



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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December 12, 2019

Detroit Financial Review Commission
Cadillac Place
3062 West Grand Boulevard
Detroit, MI 48202

Re: Monthly Financial Report for the Four Months ended October 31, 2019

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Four Months ended October 31, 2019.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2019-2, which granted the City its waiver of active FRC oversight through June 30, 2020. The OCFO has separately submitted this report to the Mayor, Detroit City Council and posted it on the City's website.

Best regards,

David P. Massaron
Chief Financial Officer

Att: City of Detroit Financial Report for the Four Months ended October 31, 2019

Cc: Patrick Dostine, Executive Director, Detroit Financial Review Commission



FY 2020 Financial Report

For the 4 Months ended October 31, 2019

Office of the Chief Financial Officer

Submitted on December 12, 2019



Table of Contents

	Page(s)
Executive Summary	2
YTD Budget Amendments – General Fund	3
Budget vs. Actual and Projection Reports	4-5
Employee Count Monitoring	6
Income Tax Reports	7-8
Development and Grants Reports	9-11
Cash Reports	12-14
Accounts Payable Reports	15



Executive Summary

- In December, the City announced it has raised over \$1 billion in public and private funds, donations, and investments to support Detroit residents. From 2014 to 2019, the funds have been invested, leveraged, managed, and mobilized to support Detroit projects that touch every neighborhood and every resident. Additionally, 2019 marks the first time the City has raised more than \$300 million in a single year.
- The City will accept applications for the [Homeowners Property Tax Assistance Program \(HPTAP\) through December 20](#).
- The City's FY 2019 Comprehensive Annual Financial Report (CAFR) is on schedule to be released before the end of the calendar year.
- Within the City's active grants portfolio, the most significant new awards in October include \$6.3 million for the Transportation Alternatives Program (TAP) Riverwalk Extension Grant (which includes a \$4.3 million match from the Detroit Riverfront Conservancy), \$2 million from the Skillman Foundation for the Strategic Neighborhood Fund, and over \$2 million in Auto Theft Prevention Authority (ATPA) grants from the Michigan State Police. (page 9)
- Total accounts payable as of October 2019 had a net decrease of \$3.6 million compared to September 2019. Net AP on hold increased by \$4.5 million due to an Oracle AP module system issue that is currently being resolved. (page 15)



YTD Budget Amendments – General Fund

FY 2019-2020 GENERAL FUND BUDGET AMENDMENTS (Through October 2019)		
Department	Reason for Amendment	Amount
FY 2019 - 2020 Adopted Budget		\$ 1,143,283,981
Carry Forward Use of Assigned Fund Balance		
Recreation	Forest Park Improvements	823,054
General Services	Wayne County Millages	64,135
Non-Departmental	P.E.G Fees	1,878,306
Police	Public Act. 302 - Training Fund	598,467
Total		3,363,962
Budget Amendment		
Housing and Revitalization	Small Business Development	2,700,000
General Services	Wayne County Millages	200,000
Total		2,900,000
Transfer From Other Funds		
N/A	N/A	N/A
Total		0
FY 2019 - 2020 Amended Budget (Through October 2019)		\$ 1,149,547,943



YTD Budget vs. YTD Actual – General Fund (Unaudited)

