



# City of Ecorse

3869 WEST JEFFERSON  
ECORSE, MICHIGAN 48229  
PHONE: (313) 386-2344

*The City of Friendship*

April 14, 2011

Andy Dillon, State Treasurer and Chair  
State Financial Authority  
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;

Enclosed is the Quarterly Report of the Emergency Manager for the City of Ecorse for your review and consideration. The report includes the Emergency Manager Compliance Monitoring Report, Deficit Elimination Plan Progress Report, General Fund Cash Flow Report for three months ended March 31, 2011, and the General Fund Revenue and Expenditure Report for the fiscal year 2010/2011.

Please feel free to contact me at (313) 386-2410

Sincerely,

Joyce A. Parker, Emergency Manager  
City of Ecorse

**Emergency Financial Manager's Compliance Monitoring Report  
City of Ecorse  
Quarter Ended March 31, 2011**

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, 2011 are fairly stated in all material respects on the modified accrual basis of accounting for governmental funds and full accrual basis of accounting for enterprise funds.*

General Fund revenue through March 31, 2011, including transfers in, other financing sources, and interdepartmental revenue, totaled \$13,765,685 or approximately 81% of budgeted revenues.

- (b) **Confirm** – *Expenditures for the quarter ended March 31, 2011 are fairly stated in all material respects on the modified accrual basis of accounting for governmental funds and full accrual basis of accounting for enterprise funds.*

The attached budget to actual report for the General Fund shows total actual expenditures of \$10,518,806 through March 31, 2011 for the fiscal year ended June 30, 2011. General Fund expenditures through the nine months of the fiscal year are at approximately 67% of the annual amended budget.

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

- (d) **Confirm** – *The City is in compliance with the budget act.*

**Confirm** – *The budget has been amended as required by law.*

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

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

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

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

General Fund overtime, which is representative of Citywide overtime, totaled \$508,483.

- (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.*

**CITY OF ECORSE**  
**Deficit Elimination Plan Progress Report**  
**March 31, 2011**

The Emergency Financial Manager (EFM) of the City of Ecorse was appointed on October 30, 2009. Since her appointment, the EFM has come up with a plan for eliminating the annual operating deficit of the City, as well as the cumulative deficit. The annual operating deficit has been approximately \$3.5 - \$4 million per year, on average, for the past five years. As of the most recent audited fiscal year end of June 30, 2010, the cumulative deficit of the City was approximately \$13 million.

Below is a summary of the components of the deficit elimination plan and a report on progress made for each item in the plan.

<b>REVENUE ENHANCEMENTS</b>	
<b>Plan</b>	<b>Status</b>
Review Licenses and permit fees to determine if amounts established are comparable rates given the cost of providing services also negotiate an annual maintenance and permit fee agreement with US Steel.	A proposal from the Building Department is complete. Revenue increase is estimated at \$95,000 annually. The new fee schedule is being used, effective July 2010.
Meet with the Ecorse Housing Commission to explore the feasibility of a Public Housing Detail funded by the Housing Commission. The City would provide police officers to the Housing Commission and then in turn be reimbursed for expense associated with officers.	The Ecorse Housing Commission voted to decline the offer made by the City to provide public safety services.
Consider a special assessment under Public Act 33 of 1951 for Police and Fire Operations	The special assessment roll was confirmed on May 2010 and will be included on the July and December tax bills. Revenue is estimated at \$1,500,000.
Request Proposals for sale of city owned property for development	Vacant lots and homes have been advertised for sale. The City is requesting proposals for the Mill Street Site and other commercial properties. Revenue estimated at \$15,000 for sale of vacant lots.
Write an ordinance to add a technology fee of \$5.00 to each citation written within the City	Fee was approved and will be added to citations commencing in May 2010. Revenue estimated at \$25,000 annually.
Apply for grants available for Police and Fire operations	The City applied for a COPS grant for the Police Department and SAFER Grant for the Fire Department. The SAFER grant has been approved in the amount of \$395,000. The COPS grant has been approved in the amount of \$208,000. Grant amendment required to use funds to bring back officers laid off is completed. One police officer has been recalled based on the COPS grant. Four part-time firefighters and three full-time fire fighters will be funded with the SAFER Grant.
Addition of a Traffic Detail in the police department	The City hired two part time officers to assist in the reduction of overtime and to assist in the implementation of the traffic detail. Estimated savings for reduction of overtime and increased revenues from traffic detail is \$150,000.

