

City of Detroit

CITY COUNCIL

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1076

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ig.*

DATE: January 7, 2013

RE: Joint Mayor and City Council Plan to Address the City's Current Cash Flow Crisis by June 30, 2013 (Report Number 1)

Council President Charles Pugh and Councilman Kenneth Cockrel, Jr., requested that I provide a report describing the process undertaken by a working group including representatives of the Bing Administration, President Pugh, Pro Tem Brown, Councilman Cockrel, and Fiscal Analysis Division staff the last few weeks to address the current cash flow crisis by June 30, 2013 with the goal of avoiding the appointment of an emergency financial manager under PA 72 of 1990, or the appointment of an emergency manager under the new "EM law", PA 436 of 2012, which becomes effective March 27, 2013; and to avoid bankruptcy proceedings.

Description of Process

1. At 9 AM on Thursday, December 20, 2012, President Pugh, Pro Tem Brown, Council Cockrel and representatives from the Auditor General's Office, Fiscal Analysis Division and Research and Analysis Division met with members of the Governor Snyder's Financial Review Team to discuss the City's current cash flow crisis.
2. The Financial Review Team met with various representatives of the Bing Administration throughout the day on December 20th.
3. At 5 PM on December 20th, representatives of the Administration, including Ernst & Young, Members Pugh/Brown/Cockrel and Fiscal met again with the Financial Review Team.
 - a. For purposes of discussion, Fiscal presented some cost cutting proposals including: 1) an additional 20% wage cut for civilians and police and fire uniform employees; 2) a 10%

employee pension contribution from active civilian and uniform employees; 3) an additional 20% contribution from active civilian and uniform employees for health care benefits-going from 20% to 40% cost sharing; and 4) an additional 40% contribution from retirees for health care benefits-going from 20% to 60% cost sharing; all of which would generate \$135 million in annual savings and \$11.3 million in monthly savings. The current 2012-13 annual structural imbalance is approximately \$120 million. The 2012 CAFR reflects a \$130 million structural imbalance for 2011-12.

- b. Fiscal's ideas may have become a part of what has been characterized as "Council's plan". However, Fiscal's main intent was to present ideas to the Financial Review Team to make the point that the major costs to the general fund are employee (salary and benefits) and retiree health care cost; and that these items need to be significantly reduced in order for the City to eliminate deficits moving forward. For instance, the City spends about \$270 million annually for healthcare cost, of which \$170 million is related to retirees. The latest OPEB (Other Post-Employment Benefits) actuarial estimate is \$5.8 billion. This liability is expected to continually increase without structural changes to retiree benefits.
 - c. Fiscal recognized that these cost cutting ideas would have to be negotiated, and that this level of cuts to retiree healthcare cost may be problematic. Fiscal also recognized that the Administration has contemplated revenue generating initiatives as well.
4. Also during the 5 PM discussion on December 20th, the Administration presented its revenue generating/cost cutting ideas to the Financial Review Team including:
- a. Revenue enhancement by raising fees for services, enhanced income tax collections, asset sales, collection of past due amounts and increase rates for PLD customers (in process);
 - b. Implementation of CETs on contracts expiring June 30, 2013;
 - c. Freeze pension plans for a period of time, require/increase employee contributions to pension plan, offer lump sum retiree buy-outs;
 - d. Elimination of dental and vision for actives and retirees, cap medical contribution for new retirees;
 - e. Eliminate parking allowance and city cars;
 - f. Further rationalization of department budgets, including legislative branch (City Council) and legislative agencies;
 - g. Renegotiate leases and lease agreement for Belle Isle;
 - h. RFP to outsource vehicle maintenance and evaluate outsourcing of other functions including law, IT, finance, DDOT;

- i. Raise funds from non –profit organizations to help fund recreation centers and generate donations to a new non-profit to fund recreation in Detroit, previously funded by the general fund ;
 - j. All vendors taking a 10% price reduction, reducing departmental purchases by 10%;
 - k. Long term debt-refinancing to reduce interest rates on outstanding debt (investment banker to be retained), POC swap restructuring, OPEB restructuring and pension restructuring.
 - l. All of which would have a potential minimal impact of \$110 to \$160 million annually to address the structural imbalance. It should be noted that savings projections had not yet been determined for several efficiency items denoted above.
5. Also during the 5 PM discussion on December 20th, the Financial Review Team indicated it wanted a joint plan from the Administration and City Council to immediately address the cash flow crisis through June 30, 2013 with the plan presenting cost savings/revenue generating initiatives of approximately \$15 million per month through June 30th with the infusion of only an additional \$20 million from the escrow account. The Financial Review Team would receive this plan to help make its recommendation to Governor Snyder by the end of December 2012 (that timeframe has now been extended to mid-January 2013) to either continue the consent agreement or appoint an Emergency Financial Manager.
6. As a result, it was decided during this discussion to convene a working group to develop a joint Mayor and City Council plan to address the cash flow crisis. The working group comprised of the Administration, including representatives of the Mayor's office, Finance, Law, Human Resources/Labor Relations, Ernst & Young and Miller Canfield; and Council President Pugh, Pro Tem Brown, Councilman Cockrel and Fiscal.
 - a. Between Saturday, December 22nd and Wednesday, January 2nd, the working group met seven times via telephonic conference calls to develop a joint plan. One meeting focused on pension and retiree health care reform with representatives from Milliman.
 - b. In addition, between Thursday, December 28th and Thursday, January 3rd, the Mayor, Mayor's Office, President Pugh, Pro Tem Brown and Councilman Cockrel met to discuss the joint plan.
7. Attachment I is the joint Mayor and City Council plan to address the City's cash flow crisis.
8. An abbreviated version of the joint Mayor and City Council plan is provided below:

Joint Mayor and City Council Cash Flow Plan Summary In Million's	
	<u>FY 2013</u>
Net cash flow before counter-measures	(\$113.7)
Plus: structural changes (furloughs, pension/ health care changes, layoffs, revenue initiatives, etc.)	\$27.2
Plus: short-term cash opportunities (past due invoices, release self-ins escrow, pension/benefit payment deferrals, assets sales, cash conservation committee, etc)	\$34.7
Plus: escrow proceeds (limited to \$30 million)	\$30.0
Plus: beginning cash balance	\$29.8
Less: accumulated property tax distributions	(\$36.4)
Cash net of distributions	<u>(\$28.4)</u>
Other Opportunities for FY 2013	
Escrow funds remaining	\$51.7
State revenue sharing advance July 2013 (estimated)	\$28.9
Restructuring related cost savings	tbd
Total other opportunities	<u>\$80.6</u>
	<u>FY 2014</u>
Net cash flow	\$3.5
Other opportunities NOT Included in FY 2014 numbers	\$100-\$150

Highlights:

- Structural changes are considered permanent structural changes with the exception of furloughs, which represent a 10% wage reduction ending December 31, 2013. The wage reduction could reach 20% depending on cash flow needs.
- The short-term cash opportunities are critical to help address the cash flow crisis through June 30, 2013. One-time items such as asset sales may not be available in FY 2014; and deferrals such as benefits/self-insurance payment deferrals will have to be repaid in future periods based on negotiated repayment schedules.
- The State released \$10 million from the escrow funds in December 2012 based on certain approvals from City Council. The cash flow plan assumes additional release of \$20 million

from the escrow funds by April 30, 2013 based on additional approvals from City Council and positive changes to cash flow.