YTD ANALYSIS						
MAJOR CLASSIFICATIONS	BUDGET	ACTUAL + ADJUSTMENTS + ENCUMBRANCES			VARIANCE (BUDGET VS. ACTUAL)	
	YEAR TO DATE	ACTUAL	ADJUSTMENTS + ENCUMBRANCES	TOTAL		
	A	B	C	D	E = C + D	(F) F = E-B % G = (F/B)
REVENUE:						
Municipal Income Tax	\$ 102.7	\$ 105.0	–	\$ 105.0	\$ 2.4	2.3%
Property Taxes	52.0	53.2	–	53.2	1.2	2.3%
Wagering Taxes	57.8	60.8	–	60.8	3.0	5.3%
Utility Users' Tax	8.1	7.0	–	7.0	(1.0)	(12.9%)
State Revenue Sharing	34.1	35.1	–	35.1	1.1	3.1%
Other Revenues	62.8	56.9	–	56.9	(5.9)	(9.4%)
Sub-Total	\$ 317.5	\$ 318.2	–	\$ 318.2	\$ 0.7	0.2%
Budgeted Use of Prior Year Fund Balance	0.0	0.0	0.0	0.0	0.0	0.0%
Carry forward-Use of Assigned Fund Balance	3.4	0.0	3.4	3.4	0.0	0.0%
Transfers from Other Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Budget Amendments	2.9	0.0	2.9	2.9	0.0	0.0%
TOTAL	\$ 323.7	\$ 318.2	\$ 6.3	\$ 324.5	\$ 0.7	0.2%
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	\$ (156.0)	\$ (146.5)	–	\$ (146.5)	\$ 9.5	(6.1%)
Employee Benefits	(55.9)	(42.4)	–	(42.4)	13.6	(24.2%)
Legacy Pension Payments	0.0	0.0	–	0.0	0.0	0.0%
Retiree Protection Fund	(45.0)	(45.0)	–	(45.0)	0.0	0.0%
Debt Service	(34.9)	(34.9)	–	(34.9)	0.0	0.0%
Other Expenses	(109.9)	(87.9)	(31.2)	(119.2)	(9.3)	8.4%
TOTAL	\$ (401.8)	\$ (356.8)	\$ (31.2)	\$ (388.0)	\$ 13.8	(3.4%)



Annualized Projection vs. Budget – General Fund

ANNUAL ANALYSIS				
	BUDGET	PROJECTION	VARIANCE (BUDGET VS. PROJECTION)	
SUMMARY CLASSIFICATIONS	ANNUAL AMENDED	ANNUAL ESTIMATED	ANNUAL ESTIMATED	
A	B	C	(\$ D = C-B	% E = (D/B)
REVENUE:				
Municipal Income Tax	\$ 324.3	\$ 325.0	\$ 0.8	0.2%
Property Taxes	115.3	117.3	2.0	1.7%
Wagering Taxes	184.3	185.8	1.4	0.8%
Utility Users' Tax	31.3	29.9	(1.5)	(4.7%)
State Revenue Sharing	204.5	203.1	(1.4)	(0.7%)
Other Revenues	226.4	249.1	22.7	10.0%
Sub-Total	\$ 1,086.2	\$ 1,110.1	\$ 23.9	2.2%
Budgeted Use of Prior Year Fund Balance	57.1	57.1	0.0	0.0%
Carry forward-Use of Assigned Fund Balance	3.4	3.4	0.0	0.0%
Transfers from Other Funds	–	–	–	–
Budget Amendments	2.9	2.9	0.0	0.0%
TOTAL (F)	\$ 1,149.5	\$ 1,173.5	\$ 23.9	2.2%
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (478.8)	\$ (462.5)	\$ 16.2	(3.4%)
Employee Benefits	(139.2)	(127.9)	11.3	(8.1%)
Legacy Pension Payments	(18.7)	(18.7)	0.0	0.0%
Retiree Protection Fund	(45.0)	(45.0)	0.0	0.0%
Debt Service	(79.8)	(79.8)	0.0	0.0%
Other Expenses	(388.2)	(383.9)	4.3	(1.1%)
TOTAL (G)	\$ (1,149.5)	\$ (1,117.7)	\$ 31.8	(2.8%)
VARIANCE (H=F+G)		\$ 55.8	\$ 55.8	

Note: Projected annual revenues are based on the September 2019 Revenue Estimating Conference.



Employee Count Monitoring

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual	Actual	Change	Adjusted	Variance	
	September 2019	October 2019	September 2019 vs. October 2019	Budget FY 2020 ⁽²⁾	Under/(Over) Budget vs. October 2019	
Public Safety						
Police	3,125	3,126	1	3,337	211	6%
Fire	1,201	1,193	(8)	1,275	82	6%
Total Public Safety	4,326	4,319	(7)	4,612	293	6%
Non-Public Safety						
Office of the Chief Financial Officer	428	425	(3)	526	101	
Public Works - Full Time	380	387	7	447	60	
Health and Wellness Promotion	109	113	4	161	48	
Human Resources	99	102	3	103	1	
Housing and Revitalization	101	107	6	109	2	
Innovation and Technology	119	119	0	140	21	
Law	110	113	3	127	14	
Mayor's Office (includes Homeland Security)	81	81	0	81	0	
Municipal Parking ⁽³⁾	88	87	(1)	104	17	
Planning and Development	41	39	(2)	41	2	
General Services - Full Time	534	539	5	557	18	
Legislative ⁽⁴⁾	204	217	13	260	43	
36th District Court	324	322	(2)	325	3	
Other ⁽⁵⁾	153	155	2	199	44	
Total Non-Public Safety	2,771	2,806	35	3,180	374	12%
Total General City-Full Time	7,097	7,125	28	7,792	667	9%
Seasonal/ Part Time⁽⁶⁾	445	325	(120)	830	505	61%
Enterprise						
Airport	4	4	0	4	0	
BSEED	263	259	(4)	337	78	
Transportation ⁽⁷⁾	894	891	(3)	973	82	
Water and Sewerage	560	559	(1)	650	91	
Library	299	294	(5)	326	32	
Total Enterprise	2,020	2,007	(13)	2,290	283	12%
Total City	9,562	9,457	(105)	10,911	1,454	13%