Total new revenue enhancements proposed at \$2,388,000.

**CITY OF ECORSE**  
**Deficit Elimination Plan Progress Report**  
**March 31, 2011**

<b>STAFF REDUCTIONS</b>			
<b>Department</b>	<b>Position</b>	<b>Projected Savings</b>	<b>Status</b>
City Clerk's Office	Clerk	\$38,300	Completed
Controller	Manager	65,000	Completed
Treasurer	Clerk	43,100	Completed
Fire Department	Reserve Positions	177,700	Completed
	Fire Chief	111,200	Completed
	3 Fire fighters	218,000	Paid thru SAFER grant for 2 years
Police Department	Deputy Police Chief	104,300	Completed
	3 Command Officers	353,000	Completed
Mayor & Council	Mayor position is vacant	69,000	Completed
	50% Mayor Pro-Tem	8,125	Completed
	50% Council	37,500	Completed
	Appointee Position	62,700	Completed
Building & Engineering	2 Clerks	85,200	Completed
Fire Department	2 Fire fighters retired and replaced with part time reserves	180,000	Completed
	Eliminate Deputy Treasurer, Deputy Assessor, Benefit Coordinator, CDBG Director. Create Deputy controller and CDBG/Assesing director	110,000	Completed

<b>OTHER REDUCTIONS</b>		
<b>Plan</b>	<b>Projected Savings</b>	<b>Status</b>
10% Employee Contribution to MERS Pension Plan	\$107,309	2% contribution agreement with AFSME (1/1-7/1/11). 4% contribution agreement with AFSME as of 7/1/11
Increase Prescription Co Pay to 5/10	117,000	Completed
One Furlough Day per week	159,300	Discontinued 1/1/11
Savings from Trash Contract	186,300	Completed
Estimated Savings/Public Works	355,000	Completed
Establish Docket Officer (Savings in Overtime)	60,000	Completed
Reprogram CDBG funds to pay expenses for ordinance officer.	40,000	Completed
Consider intergovernmental agreements with neighboring communities to reduce cost and increase efficiency	150,000	Meetings underway with River Rouge to consolidate Treasury, Assessing, Water & Sewer, and Public work operations.
Reduction in legal fees	200,000	\$160,000 is confirmed - reductions underway.

Total reductions proposed at \$3,038,034.

**CITY OF ECORSE**  
**Deficit Elimination Plan Progress Report**  
**March 31, 2011**

<b>OTHER ITEMS</b>	
<b>Description</b>	<b>Status</b>
Consider issuing Budget Stabilization Bonds and/or Judgment levy to structure repayment to Ecorse Public Schools for property tax collections from 2008 tax year and Summer 2009 taxes that were not distributed.	Court ordered judgment to be bonded. Process underway.
Consider Budget Stabilization Bonds and/or Judgment Levy to structure repayment to Wayne County for property tax collections from 2008 tax year and Summer 2009 taxes that were not distributed.	Court ordered judgment to be bonded. Process underway.
Consider establishing an internal service fund (ISF). The water and sewer (W&S) fund shall advance the ISF the necessary funds for the ISF to purchase the governmental fixed assets from the General Fund. The General Fund shall use the sale funds to repay the W&S Fund. The General Fund shall pay a yearly rental fee to the ISF for use of assets.	City is reviewing this transaction with its auditors.
Submit an application to a Local Lender requesting a Tax Anticipation Note to address immediate cash flow issues	Closed on January 26, 2010. Received TAN in the amount of \$2,600,000. TAN repaid in August 2010.
Submit an application to the State of Michigan, Department of Treasury requesting an Emergency Loan to address immediate cash flow issues	Application approved, closing occurred on February 19, 2010 for a loan in the amount of \$3,000,000.
Negotiating a settlement agreement with U.S Steel regarding a maintenance and permit fee agreement.	Settlement agreement completed with a settlement of \$367,000.
Request amendment to judgment levy for Pension Fund to allow funding for all divisions until the plans are 100% funded. Revenue estimated at \$1,100,000	Motion approved by Court on April 5, 2010.