- The plan assumes additional savings from retiree health care reductions, current year pension contribution payment deferrals; and other opportunities such as remaining escrow funds, advance payment of state revenue sharing and restructuring of city services will more than compensate for the projected negative cash flow balance of \$28.4 million as of June 30, 2013.
- FY 2014 is projected to end up with a positive net cash flow balance of \$3.5 million based primarily on full year savings from City Employment Terms/labor contracts that were imposed in July 2012, headcount reductions and revenue initiatives. Revenue growth is stagnant, which may be optimistic for property tax revenue as assessed values continue to drop.
- However, full implementation of furlough days, incremental changes to active/retiree health care and pension, additional headcount reduction post department reviews, debt refinancing at lower interest rates and collection of delinquent receivables/fees could generate up to \$100-\$150 million to further compensate for drops in revenue streams and payment deferrals coming due in FY 2014.

A more detailed analysis of the joint Mayor and City Council cash flow plan is below.

Joint Mayor and City Council Plan to Address City's Cash Flow Crisis

Page 1 of Attachment I shows a cumulative negative net cash flow balance of \$113.7 million as of June 30, 2013 for the City without proceeds from the escrow account.

Page 2 of Attachment I shows the "counter-measure" line items to address the negative cash flow balance by June 30, 2013. The line items are broken up into two parts: permanent structural changes and short-term cash opportunities. Pages 3 and 4 provide some brief commentary regarding the counter-measures. The following analysis provides some additional commentary for some of the counter-measures on Page 2 for Council's consideration. And where applicable, Fiscal provides recommendations regarding ordinance, resolutions and contracts that will be before you during tomorrow's formal session.

Furloughs

- Furloughs represent a 10% wage reduction through furlough (one day off without pay every two weeks) for the period February 1, 2013 through December 31, 2013 for non uniform and police/fire administrative employees.

- The working group initially considered a 20% wage reduction for the first three months and a 10% wage reduction for the remaining eleven months. However, the consensus of the working group, the Mayor and Council members was that a 20% wage reduction was too drastic on employees and the City would risk losing too many qualified employees and would be too disruptive to city service delivery. The State Treasurer's Office has agreed to just the 10% wage reduction based on this rationale.
- Fiscal felt a temporary wage reduction without furloughs would possibly impact a larger pool of employees without service disruptions, but the consensus of the working group felt furloughs provided a more favorable bargaining position with the unions.
- Furloughs are currently being negotiated with the civilian unions. The Administration desires an amended labor contract by February 1, 2013 and avoid going to impasse. The Administration cannot bargain or impose on uniformed personnel due to Act 312 issues. DPOA and DPCOA are currently in Act 312 arbitration.
- **During tomorrow's formal session, the Administration would like your Honorable Body to consider introducing an ordinance to provide a 20% reduction in hours through furlough for non-union executive and legislative branch employees ending December 31, 2013. The ordinance would also allow for a commensurate reduction on 36th District Court's budget. In addition, the Administration desires for Council to set a public hearing on the ordinance by January 15th. The Administration emailed a copy of the ordinance to Council on Friday, January 4th.**
- Although the intent is to just implement a 10% wage reduction, the Administration would like the latitude to impose a 20% wage reduction if needful to more effectively address cash flow. Human Resources however determined that certain employees may be eligible for unemployment benefits if they were off one day every week.
- The Fiscal Analysis Division recommends approval of introducing this ordinance.
- The working group initially considered that an emergency ordinance imposing wage, health care and pension reductions on the non uniform employees be passed by your Honorable Body. But the consensus of the working group felt an emergency ordinance would be too cumbersome since another emergency ordinance or non emergency ordinance would have to come to Council after the 60-day expiration period of the first emergency ordinance.

Pension changes

- Pension changes primarily represent the freezing of employee pension service credits for one year. In other words, the City would not make its normal cost pension contributions to the pension systems for one year.
- Miller Canfield will provide legal analysis regarding this change. The State constitution requires the funding for pension service earned, however since this change suspends the

service credit for a year, it should not violate the State constitution. Milliman will also provide some financial analysis on this change.

- This pension change is currently being negotiated with the civilian unions but not with the uniform unions since DPOA is in Act 312 arbitration. The board of trustees of both the General Retirement System and the Police and Fire Retirement system would also have to agree with this pension change.
- **During tomorrow's formal session, the Administration would like your Honorable Body to consider introducing an ordinance to provide that a member shall neither earn any service credit nor accrue any credited service during the period of February 1, 2013 through January 31, 2014. In addition, the Administration desires for Council to set a public hearing on the ordinance on January 15th. The Administration emailed a copy of the ordinance to Council on Friday, January 4th.**
- Since this pension changes reduces pension benefits, it is of the opinion of the Law Department that the ordinance would **not** have to lie on the table for 90 days according to the City Charter. The 90 day window is to allow enough time for an actuary to prepare an actuarial valuation regarding changes to the pension factors involving benefit increases.
- The Fiscal Analysis Division recommends approval of introducing this ordinance.
- The Fiscal Analysis Division does suggest that the Law Department ensure that this pension change does not jeopardize the qualified plan status of the retirement systems. This should not hinder a vote by Council tomorrow; it is just a question at this point.
- Council should note that the Law Department is currently working on updating the pension ordinances to comport to the changes in the CETs that would relate to both union and nonunion employees. Those changes will be coming to Council sometime this month.
- **It should be noted, however, that any changes to pension factors now may not produce savings until FY 2014 since the changes have to be based on an actuarial valuation of a year prior to the changes, according to Sec. 47-2-19 of the pension ordinance.** This could reduce the projected savings from pension changes DGRS by \$2 million in the joint Mayor and City Council cash flow plan. This could be absorbed however by Other Opportunities discussed below.
- In addition, Fiscal brought to the attention of working group Council approved "specials" for both pension improvements and healthcare benefits that City Council has authorized through the years due to requests of the two retiree associations. Based on the Redbook appropriations, these "special" amounted to \$22.1 million, and are rolled into future years of the actuarial reports and the healthcare costs. The question: is it worth it cash-wise, to cancel these specials and recalculate everyone's pension to the factor they received when they retired? Miller Canfield indicated they would have to review the wording associated

with the resolutions Council passed to determine if these could be eliminated. The working groups agreed this should be reviewed.