Notes:

- (1) Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time, seasonal employees and PSCs if funded by vacant budgeted positions.
- (2) Adjusted Budget reflects amendments and other adjustments impacting approved position counts compared to the original budget. It excludes personal services contractors (PSCs).
- (3) During the development of the FY2020 - FY2023 Four-Year Plan, the Municipal Parking Department was transferred to the General Fund.
- (4) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (5) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.
- (6) Includes DPW, General Services, Recreation and Elections
- (7) September Actuals adjusted for employees on Leave of Absence etc.



Income Tax - Collections

Fiscal Years 2019 - 2020

Income Tax Collections

FY20 YTD

October 2019

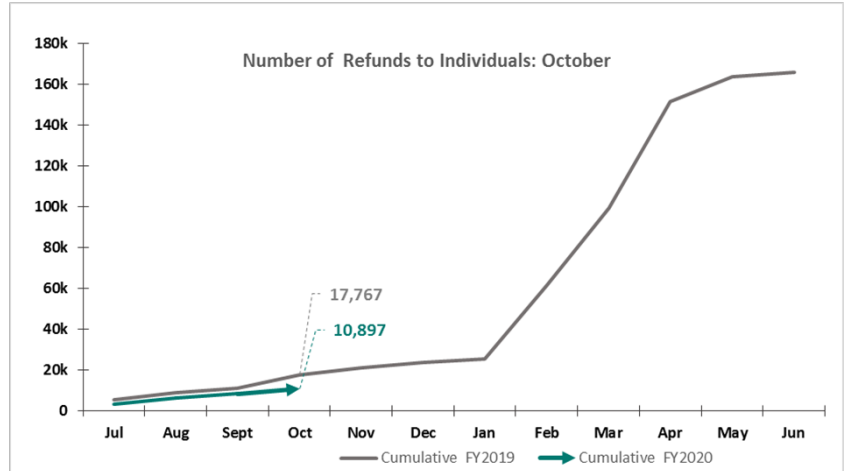
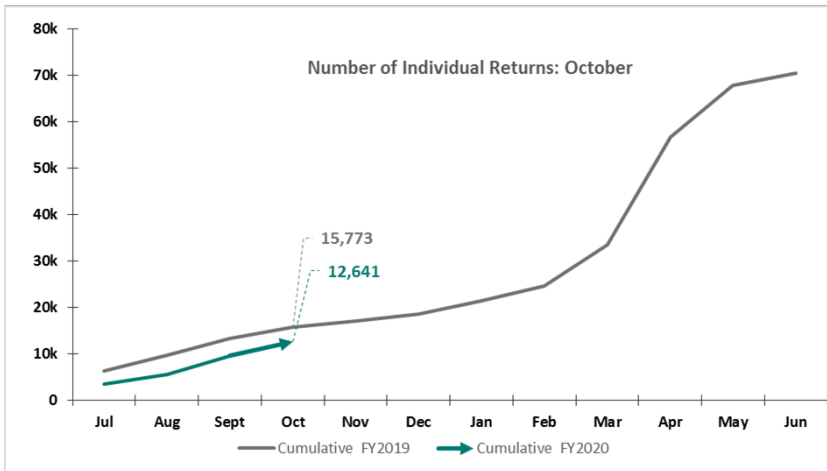
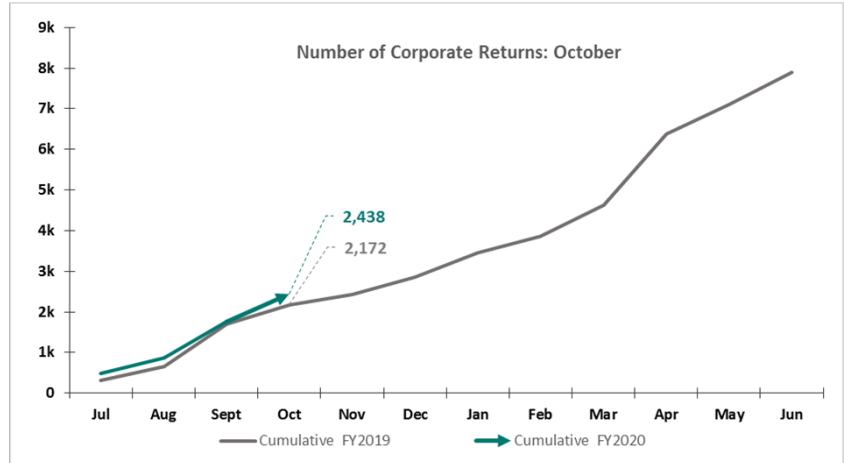
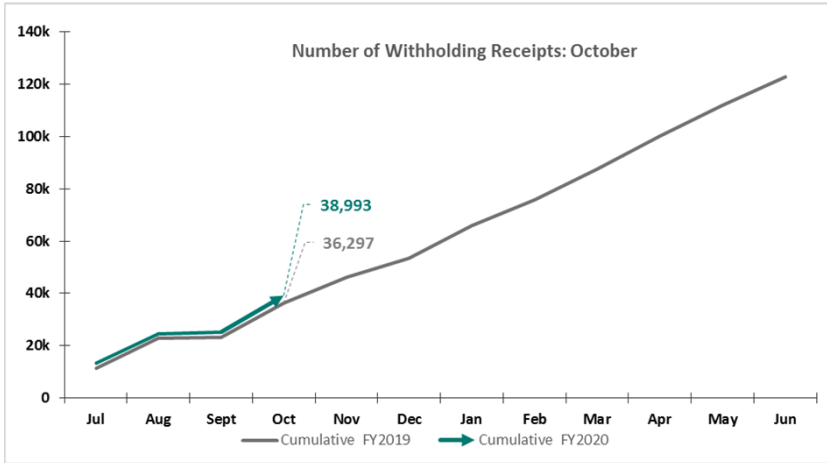
FY19 YTD

