

City of Detroit

FY 2015 Financial Update



Year to Date Results and Liquidity Position

▪ Budget to estimated actuals as of February 6th, 2015

– For the 32 weeks ended February 6th, operating surplus before reinvestment activity was \$151m. Notable revenue and expense items include:

- Revenues
 - General City property tax revenues are higher than prior year and budget due to collection from Wayne County of amounts from prior periods
 - Income tax receipts are higher than prior year, but slightly lower than budget. Variance from the prior year is primarily due to lower refund payments in FY 2015
- Expenditures
 - Payroll continues to be lower than budget as a result of lower headcount, partially offset by a higher number of contract staff (PSCs)
 - Overtime is higher than budget. Majority of this variance is due to higher overtime at the Fire Department resulting from understaffing which is being addressed
 - Benefit payments are higher than budget because the General Fund has not been charging other funds for their portion of benefit payments. The Office of the CFO is following up to have this corrected
 - Subsidy payments, primarily to DDOT, are lower than prior year and budget due to timing

– Total liquidity was \$296m as of February 6th

\$ in millions	32 weeks		Prior Year		Budget		Total Available Liquidity
	Operating Revenues	Operating Expenditures	32 weeks	Difference	32 weeks	Variance	
Operating Revenues	\$ 728.7		\$ 742.5	\$ (13.8)	\$ 712.5	\$ 16.2	Cash Balance \$ 207.0
Operating Expenditures	(577.4)		(632.8)	55.4	(626.3)	48.9	+ Available Exit Proceeds 87.0
Operating Surplus (before Reinvestment)	\$ 151.3		\$ 109.7	\$ 41.6	\$ 86.2	\$ 65.0	+ 2012 Refinancing Proceeds (in escrow) 64.7
Ending cash balance (net of prop. tax distributions owed)	\$ 207.0		\$ 129.7				-5% Cash Reserve (62.3)
							Total Liquidity \$ 296.4



Summary FY 2015/2016 General Fund Budget

\$ in millions

	Prelim. Actual		Budget	
	FY14	FY15	FY15	FY16
Estimated Beginning GF Surplus / (Deficit)	\$ (132.6)	\$ (58.2)	\$ (58.2)	\$ 0.0
Budget Activity				
GF Revenues	1,166.3	1,205.6	1,205.6	1,018.9
GF Appropriations	(1,091.9)	(1,245.6)	(1,245.6)	(1,067.8)
POA Balance Sheet Adjustments	-	209.5	209.5	-
Budget Reserve	-	(111.3)	(111.3)	49.0
Net Annual Surplus/(Deficit)	74.4	58.2	58.2	-
Projected Ending Surplus/(Deficit)	\$ (58.2)	\$ 0.0	\$ 0.0	\$ 0.0

	FY15		FY16	
	Budget Reserve	-	\$ 111.3	-
Beginning Balance	111.3	111.3	111.3	(49.0)
Net activity	111.3	\$ 111.3	\$ 111.3	\$ 62.3
Ending Balance	-	-	-	-

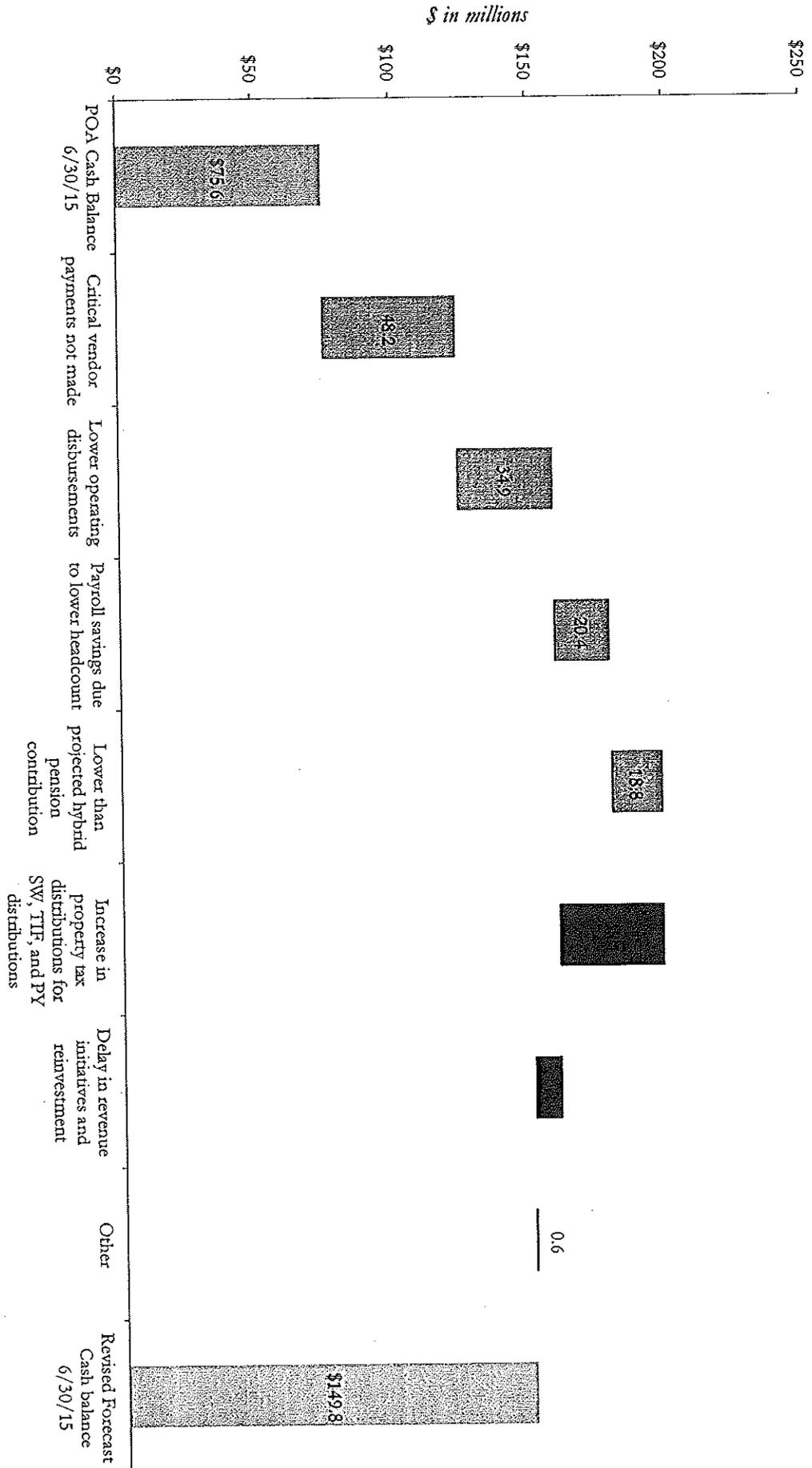
*Memo: Minimum Balance (5% of appropriations)
Cushion above 5%*