- Milliman will also assist the Administration in providing alternative scenarios to address the UAAL (Unfunded Actuarial Accrued Liabilities). In addition, the Administration will have Milliman analyze the DROP (Deferred Retirement Option Plan) to determine if it is cost-neutral to the City. If it is not, the DROP should be eventually eliminated or modified in such a way that it is cost neutral to the City.

Healthcare changes

- Healthcare changes represent active employees going to a 70/30 cost sharing from the current 80/20 cost sharing for healthcare benefits.
- This healthcare change is currently being negotiated with the civilian unions but not with the uniform unions since DPOA is in Act 312 arbitration.
- **During tomorrow's formal session, the Administration would like your Honorable Body to pass a resolution adopting the 70/30 option for medical benefits plans, or contributions thereto, for City of Detroit elected officials, appointees and employees, effective February 1, 2013.** The Administration emailed a copy of this resolution to Council on Friday, January 4th.
- If passed, the resolution would only apply to nonunion employees until such time this change is adopted by any new labor contracts.
- The Fiscal Analysis Division recommends approval of this resolution.
- By the end of January, Miller Canfield should complete its legal analysis on retiree healthcare. At minimum, Miller Canfield needs to review all labor contracts/ordinances that possibly impact the provision of retiree healthcare and retiree benefits. There is Michigan case law where retiree healthcare is protected. Private sector employers have been successful in eliminating retiree health benefits but this process has only begun taking root in the public sector in recent years. Stockton, CA was able to eliminate retiree healthcare recently but through bankruptcy proceedings.
- At minimum, public sector employers are more successful in reducing or eliminating health care benefits for retirees commensurate with the actives. There is also opportunity to provide more plan design changes especially for pre-medicare retirees to generate savings.
- Milliman will also look at alternatives to reduce retiree healthcare and the OPEB liability.
- **As a result, no savings figures are provided for healthcare-retiree at this time.**
- **During tomorrow's formal session, the Administration is requesting that your Honorable Body increase the Milliman contract by \$250,000 to evaluate pension and health cost reduction alternatives.** The contract would be paid out of the Restructuring and Consolidation appropriation in Non-Departmental. The Fiscal Analysis Division recommends

- approval of this contract increase. The Administration emailed a copy of this contract to Council on Thursday, January 3rd.
- Also during tomorrow's formal session, the Administration is requesting that your Honorable Body pass a resolution indicating the City should move away from its current structure of providing retiree health care toward an alternative model structured to better match the provision of retiree health care benefits with the City's ability to pay the benefits in a sustainable fashion. The Administration emailed a copy of this resolution to council on Friday, January 4th.
 - The Fiscal Analysis Division recommends approval of this resolution. The legal and financial analyses received by the Council with two months should inform Council how to best provide retiree healthcare benefits in a sustainable fashion in the future.

Layoffs/attrition

- Layoffs/attrition represents a reduction of 400 employees by June 30, 2013.
- Page 5 of Attachment I provides the basis of this scenario: 132 layoffs as projected and 210 retirements based on trends. Additional headcount reductions would be achieved through departmental re-organizations and outsourcing.

City Council cost reduction

- City Council's budget would be cut by 20% through a re-organization.
- The Administration plans to meet with Council members individually during January to discuss this plan.

Purchases reduction

- Purchases reduction represent looking at cutting vendor contracts up to 10% and suspension/elimination of non-essential purchases.

Release of self-insurance escrow

- By ordinance, the Risk Management Fund must maintain a minimum balance of \$21 million in reserve.
- The plan is to borrow \$7.4 million from the reserve account and work out a repayment plan.

Pension changes (DGRS and PFRS)

- These pension changes represent the deferral of current pension contributions to the pension systems.
- These deferrals would have to be negotiated with the pension trustees and a repayment schedule undoubtedly would include interest.

- **As a result, no savings figures are provided for these pension deferrals at this time.**

Prior year UAAL-new payment plan

- This is to work out a three-year payment plan to repay the \$12 million prior year UAAL error from the general fund.
- This has to be negotiated with the General Retirement System trustees.
- **As a result, no savings figures are provided for the three-year payment plan at this time.**

Cash conservation committee/Illitch settlement/MCL 221.47 property tax initiative

- A cash conservation committee would be established to review all purchases to consider stop orders for goods/services, except for emergency purchases like fuel for police, fire, EMS, etc; review non-payment or reduction of subsidies to other agencies and institutions; consider shutting down services to save cash and consider other cash conservation measures.
- The Administration plans to establish the committee and flesh out the Illitch settlement and MCL 221.47 property tax initiative within a month.
- **As a result, no savings figures are provided for these initiatives at this time.** The Administration will monitor to ensure savings from the cash conservation committee are not double-counted when previous initiatives, such as purchases reduction efforts, are considered.
- It is important to remind the Council that these "one-time" cash counter-measures, such as any Illitch settlement, are not structural changes, and cannot be relied on in the future, unless similar one-time cash infusions occur.

Cash net of distributions and Other Opportunities

- The joint Mayor and City Council plan shows a negative \$28.4 million balance for cash net of property tax distributions as of June 30, 2013. The working group feels confident however that the potential level of savings from retiree health care reductions, pension deferral payments, and possibly dollars from the Illitch settlement would offset the negative \$28.4 million balance.
- In addition, the remaining \$51.7 million in escrow funds and the advance of the July 2013 state revenue sharing payment up to \$28.9 million, for a combined total of \$80.6 million, provides other opportunities to address cash flow as of June 30, 2013. Currently, the State Treasurer is holding back on the \$51.7 million in escrow funds to provide cash for reform needs in the event an EFM/EM is appointed. If an EFM/EM is not appointed, and the current or a new consent agreement is the basis for the City moving forward, it is hoped that the release of the \$51.7 million would occur sometime in the early part of FY 2014.

- Moreover, there will be additional cost savings from restructuring initiatives that are not being estimated at this time. The Administration expects to see recommendations for savings prior to June 30, 2013; if not, the restructuring contractor could be suspended.
- **During tomorrow's formal session, a Conway MacKenzie contract is before your Honorable Body for approval. Conway MacKenzie will assist the City in evaluating, developing, negotiating and executing City restructuring actions. Total contract amount is \$4.2 million and would be paid from the Restructuring and Consolidation appropriation in Non-Departmental, and the State would reimburse the City for half of the contract cost. The contract fee schedule does contain language indicating the City and the State may elect to suspend the use of the contractor. The Administration provided a copy of the contract to Council on Friday, January 4th.**
- The Fiscal Analysis Division recommends approval of this contract.