October 2018

Withholdings/Estimates	\$ 94,102,347	\$ 96,591,340
Individuals	8,101,304	6,288,240
Corporations	4,915,489	8,742,043
Partnerships	1,901,946	846,570
Assessments	858,958	1,261,638
Total Collections	\$ 109,880,044	\$ 113,729,829
Refunds/ Disbursements	<u>(4,844,437)</u>	<u>(2,745,246)</u>
Collections Net of Refunds/Disbursements	<u>\$ 105,035,607</u>	<u>\$ 110,984,584</u>



Income Tax – Volume of Returns and Withholdings





Active Grants and Donations as of October 31, 2019 (\$ in millions)

Net Change from last month ⁽³⁾	\$12.4	

New Funds – January 1 to November 27, 2019 (\$ in millions)

Committed ⁽⁴⁾	
Total New Funding	\$257.2
Net New to the City ⁽⁵⁾	\$2.5

(1) Reflects public and private funds directly to City departments.

(2) Reflects public and private funds for City projects via fiduciaries, and to third-party partners and agencies for projects prioritized by the City for which the OCFO-Office of Development and Grants has provided active support.

(3) The most significant new awards include \$6.3 M for the Transportation Alternatives Program (TAP) Riverwalk Extension Grant (which includes a \$4.3 M match from the Detroit Riverfront Conservancy), \$2 M from Skillman Foundation for the Strategic Neighborhood Fund, and over \$2 M in Auto Theft Prevention Authority (ATPA) grants from the Michigan State Police.

(4) Reflects verbal and informal commitments which are secure, but for which formal agreements have not yet been finalized.

(5) Reflects new funds to the City from organizations which have not given to the City of Detroit before.



