



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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CFO DIRECTIVE
No. 2018-101-005

SUBJECT: Use of Non-Recurring Resources
ISSUANCE DATE: February 23, 2018
EFFECTIVE DATE: February 23, 2018

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 117.4s(2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.
- 1.2. The United States Bankruptcy Court Order confirming the eighth amended Plan for the Adjustment of Debts of the City of Detroit assumes the City will fund reinvestment initiatives from annual surpluses and other non-recurring revenues. It states such initiatives are necessary for the City to improve municipal services, reduce blight and strengthen neighborhoods, improve the efficiency of operations, enhance revenues, reduce costs, meet its financial obligations on a prospective basis, promote the stability of its population, and provide a platform for growth.

2. OBJECTIVES

- 2.1. To ensure that the City does not rely on Non-Recurring Resources for Ongoing Expenditures.
- 2.2. To define Non-Recurring Expenditures for which the use of Non-Recurring Resources is allowable.

3. PURPOSE

- 3.1. To establish a fiscally responsible budget policy for the use of Non-Recurring Resources.

4. SCOPE

- 4.1. This Directive applies to all funds in the City's annual budget and four-year financial plan and any subsequent budget amendments.

5. RESPONSIBILITIES

- 5.1. The Deputy CFO- Budget Director shall be responsible for the administration and oversight of this Directive.

6. POLICY

- 6.1. Non-Recurring Resources shall only be used for Allowable Non-Recurring Expenditures.
- 6.2. Non-Recurring Resources shall not be used for Ongoing Expenditures, unless separate Ongoing Resources are identified to sustain such expenditures in future budget periods.

7. DEFINITIONS

7.1. *Allowable Non-Recurring Expenditures*: Non-Recurring Expenditures that enhance the City's long-term financial position, including the following, but not reflecting any priority order:

7.1.1. Early debt retirement.

7.1.2. Pre-funding pension and other long-term obligations.

7.1.3. Capital improvements that will reduce operating costs or address deferred capital needs.

7.1.4. Technology and other initiatives that will increase revenues and / or reduce operating costs.

7.1.5. Blight remediation.

7.1.6. Establishing and replenishing reserves.

7.1.7. Other Non-Recurring Expenditures that enhance the City's long-term financial position, as determined by the Chief Financial Officer (CFO).

7.2. *Non-Recurring Resources*: revenues and other resources that cannot be relied on in future budget periods, including:

7.2.1. Use of surplus or fund balance.

7.2.2. Asset sales.

7.2.3. Bond proceeds.

7.2.4. Non-recurring grants.

7.2.5. Non-recurring revenue gains.

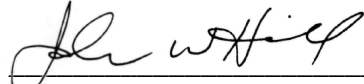
7.2.6. Non-recurring cost savings.

7.2.7. Other non-recurring resources, as determined by the CFO.

7.3. *Ongoing Expenditures*: expenditures that can reasonably be expected to continue in future budget periods.

7.4. *Ongoing Resources*: revenues or cost savings that can be reasonably expected to continue in future budget periods.

APPROVED



John W. Hill

Chief Financial Officer, City of Detroit