Deliverables

- Pages 3 and 4 of Attachment I contain a column entitled "deliverables", which shows a list of a list of information (calculations supporting impact of changes, plans showing rationale for rate increases/cost reductions, etc.) that the Administration indicates will be provided to Council for informational purposes within a month.
- The Administration agrees that action plans to implement cash counter-measures be presented to the Budget, Finance and Audit committee for monitoring purposes.

Page 6 of Attachment I provides the assumptions for the FY 2014 cash flow forecast that is represented by Page 7. The FY 2014 cash flow shows a positive net cash flow balance of \$3.5 million.

- The "bridge" items on Page 8 of Attachment I (reversal of prior year pension error, income tax initiatives, full year impact of CETs and headcounts reductions, recreation and other revenue, accounts payable and other initiatives) reflect how the positive net cash flow balance is achieved.
- The FY 2014 cash flow could be negatively impact by lower revenue streams, particularly property taxes as assessed values continue to drop and payment deferrals coming due in FY 2014. In addition, general fund requirements to compensate Municipal Parking for loss revenues to due to the hockey strike and continual subsidies to other funds could negatively impact the FY 2014 cash flow.
- However, savings from other opportunities ranging from \$100-\$150 million on Page 8 (furlough days, incremental changes to active/retiree health care and pension, additional headcount reduction post department reviews, debt refinancing at lower interest rates, collections of delinquent receivables/fees and income tax collection by State/Legislation on

withholdings could more than compensate for lower than anticipated revenue streams, payment deferrals coming due in FY 2014 and general fund requirements to Municipal Parking due to the strike. In addition, improved management is a must in FY 2014 to ensure revenues are increases/expenditures are decreased in other funds such as DDOT, BSEED and Airport to eliminate the usage of general fund dollars to keep those funds whole.

- **During tomorrow's formal session, the Miller Buckfire contract will be before your Honorable Body for approval. Miller Buckfire will act as the City's investment banker and will provide financial advisory services, including possible strategic asset sales and related refinancing actions. The contract is for \$1.8 million and would be paid from the Restructuring and Consolidation appropriation in Non-Departmental. The contract fee schedule does contain language indicating the City and the State could suspend the use of the contractor. The State would reimburse the City for half of the contract cost. The Administration emailed a copy of the contract to the Council on Friday, January 4th.**
- The Fiscal Analysis Division recommends approval of this contract.
- **Also during tomorrow's formal session, the Administration will be requesting increasing the Ernst & Young contract by \$1.2 million for E&Y to provide ~5.3 consultants on a full time basis and continue cash flow analysis and other financial planning services. The contract would be paid from the Restructuring and Consolidation appropriation and the State would reimburse the City for half of this contract increase. The Administration emailed a copy of the contract to the Council on Friday, January 4th.**
- The Fiscal Analysis Division recommends approval of this contract.
- It should also be noted that the Administration may desire for your Honorable Body to consider approving a consultant contractor that has specialized expertise in reviewing police and fire operations for efficiencies. The Administration is currently working on a RFP for this service and look to bring a contract to your Honorable Body by mid-February.

Conclusion

If structural changes and short term opportunities materialize, along with restructuring of City services starting as soon as possible before June 30, 2013 occur, with full implementation of savings from CETs and any new contracts and other savings opportunities materializing starting July 1, 2014, the City should end up with a positive cash flow balance by June 30, 2014.

Many of the proposed saving items, particularly in the employee and retiree benefit area, require a review from a legal perspective before implementation. The quicker this legal review can be completed and the item moved from a proposal to implementation the greater the positive effect on cash flow will be.

The working group is committed to working with Mayor Bing, City Council members, the Financial Advisory Board, and the State to accomplish action plans to get savings in motion by April 1st. Meanwhile on average, the joint Mayor and City Council cash flow plan generates approximately \$14 million in savings/new revenues per month.

It is the sincere desire of the working group that the State's Financial Review Team will accept this joint Mayor and City Council cash flow plan as a viable plan to address the City's cash flow crisis and move this City towards financial solvency.

cc: City Council Divisions

Auditor General's Office

Kirk Lewis, Deputy Mayor

Kriss Andrews, Program Manager

Jack Martin, Chief Financial Officer

Cheryl Johnson, Finance Director

Michael Jamison, Deputy Finance Director

Brent Hartzell, Interim Budget Director

Floyd Stanley, Deputy Budget Director

Adam Hollier, Mayor's Office

ICJ:i\CASH FLOW\Joint Mayor and City Council Plan to Address Cash Flow Crisis by June 30, 2013.doc

Attachment I

General Fund
Monthly Cash Re-Forecast FY 2013 (5A + 7F)

