tax (inc PILOT, admin fee, P&I, gross levy to settlement)	74,887	10,355	(43,334) **
Revenue sharing	1,102,546	-	1,494,426
Revenue sharing (return of funds held in escrow)	-	-	2,520,798
Cable franchise fee	-	142,667	-
Building and Safety (permits, deposits, inspections, etc.)	268,503	96,884	255,165
Sale of Property	-	21,250	38,415
All other receipts	66,516	90,632	203,748
Monthly admin charges to other funds	106,407	106,407	106,407
PA 48 Proceeds	232,555	46,106	46,106
Reimbursement of interfund transactions	217,192	-	23,297
Final closeout of remainig cash balance of W&S Funds	9,008,714	-	-
<b>Total Sources</b>	12,064,558	1,395,587	5,314,184
<b>Uses</b>			
Employee Fringes (med, life, dental, opt, retiree, etc)	12,728	9,634	9,035
Sick and Vacation Allocation	8,195	8,195	8,195
P&F VEBA - City Contribution	2,627,760 #	-	3,243,232 #
Retiree Fringes (med, life, dental, opt, etc)	667,348	683,750	683,750
Workers Compensation	2,614	1,932	1,523
Transfer (subsidy) to court fund	166,667	166,667	166,667
Transfer (subsidy) to parking fund	1,475	1,475	1,475
Transfer (subsidy) to TIFA 2	141,690	141,690	141,690
Income tax refund checks	52,851	99,976	129,496
Payroll	317,748 *	127,656	122,278
Payroll - Overtime	5,736	3,765	2,406
Property Insurance Allocation	73,257	73,257	73,257
Accounts Payable:			
Utilities:			
AT & T	25,976	23,859	25,549
Consumers energy	14,094	13,791	13,369
DTE Energy	13,779	99,070	180,535
Legal services:			
Mokdad & Associates, P.C.	2,025	-	-
Glarmarco Mullins & Horton, P.	-	44,562	95,166
Johnston, Szykiel, Huntgoldsteinfi	829	-	3,304
McGraw Morris, P.C.	-	-	8,156
Plunkett Cooney, PC	482	-	-
Contractual & Professional services:			
Accountemps	16,146	11,463	13,289
BS&A	-	-	5,331
Kristel Cleaning, INC.	12,560	3,200	9,198
IKON Financial Services - GE	2,836	-	5,671
Innovative Software Services, Inc.	8,285	-	69,382
Oakland County - Sheriffs	919,917	898,865	962,556
Officeteam	5,402	4,395	14,998
Plante & Moran	3,000	64,000	22,333
SARCOM, INC.	33,343	-	70,017
Waterford Township - Fire Services	-	-	1,550,000
ADP	425	2,595	-
Schimmel, Louis	11,538	11,538	13,269
Star EMS	-	38	27
Wade Trim	127,064	197,734	253,000
Supplies:			
Certified Products			
Home Depot/Comm. Credit	267	538	452
Other Significant Items:			
Water Utility Bills	5,322	2,170	11,574
Miscellaneous other items:	45,434	51,023	152,927
<b>Total uses</b>	5,326,794	2,746,936	8,063,107
<b>Ending Cash Balance</b>	9,597,985	8,246,736	5,497,813
# - Settlement agreement payout			
* - Includes \$186,000 for final Fire Fighter Payout			
** Property tax settlement payouts account for the negative balance in March 2013			