\$ 62.3	\$ 53.4
49.0	8.9



FY 2015 Preliminary Cash Outlook

The City is currently projecting a FY 2015 ending cash balance of \$150m, \$74m higher than in the Plan of Adjustment projections. The main drivers of the favorable variance are shown below.



Financial Dashboard

For 32 weeks ended February 6, 2015
\$ in millions

	Actual		Prior Year		Budget	
	32 weeks	32 weeks	32 weeks	Difference	32 weeks	Variance
General Fund						
General Fund Property taxes	\$ 109.3	\$ 107.8	\$ 94.7	1.6	\$ 94.7	14.6 (1)
Net Income taxes	158.9	155.9	160.1	3.1	160.1	(1.2)
Utility taxes	13.2	2.7	10.5	10.5	10.5	2.7
Earning taxes	108.5	102.6	107.1	5.9	107.1	1.4
Distributable State aid	129.7	124.8	129.8	4.9	129.8	(0.2)
Other	209.1	248.8	210.3	(39.7)	210.3	(1.1)
Total Receipts	728.7	742.5	712.5	(13.8)	712.5	16.2
Payroll, taxes, & deductions	(215.9)	(212.8)	(234.2)	(3.2)	(234.2)	18.3 (2)
Benefits	(53.9)	(121.3)	(45.9)	67.4	(45.9)	(7.9) (3)
Pension contributions	(20.1)	(33.7)	(37.3)	13.6	(37.3)	17.2 (4)
Subsidy payments	(202.7)	(203.4)	(214.5)	0.7	(214.5)	11.8
Materials, contracts & other operating expenditures	(84.8)	(61.6)	(94.3)	(23.2)	(94.3)	9.5
Professional fees	(577.4)	(632.8)	(626.3)	55.4	(626.3)	48.9
Total Disbursements	(577.4)	(632.8)	(626.3)	55.4	(626.3)	48.9
Operating Surplus (before Reinvestment)	\$ 151.3	\$ 109.7	\$ 86.2	\$ 41.6	\$ 86.2	\$ 65.0
Financing Adjustments	(144.1)	(43.7)	(144.1)	(100.5)	(144.1)	-
Non-Financing Adjustments	43.1	28.9	54.3	14.2	54.3	(11.2)
Total Adjustments to arrive at Net Cash Flow	(101.0)	(14.8)	(89.8)	(86.2)	(89.8)	(11.2)
Net Cash Flow (5)	\$ 50.3	\$ 94.9	\$ (3.6)	\$ (44.6)	\$ (3.6)	\$ 53.8
Month:						
Beginning cash balance (net of dist. owed)	\$ 156.8	\$ 36.0				
Net Cash Flow (5)	50.3	94.9				
Lockbox reserves	(0.1)	(1.2)				
Ending cash balance (net of dist. owed)	\$ 207.0	\$ 129.7				

	Actual	Actual	Budget*
	Jan-14	Jan-15	FY2015
Enterprise funds	3,178	2,913	3,230
Total City	8,963	8,667	9,141

	Actual	Actual	Budget*
	Jan-14	Jan-15	FY2015
Public safety	3,798	3,917	3,936
Non-public safety	1,987	1,837	1,975
General City	5,785	5,754	5,911

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	Actual
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City of Detroit
2015 Budget Calendar

- Budget Instructions to Departments (01/16)
- Internal Projections for Revenue Conference (01/23)
- Finalize Revenue Estimates (01/28)
- Departments Return Budget Submission (01/29)

- Present Revenue Estimates to CFO, Deputy Mayor (02/02)
- Finalize Recommended Budget with CFO (02/13)
- Mayor's Meetings with CFO and Budget (02/17)
- Mayor's Approval of Budget (02/17)
- Revenue Conference (02/20)
- Deliver Budget to City Council (02/20)
- City Council Budget Hearings (02/25 - 02/28)

- City Council Budget Hearings (03/01 - 03/06)
- Public Hearing on Budget (03/06)
- City Council Vote (03/11)
- Mayor's Veto (03/13)
- City Council Override Vote (03/18)
- Submit to Financial Review Commission (03/23)

- FRC Approval/Disapproval (04/22)

- If Disapproved, City Submits Revised Budget (05/07)

- Tax Statement Approved (06/2015)