STRICTLY CONFIDENTIAL

\$ in millions	4		4		5		4		4		5		4		SA + 7F Forecast FY 2013
	Forecast Dec-12	Forecast Jan-13	Forecast Feb-13	Forecast Mar-13	Forecast Apr-13	Forecast May-13	Forecast Jun-13	Forecast Jul-13	Forecast Aug-13	Forecast Sep-13	Forecast Oct-13	Forecast Nov-13	Forecast Dec-13		
Operating Receipts															
Property taxes	\$ 35.1	\$ 147.5	\$ 40.0	\$ 12.3	\$ 4.4	\$ 0.0	\$ 55.5	\$ 552.7							
Income & utility taxes	18.6	19.8	28.8	26.3	16.2	32.1	19.2	276.0							
Gaming taxes	12.8	13.8	16.2	12.6	12.6	14.5	12.8	173.2							
Municipal service fee to casinos	4.0	-	-	-	-	-	-	15.6							
State revenue sharing	-	29.0	-	28.9	-	28.4	-	173.4							
Other	33.7	27.2	43.4	36.5	36.5	45.7	36.5	407.9							
Refinancing proceeds ¹	-	-	-	-	-	-	-	-							
Total operating receipts	104.8	237.4	128.3	116.6	69.7	120.7	124.1	1,593.8							
Operating Disbursements															
Payroll, taxes, & deductions	(30.8)	(29.6)	(34.3)	(29.3)	(29.6)	(39.8)	(29.8)	(397.3)							
Benefits	(19.5)	(18.0)	(14.8)	(13.0)	(13.0)	(12.5)	(12.0)	(195.5)							
Pension contributions	(10.5)	(8.4)	(10.4)	(6.1)	(1.8)	(10.2)	(6.0)	(73.5)							
Subsidy payments	-	(2.5)	(5.5)	(3.0)	(11.4)	(5.9)	(13.9)	(55.0)							
Distributions (w/o DDA increment)	(3.0)	(88.0)	(44.0)	(40.0)	(19.0)	(2.0)	(34.1)	(376.8)							
DDA increment distributions	(8.0)	-	-	-	-	-	(1.0)	(9.0)							
Income tax refunds	(1.0)	-	(1.1)	(0.9)	(1.9)	(3.4)	(2.0)	(17.0)							
A/P and other	(25.9)	(25.8)	(30.7)	(25.8)	(25.8)	(31.6)	(25.8)	(388.2)							
Sub-total operating disbursements	(98.8)	(172.3)	(140.8)	(118.0)	(102.5)	(105.4)	(104.6)	(1,510.3)							
POC and debt related payments	(15.0)	(6.5)	(4.3)	(9.6)	(33.1)	(25.2)	(36.3)	(160.3)							
Total disbursements	(113.7)	(178.8)	(145.1)	(127.6)	(135.6)	(130.6)	(140.9)	(1,670.5)							
Net cash flow before adjustments	(9.5)	58.6	(16.8)	(10.9)	(65.9)	(9.9)	(16.8)	(76.7)							
Risk adjustments ²	-	(7.0)	(10.7)	(4.1)	(4.1)	(5.2)	(5.9)	(37.0)							
Net cash flow	(9.5)	51.6	(27.5)	(15.1)	(70.0)	(15.0)	(22.8)	(113.7)							
Cumulative net cash flow	(15.0)	36.6	9.2	(5.9)	(75.9)	(90.9)	(113.7)								
Beginning cash balance	24.3	14.9	66.5	39.0	23.9	(46.1)	(61.1)	79.8							
Net cash flow	(9.5)	51.6	(27.5)	(15.1)	(70.0)	(15.0)	(22.8)	(113.7)							
Cash before required distributions	\$ 14.9	\$ 66.5	\$ 39.0	\$ 23.9	\$ (46.1)	\$ (61.1)	\$ (83.9)	\$ (83.9)							
Accumulated property tax distributions ³	(56.3)	(87.8)	(76.2)	(46.1)	(30.7)	(28.7)	(35.4)	(36.4)							
Cash net of distributions	\$ (41.4)	\$ (21.3)	\$ (37.1)	\$ (22.1)	\$ (76.7)	\$ (89.8)	\$ (120.3)	\$ (120.3)							

1. Refinancing proceeds are excluded from above cash flow
2. Adjustments capture \$12m related to prior year pension error identified by pension system and \$25m risk adjustment based on recent trends
3. Represents an estimate of amounts owed to other taxing authorities at the end of each month; subject to further reconciliation as actual

DRAFT - Subject to Change
For Discussion Purposes Only

General Fund
Monthly Net Cash Flow with Counter-measures

\$ in millions	Forecast Dec-12	Forecast Jan-13	Forecast Feb-13	Forecast Mar-13	Forecast Apr-13	Forecast May-13	Forecast Jun-13	RA + 7F Forecast FY 2013
Net cash flow before counter-measures	(9.5)	31.6	(27.5)	(15.1)	(9.8)	(18.2)	(22.8)	(115.7)
Permanent structural changes								
1 Parkings - non uniform (10% thru June) ¹	-	-	0.4	0.4	0.4	0.4	0.4	3.0
2 Parkings - police/fire admin (10% thru June) ¹	-	-	0.1	0.1	0.1	0.1	0.1	0.5
3 Pension changes OPRS	tbd	tbd	tbd	tbd	tbd	tbd	tbd	-
4 Pension changes OPRS	-	-	-	-	-	1.0	1.0	2.0
5 HealthCare - active	-	-	-	-	0.2	0.2	0.2	0.6
6 HealthCare - retiree	tbd	tbd	tbd	tbd	tbd	tbd	tbd	-
Layoff/attrition								
City Council cost reduction	-	-	-	0.2	0.2	0.2	0.2	0.8
Rationalization of departments	-	-	-	-	-	-	-	-
Purchases reduction	-	-	1.5	1.5	1.5	1.5	1.5	7.5
Increase fees (PID, fines, vital records, etc)	-	-	-	0.5	0.5	0.5	0.5	2.0
Renovations of asset revenue	-	-	-	0.4	0.4	0.4	0.4	2.0
Income taxes / other	-	-	0.4	0.4	0.4	0.4	0.4	2.0
Unpaid deposits audit	-	-	-	-	0.1	0.1	0.1	0.6
Billings for fire CT at waste water plant	-	-	-	0.1	0.1	0.1	0.1	0.6
Sale of abandoned automobiles	-	-	-	-	0.1	0.1	0.1	0.6
Other non-personnel cost savings	-	-	0.3	0.3	0.3	0.3	0.3	1.5
Cost of implementation/transition	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Sub-total structural changes	-	0.1	3.1	4.7	3.4	6.8	7.7	37.2
Short-term cash opportunities								
Fast draw invoices	-	0.8	0.8	0.8	-	-	-	3.2
Medicaid revenue recovery	-	-	0.5	0.5	0.5	-	-	1.5
Release self-insurance reserve	-	-	2.4	-	-	-	-	7.8
Revenue payment	-	-	-	-	-	-	13.0	13.0
Payables management	-	-	-	1.0	1.0	1.0	1.0	4.0
Pension changes (OPRS)	-	tbd	tbd	tbd	tbd	tbd	tbd	-
Pension changes (PFRS) ³	-	tbd	tbd	tbd	tbd	tbd	tbd	-
Prior year UAAL - new payment plan	-	tbd	tbd	tbd	tbd	tbd	tbd	-
Asset sales - Fire Department HQ	-	-	-	1.3	-	-	-	1.3
Asset sales - VA Memorial Building	-	-	-	-	4.0	-	-	4.0
Reimbursement for past due waste water CT	-	1.3	-	-	-	-	-	1.3
Cash conservation committee	-	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Illch settlement	-	tbd	tbd	tbd	tbd	tbd	tbd	0.0
MCI 221.47 prop. (initiative)	-	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Sub-total short-term cash opportunities	-	2.1	8.7	2.5	5.5	1.0	14.0	34.7
Escrow proceeds (limited to \$50m)	10.0	-	-	-	20.0	-	-	30.0
Total opportunities	10.0	2.2	11.7	8.2	30.5	7.6	31.7	51.9
Net cash flow after counter-measures	0.5	33.8	(15.8)	(6.9)	(0.3)	(10.6)	(11.1)	(63.8)
Beginning cash balance	24.3	24.0	23.8	22.9	22.0	18.6	9.8	29.8
Net cash flow	0.5	33.8	(15.8)	(6.9)	(0.3)	(10.6)	(11.1)	(63.8)
Cash before required distributions	\$ 24.8	\$ 57.8	\$ 8.0	\$ 16.0	\$ 21.7	\$ 8.0	\$ (2.3)	\$ (34.0)
Accumulated property tax distributions⁴	(\$ 2.1)	(\$ 7.0)	(\$ 7.7)	(\$ 6.1)	(\$ 20.7)	(\$ 28.7)	(\$ 4.4)	(\$ 84.4)
Cash net of distributions	\$ 22.7	\$ 50.8	\$ (0.7)	\$ 9.9	\$ 1.0	\$ (20.7)	\$ (26.7)	\$ (50.4)
Other opportunities								
Revenue funds remaining	-	-	-	-	-	-	-	51.7
State revenue sharing advance July 2013 (Estimated)	-	-	-	-	-	-	-	28.9
Restructuring related cost savings	-	-	-	-	-	-	-	tbd
Total other opportunities	-	-	-	-	-	-	-	\$ 80.6