<b>OTHER SAVINGS/EARNINGS TO SUPPORT GENERAL FUND OPERATING EXPENDITURES AND BUILDING IMPROVEMENTS</b>	
<b>Description</b>	<b>Status</b>
Demolish the Walcom building and salvage material	\$200,000
Reduce unused telephone lines and other services through AT&T	\$6,552 annual savings
Cancellation of New World Systems technology support	\$8,484 annual savings
Reduce the number of cell phones and associated expenses related to cell phone usage	\$9,600 annual savings
City wide auction of unused furniture and equipment	\$18,600
Salvage material (brick) at City location	\$5,000
Participate in Early Retiree Reinsurance Program and Retiree Drug Subsidy Program	ERRP - projected proceeds year 1 - \$99,500, year 2 - \$130,145. RDSP - \$71,500

**CITY OF ECORSE**  
**Deficit Elimination Plan Progress Report**  
**March 31, 2011**

Reduce janitorial service hours in City facilities	\$14,400 annual savings
Purchase of a new phone system	\$30,000 annual savings
Reduction in street lighting operations	\$82,000 annual savings

Total annual savings of \$151,036.

Total one time savings/earnings of \$524,745

**CITY OF ECORSE, MICHIGAN**  
**GENERAL FUND REVENUES AND EXPENDITURES**  
 Fiscal Year 2010/2011

	HISTORICAL DATA						CURRENT YEAR				
	Actual	Actual	Actual	Actual	Actual	Actual	Actual as of	2010/2011	2010/2011	Budget	Actual
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	March 31, 2011	Adopted	Amended	Variance -	% of
								Budget	Budget	Favorable	Amended
										(Unfavorable)	Budget
<b>REVENUES</b>											
Property taxes - Operating	\$ 8,281,462	\$ 6,897,839	\$ 6,418,376	\$ 7,137,059	\$ 6,319,560	\$ 6,423,271	\$ 5,566,634	\$ 6,857,000	\$ 6,735,334	\$ (1,168,700)	83%
Property taxes - judgment levy				1,125,268	1,185,405	1,335,483	1,774,052	4,500,800	2,247,800.00	(473,748)	79%
Grants	137,184	29,205	-	94,754	-	98,412	80,744	93,700	367,260.00	(286,456)	22%
Revenue sharing	1,921,356	1,886,437	1,941,839	1,778,744	1,879,835	2,113,947	861,618	1,483,000	1,591,680.00	(730,062)	54%
Licenses and permits	269,502	271,599	175,429	268,594	255,646	509,188	183,820	277,950	267,950.00	(84,130)	69%
Fines and forfeitures	774,202	865,657	349,308	676,969	664,848	572,947	356,811	710,000	560,000.00	(233,189)	60%
Charges for services	252,853	242,507	376,780	245,739	211,756	378,819	285,376	373,916	376,916.00	(91,540)	76%
Interest income	41,813	157,507	98,127	14,073	15,122	3,885	998	5,000	5,000.00	(4,004)	20%
Administrative charges	210,715	214,316	938,000	187,515	199,646	274,000	265,125	290,054	353,500.00	(88,375)	75%
Other	188,616	403,999	1,407,561	1,311,383	713,998	244,125	152,890	287,224	269,674.00	(116,784)	57%
Proceeds from insurance recoveries	-	-	-	-	-	-	2,219,048	-	2,217,500.00	1,548	100%
Proceeds from emergency loan	-	-	-	-	-	3,000,000	2,000,000	2,000,000	2,000,000.00	-	100%
Proceeds from the sale of assets	-	-	-	-	-	11,412	18,571	10,000	16,500.00	71	100%
<b>TOTAL REVENUES</b>	<b>12,077,703</b>	<b>10,769,066</b>	<b>11,703,420</b>	<b>12,870,098</b>	<b>11,445,836</b>	<b>15,065,496</b>	<b>13,765,685</b>	<b>16,888,644</b>	<b>17,041,654</b>	<b>(3,275,369)</b>	<b>81%</b>
<b>EXPENDITURES</b>											
