



CITY OF PONTIAC
OFFICE OF THE EMERGENCY FINANCIAL MANAGER

LOUIS H. SCHIMMEL

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January 14, 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 sixteenth quarterly report of the Emergency Financial 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 October 1, 2012 through December 31, 2012.

Respectfully Submitted,

Louis H. Schimmel
Emergency Financial 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 December 31, 2012

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

- (a) Deny - Revenues for the quarter ended December 31, 2012 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, except that the proceeds from the complicated waste water transaction and a recently revised property tax calculation have not been completely entered into the general ledger. 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 December 31, 2012 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 December 31, 2012, 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 \$3,425,000 for fiscal year 2013.

The current amended budget for fiscal year 2013 anticipates revenue to exceed expenditures by approximately \$13,000,000. The cumulative fund deficit will be eliminated, resulting in a surplus of approximately \$9,500,000 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.

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

Bank reconciliations have been completed through November 30, 2012. The December

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 VEBA payment due June 30, 2011 has not been made. The pension payments due June 30, 2012 have not been made.

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

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

The attached cash flow shows the General Fund has a cash balance of \$2,860,221 as of December 31, 2012.

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

Cumulative Citywide and General Fund overtime totaled \$88,718 and \$53,016 as of December 31, 2012, 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 December 31, 2012			
Printed January 14, 2012			
	Actual	Actual	Actual
	October-12	November-12	December-12
Beginning Cash Balance	11,855,222	6,686,725	6,330,491
Sources			
Income tax	1,117,768	670,105	738,302
Property tax (inc PILOT, admin fee, P&I, gross levy to settlement)	152,820	93,274	651
Revenue sharing (state pays trustee - forwarded next month)	-	1,519,076	-
Cable franchise fee	-	-	133,537
Building and Safety (permits, deposits, inspections, etc.)	340,314	191,870	197,701
Sale of Property	147,532	-	-
All other receipts	148,406	48,399	156,891
Monthly admin charges to other funds	144,873	144,873	144,873
PA 48 Proceeds	15,031	15,031	15,031
Transfer In from W&S - WRC Agreement	-	-	-
Total Sources	2,066,744	2,682,628	1,386,987
Uses			
Employee Fringes (med, life, dental, opt, retiree, etc)	62,912	62,912	62,912
Sick and Vacation Allocation	2,732	2,732	2,732
GERS VEBA - City Contribution (Settlement for FY11)	116,019	-	-
GERS reimb - gen ee healthcare	-	-	-
P&F VEBA - City Contribution	-	-	-
P&F VEBA reimb - P&F ee healthcare	-	-	-
P&F VEBA reimb - Correction [1]	1,193,799	-	-
Retiree Fringes (med, life, dental, opt, etc)	683,750	668,536	674,695
Workers Compensation	18,182	18,182	18,182
State of Michigan - Unemployment Payment	-	-	-
Transfer (subsidy) to court fund	83,333	83,333	83,333
Transfer (subsidy) to parking fund	1,475	1,475	1,475
Transfer (subsidy) to sanitation	-	-	-
Transfer (subsidy) to TIFA 2	232,701	232,701	232,701
Property tax chargebacks	1,321,384	101,417	212,693
GM Prop. Tax Settlement payment (GF portion of \$2m)	631,479	-	-
Income tax refund checks	48,764	35,803	11,325
Payroll	161,403	180,158	194,807
Payroll - Overtime	7,111	13,514	11,781
Property Insurance Allocation	73,257	73,257	73,257
Accounts Payable:			
Utilities:			
AT&T	14,434	14,450	12,503
Consumers energy	294	5,152	8,874
DTE	-	99,524	98,113
Legal services:			
Axe and Ecklund	-	-	-
Googasian Legal (Ottawa Towers)	-	4,050	-
Giamarco Mullins & Horton, P.	31,585	53,081	35,378
Johnston, Szytkiel, Hunt and Gold	1,321	3,444	1,993
Plunkett Cooney, PC	1,389	689	-
Contractual & Professional services:			
Accountemps	15,441	19,591	11,346
Appraisals (various)	13,675	-	2,750
BS&A	-	3,270	-
Kristel Cleaning	6,280	-	6,802
Ikon	2,836	2,836	2,836
Innovative Software Services	12,092	-	19,770
Oakland County - Sheriffs	895,117	915,431	886,088
Office Team	1,263	7,168	4,295
Plante and Moran	-	89,333	-
Rehmann Accounting	-	47,500	47,500
Sarcom, Inc.	70,030	33,343	34,313
Waterford Township - Fire Services	1,033,333	-	1,550,000
ADP	1,035	1,497	847
Schimmel, Louis	11,538	17,308	11,538
Star EMS	-	-	-
Wade Trim	91,500	126,500	359,144
Other Significant Items:			
United Lawnscape	3,982	1,740	-
Elam	12,765	-	-
Service Heating and Cooling	9,376	4,218	257
Miscellaneous other items:	367,655	114,718	183,018
Total uses	7,235,241	3,038,862	4,857,257
Ending Cash Balance	6,686,725	6,330,491	2,860,221