1 These types of changes are subject to collective bargaining. Changes will be implemented, but timing of implementation may be impacted by impediments.
 2 Number of people estimated could vary based on critical staffing needs for revenue collection and/or cost savings implementation.
 3 Assumes an increase in cost sharing for participants. Savings to be realized by benefits experts. Legal review to be completed by mid-JANUARY.
 4 Represents an estimate of amounts owed to other taxing authorities at the end of each month; subject to further reconciliation as actual amounts could be lower.
 5 Cash savings impact could potentially be realized earlier.

General Fund
Cash Flow Control Measures Action Plan

Item	Responsible	Action Plan	Other Items	Dependencies
Permanent structural changes				
Furlough - 1250 employees (10% thru June) 2	P. Admin	1 Finalize list of ~1250 employees that will be impacted by furlough 2 Negotiate with unions 3 Ensure that furlough payroll vehicle has adequate	1 Council ordinance on furlough	1 List of employees 2 Calculations supporting furlough savings
Pension - Changes to PERS and OPEB 2	L. Seaton/M. Brown/K. Andrews J. Martin	1 Negotiate with unions 2 Impact of implementing alternative scenarios recommended by systems 3 Alternative considerations to address SBAAL under different assumptions	1 60 day change requirements 2 Pension board decisions	1 Calculations to support impact of changes 2 Memo on key recommendations
Healthcare - active employees 3	P. Admin/L. Seaton/M. Brown	1 Negotiate with unions 2 Timeline to implement changes 3 Alternative considerations to address OPEB liability	1 City council employee agreement	1 Calculations to support impact of changes 2 Comparisons of alternatives to cap costs
Healthcare - retiree	L. Seaton/M. Brown/K. Andrews J. Martin	1 Thematic analysis of costs and savings opportunities related to retiree healthcare 2 Five year and ten year forecast of retiree healthcare costs 3 Changes for new hires and new retirees 4 Alternative considerations to address OPEB liability	1 Legal analysis 2 Actions taken by other municipalities	1 Discussions to support impact of changes 2 Memo on key recommendations
Layoffs/Attrition	P. Admin	1 Timeline to review annual headcount changes that impact the General Fund 2 Layoff notices to be sent by specific date	1 NA	1 Timeline of headcount reduction by fund
CITY COUNCIL cost reduction	C. High/M. Brown/K. Andrews	1 Implement cost reductions of \$2.5M not including the impact of layoffs/furloughs above 2 Council and Administration to jointly present cost reduction plan	1 NA	1 Final cost reduction plan and timeline 2 Budget to actual comparison
Purchases reduction	A. DuBois/K. Andrews	1 Implement cost reductions of \$1.5M per month 2 Annual procurement budgets to reflect savings 3 Contingency plans if cost reductions are not achieved	1 LONG TERM CONTRACTS 2 Contractual obligations	1 Final plan showing cost reductions by vendor 2 Budget to actual comparison
Increase fees (MIS, Gas, Vital Records, etc)	L. March/C. Johnson/Phal	1 Complete benchmarking and review rates being charged to assess increases 2 Implement increases in billing systems	1 Pricing contracts	1 Final plan showing rate increases 2 Adjust budget to reflect cost increases
Recreation dept revenue	Mayer Bing	1 Increase membership fees and establish minimum 2 Deposit and apply committed private funding to current conditions	1 Confirm private commitments	1 Membership and programming drive 2 Plan for private funding mechanism
Income taxes / other	J. Martin	1 Send letters to subscribers to encourage data with 10/2013 assessment 2 Focus resources on collections versus processing	1 System limitations	1 Calculations to support additional revenue
Medical dependent audit	P. Admin/W. Brown	1 Hire third party to conduct dependent audit	1 Council approval	1 Calculations to support impact of changes
Billing for fire of at water meter plant	D. Alston/K. Jenkins	1 Send bills on weekly basis as fire is incurred	1 NA	1 Plan to increase frequency of billing and collections
Sale of abandoned automobiles	C. Johnson/K. Empty	1 Tow abandoned vehicles to lot managed by City 2 Auction or scrap unclaimed vehicles	1 Council approval	1 Calculations to support additional revenue 2 Monthly reporting of equipment
Other non-savings cost savings	K. Andrews/L. Anderson	1 Cut subsidy to all third parties according to DOT to reduce \$2 million in subsidy 2 Strategy reduction 3 Citywide purchase reductions	1 NA	1 Calculations to support impact of changes 2 Adjust budget to reflect purchase reductions