Legislative	\$ 191,593	\$ 244,524	\$ 238,006	\$ 276,945	\$ 339,975	\$ 144,528	\$ 33,691	\$ 67,212	\$ 48,712	\$ 15,021	69%
District Court	455,534	469,183	407,758	552,858	541,341	497,968	351,171	507,046	495,546	144,375	71%
Executive	-	-	-	-	-	105,563	127,375	166,760	159,948	32,573	80%
Elections	34,404	43,896	31,750	37,823	31,724	41,790	29,046	35,000	35,000	5,954	83%
Assessor	117,657	97,646	104,803	132,116	124,744	137,981	54,698	106,006	106,606	51,308	52%
City Clerk	151,665	191,016	143,492	194,747	204,332	142,434	56,262	104,565	71,375	13,113	82%
Controller	282,957	352,182	358,844	370,444	370,444	390,840	189,523	340,551	264,929	75,466	72%
Audit	125,048	146,319	179,738	304,707	246,884	245,484	49,850	40,000	49,850	-	100%
Treasurer	137,661	124,839	110,528	188,457	226,329	156,413	103,716	135,885	144,135	40,419	72%
Building Maintenance	-	-	-	-	-	468,916	200,513	481,000	457,800	257,287	44%
Attorney	-	-	-	-	-	1,494,075	2,508,147	505,220	3,203,222	695,075	78%
Personnel	-	-	-	-	-	42,330	60,225	62,000	84,284	18,059	79%
General government	6,682,420	5,113,593	5,391,560	6,300,998	5,125,857	1,106,749	788,175	788,400	958,400	250,225	74%
Police department	3,091,463	3,308,465	3,199,603	3,417,199	3,114,882	2,758,431	1,852,604	2,201,054	2,482,774	630,170	75%
Fire department	2,188,380	2,183,459	1,702,497	2,066,337	2,206,961	2,139,448	1,539,450	1,359,829	2,108,329	568,879	73%
Inspections	398,017	467,431	238,536	347,284	381,157	285,489	142,999	250,202	212,052	69,053	67%
Department of Public Works	1,230,911	1,484,248	845,188	1,483,444	1,329,376	936,874	241,782	474,308	464,573	222,791	52%
Engineering	-	-	-	-	-	44,952	1,370	56,000	31,000	29,630	4%
Street lighting	-	-	-	-	-	294,700	249,253	480,000	410,000	160,747	61%
Community Planning	-	-	-	-	-	249,829	297,915	-	183,500	(24,415)	0%
Senior center	102,118	105,734	122,872	132,078	80,585	65,922	40,217	55,464	57,564	17,347	70%
Recreation	89,606	79,402	89,696	102,910	100,809	23,368	9,330	10,000	15,765	6,435	59%
Marina	-	-	-	-	-	26,972	14,129	26,600	25,000	10,871	57%
Retiree	-	-	-	-	-	1,299,997	1,322,314	1,361,000	1,512,500	190,186	87%
Debt Service	-	-	-	-	-	24,700	116,316	1,456,800	1,458,800	1,340,484	8%
Transfers to other funds	21,303	-	-	514,071	269,531	380,227	-	125,655	125,655	125,655	0%
Transfer to debt service fund	453,256	447,530	454,553	451,431	452,704	451,338	300,735	451,328	451,328	150,593	67%
<b>TOTAL EXPENDITURES</b>	<b>15,153,393</b>	<b>14,859,487</b>	<b>13,618,764</b>	<b>16,873,849</b>	<b>15,117,634</b>	<b>13,997,328</b>	<b>10,518,806</b>	<b>11,647,905</b>	<b>15,616,047</b>	<b>5,097,241</b>	<b>67%</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(3,075,690)</b>	<b>(4,090,401)</b>	<b>(1,915,344)</b>	<b>(4,003,751)</b>	<b>(3,671,848)</b>	<b>1,068,170</b>	<b>3,246,879</b>	<b>5,240,739</b>	<b>1,425,007</b>	<b>1,821,872</b>	
<b>BEGINNING FUND BALANCE</b>	<b>5,413,583</b>	<b>2,337,893</b>	<b>(1,752,508)</b>	<b>(3,667,852)</b>	<b>(7,070,028)</b>	<b>(10,867,467)</b>					
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601,577</b>	<b>(125,593)</b>	<b>(1,507,315)</b>					
<b>ENDING FUND BALANCE</b>	<b>\$ 2,337,893</b>	<b>\$ (1,752,508)</b>	<b>\$ (3,667,852)</b>	<b>\$ (7,070,028)</b>	<b>\$ (10,867,467)</b>	<b>\$ (11,306,612)</b>					

