



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

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July 15, 2013

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

Dear Mr. Dillon:

This is the eighteenth 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 April 1, 2013 through June 30, 2013.

Respectfully Submitted,

A handwritten signature in black ink that reads "Louis H. Schimmel".

Louis H. Schimmel
Emergency Manager

Cc: Edward B. Koryzno, Administrator, Office of Fiscal Responsibility

Emergency Manager's Compliance Monitoring Report
City of Pontiac
Quarter Ended June 30, 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 June 30, 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 June 30, 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 June 30, 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 \$3,425,000. The cumulative fund deficit will be eliminated. 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 March 31, 2013 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 May 31, 2013. The majority of the

June 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. This is strictly a timing issue.

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

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

The attached cash flow shows the General Fund has a cash balance of \$1,208,781 as of June 30, 2013.

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

Cumulative Citywide and General Fund overtime totaled \$164,957 and \$72,473 as of June 30, 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 June 30, 2013			
Printed July 15, 2013			
	Actual	Actual	Actual
	April-13	May-13	June-13
	5,503,671	5,438,796	4,752,575
Sources			
Income tax	1,588,312	996,715	720,458
Property tax (inc PILOT, admin fee, P&I, gross levy to settlement)	(146,775)	(16,056)	3,597,000 **
Revenue sharing	1,413,175	-	1,447,772
Cable franchise fee	-	143,901	-
Building and Safety (permits, deposits, inspections, etc.)	127,157	145,161	142,097
Sale of Property	29,223	68,540	66,270
All other receipts	132,008	55,096	66,855
Monthly admin charges to other funds	106,407	106,407	106,407
PA 48 Proceeds	46,106	46,106	46,106
Reimbursement of interfund transactions	123,745	73,000	40,259
Close out of EDC Fund	-	-	113,555
Close out of Strand Theater Fund	-	-	176,197
Total Sources	3,419,368	1,618,869	6,522,974
Uses			
Employee Fringes (med, life, dental, opt, retiree, etc)	9,043	-	- *
Sick and Vacation Allocation	8,195	14,149	8,195
GERS reimb - gen ee healthcare	-	(151,620)	-
P&F VEBA reimb - P&F ee healthcare	-	(705,363)	(344,583)
Retiree Fringes (med, life, dental, opt, etc)	683,750	683,750	683,750
Workers Compensation	150,274	-	-
Transfer (subsidy) to court fund	166,667	166,667	166,665
Transfer (subsidy) to parking fund	1,475	1,475	1,473
Transfer (subsidy) to TIFA 2	641,690	141,690	7,342,415
Transfer (subsidy) to DDA	-	(96,000)	-
Income tax refund checks	159,695	301,791	349,176
Payroll	139,472	200,296	124,479 *
Payroll - Overtime	4,064	1,720	967
Property Insurance Allocation	73,257	73,257	73,257
Accounts Payable:			
Utilities:			
AT & T	23,115	5,700	19,923
Consumers energy	11,068	2,509	589
DTE Energy	13,727	183,170	12,551
Oakland County - Water Utility Bills	2,143	-	1,970
Legal services:			
Mokdad & Associates, P.C.	270	-	-
Giarmarco Mullins & Horton, P.	41,327	64,812	43,779
Johnston, Szykiel, Huntgoldsteinff	4,028	4,085	911
McGraw Morris, P.C.	5,501	-	-
Contractual & Professional services:			
Accountemps	11,061	16,151	13,241
BS&A	3,270	-	-
Kristel Cleaning, INC.	6,280	6,388	6,388
IKON Financial Services - GE	2,836	2,836	-
Innovative Software Services, Inc.	38,761	29,703	-
Nowak & Fraus	-	7,769	4,929
Oakland County - Sheriffs	848,492	914,895	898,980
Officeteam	9,824	13,905	5,178
Plante & Moran	22,333	89,000	-
Rodwan Consulting	-	13,000	-
SARCOM, INC.	33,977	33,343	717
Wade Trim	126,500	124,500	230,274
Supplies:			
Staples	-	849	-
Home Depot/Comm. Credit	122	435	-
Other Significant Items:			
MI Dept of Treasury - Escheated income tax checks	-	176,506	-
Proper allocation of legal services/parking reimbursement	-	(167,340)	-
Consumers Energy - return of deposit right of way permit	-	-	83,780
Michigan Department of Natrual Resources	-	-	210,000
Miscellaneous other items:	242,026	151,064	127,763
Total uses	3,484,243	2,305,091	10,066,768
Ending Cash Balance	5,438,796	4,752,575	1,208,781
* Active employees fringe benefits are allocated through the City's payroll and is now included in the Payroll line for cash flow purposes.			
** Property tax chargebacks account for the negative cash in April and May and the final tax year 2012 settlement from the County accounts for the positive cash in June.			