STRICTLY CONFIDENTIAL

Short-term cash opportunities

Paid due invoices	J. Martin	1 Meet with customers to negotiate settlement of paid due invoices 2 Catch up all invoices to 80 days	1 Political pressure	1 Calculations to support paid due invoices 2 Plan to increase frequency of billings and collections
Medical expense recovery	J. Martin	1 Audit and quantify outstanding Medical reimbursements from 2009-2012 2 Identify staff or outside agent to PM	1 Approval to contract in third party	1 Calculations to support reimbursements
Release self-insurance reserves	E. Anthony	1 Negotiate release of reserves	1 NA	1 Calculations to support release of reserve funds
Benefits payments	J. Martin	1 Review timing of claims payment	1 Interest sensitive	1 Plan to catch up deferred payments
Payables management	J. Martin/E. Anthony	1 Identify and pay only critical vendors	1 Eliminate unnecessary payments	1 Final list of vendors considered critical 2 Weekly AP reports of vendors to be paid
Revision changes (DGRS)	J. Martin/E. Anthony	1 Negotiate with trustee	1 NA	1 Revised plan to catch up any deferrals
Revision changes (PFR)	J. Martin/E. Anthony	1 Negotiate with trustee	1 NA	1 Revised plan to catch up any deferrals
Pre-void credit - new payment plan	J. Martin/E. Anthony	1 Negotiate 3-year payment plan for pending error	1 TR	1 Details of payment plan
Asset sale - Fire Department (FC)	B. Austin/J. Martin	1 Complete sale by March 2013	1 NA	1 TBD
Asset sale - VA Memorial Building	B. Dick/J. Martin	1 Complete sale by April 2013	1 NA	1 TBD
Reimbursement for paid due with water OT	D. Anthony, E. Anthony	1 Issue invoice for all paid due and unbilled OT	1 NA	1 Calculations to support paid due and unbilled OT
Cash reimbursements assessment	J. Martin/E. Anthony/E. Drumb	1 Separate process outlined	1 TBD	1 TBD
Health settlement	J. Martin	1 Review final documentation	1 TBD	1 TBD
MO, 221.4.7 (MVA) for settlement	E. Anthony/E. Drumb	1 Determine the City's liability in regard to the MVA case making delivery of property taxes 2 Potential for City to receive attention from MVA regarding settlement	1 TBD	1 TBD

Activities	Actual	Actual	GF estimate	Layoffs/attrition	Reductions	Outsource RFP	Notes related to reduction post June 30, 2013
	11/30/2011	11/30/2012	11/30/2013	1/1/13 - 6/1/13	under consideration		
Executive							
12 Budget	38	35	35	2	tbd	Partial	
19 Public Works	437	500	50	2	48	Yes	Services reduced; RFP for outsourcing; solid waste fee to be re-designed
21 Workforce Development	29			NA	NA	Outsourced	
23 Finance	173	177	222	10	tbd	Partial	
24 Fire	1,520	1,205	1,087	1	6 - 200	FMS only	Impose CET type terms on contracts starting in June 2013, evaluate impact of Authority on City
25 Health & Wellness	256	56	35	25	tbd	Outsourced	
28 Human Resources	140	95	96	11	tbd	NA	Headcount reduction in HR department to be implemented post RFP and medical implementation
29 Human Rights	8	6	1	1	tbd	NA	Charter implications associated with layoffs post June 30, 2013
30 Human Services	91	21		NA	tbd	Outsourced	
31 Information Technology	47	37	57	2	tbd	Yes	Specific services to be consolidated under purchasing
32 Law	103	87	87	NA	15	Partial	Primarily driven by partial outsourcing, land acquisition costs
33 Mayor's Office	51	21	21	tbd	NA	NA	
36 Planning & Development	179	118	4	4	20	Partial	Transfer real estate and development to DDC, outsource home repair and rehab
37 Police	3,142	2,734	2,816	30	200	NA	1. Operations consistent 2. Middle plan 3. Chief's Restructuring plan 4. States on officers patrolling streets
38 Public Lighting	143	100	100	5	42	Partial	Primarily related to outsourcing of specific services
39 Recreation	205	169	169	10	100	Yes	
45 Administrative Hearings	5	4	4	tbd	tbd	Partial	
46 Homeland Security	7	1	1	tbd	tbd	Partial	
47 General Services	456	235	256	5	100	Yes	Consolidate services with purchasing, eliminate grounds maintenance services, outsourcing of maintenance
Legislative							
50 Auditor General	34	31	11	tbd	1	NA	
51 Board of Zoning Appeals	12	11	11	2	2	NA	
52 City Council	93	47	47	3	10	NA	
53 ombudsman	7	6	6	tbd	tbd	NA	
70 City Clerk	17	14	14	tbd	tbd	NA	
71 Elections	83	123	123	tbd	tbd	NA	
54 Inspector General	2	2		tbd	2	NA	
Judicial							
60 28th District Court	345	285	285	tbd	tbd	NA	Political leverage required to impact cost structure
Other							
75 Non-Departmental	22	16	16	tbd	9	NA	DBA and Board of ethics to be re-negotiated. Media/Communication remains with 7 FTEs
18 Debt Service							
Enterprise							
10 Airport	9	6		tbd	tbd	NA	
13 Buildings & Safety Engineering	753	702		tbd	tbd	NA	
20 Transportation	1,270	1,076	1,076	7	tbd	NA	
34 Municipal Parking	102	74		3	tbd	NA	
41 Water/Sewerage	2,152	1,948		tbd	tbd	NA	
72 Library	248	215		tbd	tbd	NA	
Total	11,898	9,989	6,887	132	tbd		
Additional retirements assumption 25 per month (majority uniform)				210	tbd		

Assumptions FY 2014

General

- 1 Cash forecasts herein are illustrative only and are based on estimated cash activity for the General Fund main operating account. In addition to General Fund (fund 1000), the main operating account also contains activity related to the Risk Management Fund, Construction Fund, Street Funds, Solid Waste Fund, General Grants, and Motor Vehicle Fund ("other funds"). Cash activity related to these other funds are assumed to have a net zero cash impact (i.e. other funds and grants receipts are equal to other funds and grants disbursements)
- 2 Cash forecasts herein are based on estimated timing of receipts and disbursements and are not intended to represent a Statement of Revenues and Expenditures or Comprehensive Annual Financial Report. Due to timing and presentational differences, forecasted cash flows could vary significantly from other types of financial reports.

Operating Receipts

- 3 Property taxes - represents gross property taxes collected on behalf of all taxing authorities; amounts collected on behalf of others are reconciled and subsequently disbursed and recorded in the "Distributions" line in the disbursements section
- 4 Income & utility taxes - represents gross income taxes collected before refunds as well as utility tax receipts. Increasing by \$5m due to income tax initiatives
- 5 Gaming taxes - represents taxes paid by three casinos located in Detroit, MI. Decreasing by \$3m due to nearby competition
- 6 Municipal service fee to casinos - represents fee paid by casinos for services provided by the City; this fee is incremental to Gaming taxes
- 7 State revenue sharing - based on current estimates
- 8 Other - miscellaneous other types of revenue includes but is not limited to public lighting, parking, buildings and safety, police, fire, EMS, etc.