CITY OF ECORSE  
GENERAL FUND CASH FLOW FOR THE THREE MONTHS ENDED MARCH 31, 2011

	January 2011	February 2011	March 2011	Total
<b>Beginning balance</b>	\$ 3,959,843.26	\$ 2,444,067.34	\$ 1,960,487.70	8,364,398.29
<b>INFLOWS</b>				
Revenue Sharing	286,353.00	-	255,059.00	541,412.00
Property taxes - operating	377,752.30	89,107.51	220,377.67	687,237.48
Property taxes - judgment	259,656.16	119,983.32	1,117,223.36	1,496,862.84
Grant revenue	-	-	-	-
Licenses & permits	6,794.00	6,866.00	49,838.00	63,498.00
Charges for services	19,730.65	23,880.92	30,964.85	74,576.42
Fines & forfeitures	42,866.70	36,105.60	49,164.30	128,136.60
Interest & rentals	1,336.40	25,000.30	3,338.97	29,675.67
Refunds and rebates	60,432.59	12,096.86	8,272.63	80,802.08
Insurance reimbursement	-	75,000.00	-	75,000.00
Emergency loan proceeds	-	-	-	-
Other	74,848.53	608.88	1,475.09	76,932.50
Interfund reimbursement	397,227.50	-	120,098.00	517,325.50
<b>Total Inflows</b>	<b>1,526,997.83</b>	<b>388,649.39</b>	<b>1,855,811.87</b>	<b>3,771,459.09</b>
<b>OUTFLOWS</b>				
Payroll & related payroll taxes	319,762.66	277,238.56	281,756.08	878,757.30
Employee/Retiree health insurance & fringes	193,482.04	185,112.65	185,193.49	563,788.18
Pension contribution	123,922.97	100,427.06	80,054.38	304,404.41
<b>PAYROLL &amp; FRINGE BENEFITS</b>	<b>637,167.67</b>	<b>562,778.27</b>	<b>547,003.95</b>	<b>1,746,949.89</b>
EFM	11,000.00	11,000.00	11,000.00	33,000.00
Legal - other	40,000.00	11,739.75	13,087.83	64,827.58
Legal settlements	2,142,500.00	75,000.00	32,331.90	2,249,831.90
Accounting/finance consulting	11,633.00	1,890.00	21,870.00	35,393.00
Contractual services	24,766.60	16,492.04	26,592.71	67,851.35
Election	-	44.00	405.00	449.00
Utilities	21,662.98	96,628.53	56,213.12	174,504.63
Liability insurance	53,202.06	49,705.06	52,202.06	155,109.18
Audit	-	7,850.00	-	7,850.00
Operating supplies	5,724.53	1,750.75	3,718.48	11,193.76
Building and equipment maintenance	4,687.41	17,590.10	11,996.78	34,274.29
Capital equipment	-	-	14,192.35	14,192.35
Information technology	5,721.53	6,949.38	14,478.89	27,149.80
Debt service	74,670.25	11,190.00	75,221.25	161,081.50
Other expenses	10,037.72	1,621.15	7,506.86	19,165.73
<b>OTHER OPERATING EXPENDITURES</b>	<b>2,405,606.08</b>	<b>309,450.76</b>	<b>340,817.23</b>	<b>3,055,874.07</b>
<b>Total Outflows</b>	<b>3,042,773.75</b>	<b>872,229.03</b>	<b>887,821.18</b>	<b>4,802,823.96</b>
<b>Increase (Decrease) in cash</b>	<b>(1,515,775.92)</b>	<b>(483,579.64)</b>	<b>967,990.69</b>	<b>(1,031,364.87)</b>
<b>Ending Cash Balance</b>	<b>\$ 2,444,067.34</b>	<b>\$ 1,960,487.70</b>	<b>\$ 2,928,478.39</b>	