Operating Disbursements

- 9 Payroll, taxes, & deductions - assumes 10% reduction applied to all uniform employees effective 7/1/2013 (timing risk not factored in)
- 10 Benefits - assumes medical plan changes applied to all employees effective 7/1/2013
- 11 Pension contributions - assumes payment of 2013 PFRS and 2014 GRS payments based on current estimates; 2014 PFRS payment assumed to be deferred until 2015, consistent with prior years
- 12 Subsidy payments - primarily represents cash subsidies paid to DDOT; actual DDOT could be higher if General Fund pays other DDOT operating expenses directly (i.e. benefits, payroll, A/P, or other)
- 13 Distributions (w/o DDA Increment) - represents remittance of property taxes collected by General Fund on behalf of other taxing authorities (e.g. Debt Service Fund, Wayne County, DPS, etc.)
- 14 DDA Increment distributions - represents remittance of a portion of property taxes to Downtown Development Authority for DDA debt service
- 15 Income tax refunds - based on historical trend
- 16 A/P and others - represents operating disbursements based on Redbook and current run-rate including additional cost reductions

Refinancing related

- 17 Refinancing proceeds - Assumes \$81.7m of refinancing proceeds held in escrow; funds are only available to be drawn upon with State Treasury concurrence
- 18 Refinancing debt service payments - based on debt service schedules .

Accumulated property tax

- 19 Accumulated property tax - represents taxes collected on behalf of other taxing authorities that has not yet been distributed

General Fund
Monthly Cash Forecast FY 2014

\$ in millions	5	4	4	5	4	4	5	4	4	5	4	4	Forecast FY 2014
	Forecast Jul-13	Forecast Aug-13	Forecast Sep-13	Forecast Oct-13	Forecast Nov-13	Forecast Dec-13	Forecast Jan-14	Forecast Feb-14	Forecast Mar-14	Forecast Apr-14	Forecast May-14	Forecast Jun-14	
Operating Receipts													
Property taxes	\$ 42.5	\$ 187.4	\$ 14.6	\$ 7.4	\$ 3.5	\$ 34.8	\$ 155.0	\$ 30.8	\$ 12.1	\$ 4.4	\$ 0.0	\$ 55.0	\$ 547.7
Income & utility taxes	33.7	15.4	21.9	29.6	16.3	19.0	31.2	18.4	26.8	26.9	22.3	19.5	281.0
Gaming taxes	15.1	12.0	16.9	15.6	17.0	12.6	16.5	13.0	12.4	13.4	11.2	12.6	170.2
Municipal service fee to casinos	-	7.6	-	-	4.0	4.0	-	-	-	-	-	-	15.6
State revenue sharing	28.9	-	28.9	-	28.9	-	28.9	-	28.9	-	28.9	-	173.4
Other	35.6	28.5	28.5	35.6	28.5	28.5	35.6	28.5	28.5	35.6	28.5	28.5	370.0
Recreation and other revenue	1.9	1.5	1.5	1.9	1.5	1.5	1.9	1.5	1.5	1.9	1.5	1.5	20.0
Total operating receipts	157.8	252.4	112.3	90.2	95.7	100.4	289.1	92.1	110.3	84.2	92.3	117.1	1,577.9
Operating Disbursements													
Payroll, taxes, & deductions	(32.2)	(27.8)	(27.8)	(37.3)	(27.8)	(27.8)	(32.2)	(27.8)	(27.8)	(37.3)	(27.8)	(27.8)	(361.4)
Benefits	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(156.0)
Pension contributions	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)	(73.6)
Subsidy payments	(2.1)	(3.4)	(6.2)	(1.1)	-	-	(2.5)	(5.5)	(3.0)	(11.4)	(5.9)	(13.9)	(55.0)
Distributions (w/o ODA Increment)	(16.8)	(95.3)	(44.3)	(6.4)	(1.2)	(3.0)	(87.2)	(43.6)	(39.6)	(16.8)	(2.0)	(14.0)	(373.4)
ODA Increment distributions	-	-	-	-	-	(8.0)	-	-	-	-	-	(1.0)	(9.0)
Income tax refunds	(2.5)	(1.8)	(0.6)	(0.3)	(1.5)	(1.0)	(0.7)	(0.4)	(0.9)	(2.4)	(2.9)	(2.0)	(17.0)
A/P and other	(43.3)	(34.8)	(34.6)	(43.3)	(34.6)	(23.0)	(28.8)	(23.0)	(23.0)	(28.8)	(28.0)	(23.0)	(363.3)
Sub-total operating disbursements	(116.0)	(182.6)	(133.3)	(107.5)	(84.2)	(82.0)	(170.6)	(119.5)	(113.5)	(117.9)	(80.8)	(100.9)	(1,408.7)
POC and debt related payments	(4.6)	(5.0)	(4.8)	(11.7)	(4.2)	(16.2)	(6.5)	(4.3)	(9.6)	(32.4)	(6.5)	(39.6)	(165.7)
Total disbursements	(120.7)	(187.6)	(138.1)	(119.2)	(88.5)	(98.2)	(177.1)	(123.8)	(123.1)	(170.3)	(87.3)	(140.3)	(1,574.4)
Net cash flow before adjustments	37.1	64.8	(25.8)	(29.0)	11.3	2.2	92.0	(31.7)	(12.8)	(86.1)	5.0	(28.4)	3.5
Risk adjustments	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	-
Other countermeasures	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	tdb	-
Net cash flow	37.1	64.8	(25.8)	(29.0)	11.3	2.2	92.0	(31.7)	(12.8)	(86.1)	5.0	(28.4)	3.5
Cumulative net cash flow	37.1	101.9	76.1	47.1	58.4	60.5	152.5	120.8	108.0	21.9	26.9	3.5	3.5

1. Refinancing proceeds are excluded from above cash flow
 2. Represents an estimate of amounts owed to other taxing authorities at the end of each month; subject to further reconciliation as actual
 3. Risks may include lower revenues, timing/amount of cost savings, other external factors

General Fund
Cash Forecast Bridge from FY 2013 to FY 2014

\$ in millions

	5A + 7F	Base	Cumulative
	Forecast	Forecast	
	FY 2013	FY 2014	Change
Receipts	\$ 1,593.8	\$ 1,577.9	\$ (15.9)
Disbursements	(1,670.5)	(1,574.4)	96.2
Adjustments	(37.0)	-	37.0
Net cash flow	\$ (113.7)	\$ 3.5	\$ 117.2
Change in net cash flow		117.2	
Bridge:			
Reversal of prior year pension error		\$ 12.0	
Income tax initiatives		5.0	
Payroll - full year impact of CETs and headcount reductions		35.9	
Medical - full year impact of CETs and headcount reductions		39.5	
Recreation and other revenue		20.0	
Debt service		(5.4)	
AP and other		10.3	
Total adjustments		\$ 117.2	
Other opportunities NOT included in above:			
Furlough days		tbd	
Incremental changes to retiree health care		tbd	
Incremental changes to active health care		tbd	
Incremental changes to pension		tbd	
Additional headcount reduction post department reviews		tbd	
Debt refinancing at lower interest rates		tbd	
Collection of delinquent receivables/fees		tbd	
Income tax collection by State/Legislation on withholdings		tbd	
Total other opportunities		\$100-\$150m	