New Funds (Total) – January 1 to November 27, 2019 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 2,195,678	\$ 945,000	\$ 3,140,678
Community/Culture		\$ 220,000	
Economic Development	\$ 17,799,010	\$ 14,900,990	
Health		\$ 680,000	\$ 25,195,315
		\$ 20,936,809	
Infrastructure			
Parks and Recreation			
Planning		\$ 25,000	
Public Safety			
Technology/Education	\$ 2,947,000	\$ 1,200,000	
Transit	\$ 33,906,078	\$ 107,650,161	\$ 141,556,239
		\$ 1,845,000	
Grand Total	\$ 108,760,252	\$ 148,402,960	\$ 257,163,212



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to November 27, 2019 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 3,140,678	\$ 2,076,539
Community/Culture	\$ 2,185,037	\$ 33,980
Economic Development	\$ 32,700,000	\$ 59,000,000 ⁽²⁾
Health	\$ 25,195,315	
Housing	\$ 26,441,109	\$ 1,437,358 ⁽³⁾
Infrastructure	\$ 825,537	
Parks and Recreation	\$ 3,272,274	\$ 192,500
Planning	\$ 466,663	\$ 23,664
Public Safety	\$ 8,000,852	\$ 1,918,327
Technology/Education	\$ 4,147,000	
Transit	\$ 141,556,239	\$ 2,200,302
Workforce	\$ 9,232,508	\$ 2,000,000
Grand Total	\$ 257,163,212	\$ 68,882,669

(1) Leverage includes both match and parallel investment by the City that help make the case to external funders to co-invest.

(2) This \$59M has leveraged all Strategic Neighborhood Fund funding to date which includes funds raised in 2018.

(3) There is an additional \$50M in HUD funding allocated to the Affordable Housing Leverage Fund that has been critical to securing these commitments.



Cash Position

(\$ in millions)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>October 2019 Total</u>
Bank Balance	\$ 316.5	\$ 883.6	\$ 1,200.1
Plus/minus: Reconciling items	6.8	13.6	20.4
Reconciled Bank Balance	323.3	897.2	1,220.5
General Ledger Cash Balances			
General Fund			
General Accounts	\$ 223.3	100.6	\$ 323.9
Undistributed Delinquent Taxes	-	14.6	14.6
Other	2.1	3.2	5.3
Other Governmental Funds			
Risk Management	-	67.0	67.0
Capital Projects	-	135.7	135.7
Street Fund	-	101.2	101.2
Grants	-	46.6	46.6
Solid Waste Management Fund	50.5	-	50.5
Debt Service	-	67.5	67.5
Gordie Howe Bridge Fund	-	18.5	18.5
Quality of Life Fund	-	23.8	23.8
Other	20.9	9.3	30.2
Enterprise Funds			
Enterprise Funds	8.4	2.6	11.0
Fiduciary Funds			
Undistributed Property Taxes	-	59.1	59.1
Fire Insurance Escrow	-	10.7	10.7
Retiree Protection Trust Fund	-	175.7	175.7
Other	-	61.2	61.2
Component Units			
Component Units	18.2	-	18.2
Total General Ledger Cash Balance	\$ 323.3	\$ 897.2	\$ 1,220.5

Note: This schedule reports total City of Detroit (excludes DSWD) cash in the bank



Operating Cash Activity: YTD Actual vs Forecast

For 4 Months Ending October 31, 2019

\$ in Millions

	YTD		YTD		YTD		Prior YTD	
	Forecast		Actuals		Variance		Actuals	
Cash Receipts								
Property Taxes	\$	282.5	\$	286.6	\$	4.1	\$	279.3
Income Taxes		116.3		109.4		(6.9)		113.1
Wagering		61.4		62.0		0.6		62.2
State Shared Revenue		69.6		69.4		(0.2)		68.3
Utility Taxes		8.4		7.2		(1.2)		7.8
Other Revenue		86.4		88.9		2.5		85.7
Total Cash Receipts	\$	624.6	\$	623.5	\$	(1.1)	\$	616.4
Cash Disbursements								
Salaries & Wages	\$	(170.0)	\$	(171.2)	\$	(1.2)	\$	(164.2)
Benefits		(39.1)		(38.2)		0.9		(58.6)
Retiree Protection Trust		(45.0)		(45.0)		-		(20.0)
Accounts Payable		(169.8)		(177.3)		(7.5)		(173.1)
Property Tax Distributions		(201.4)		(185.4)		16.0		(206.9)
Debt Service		(31.1)		(31.2)		(0.1)		(28.1)
Total Cash Disbursements	\$	(656.4)	\$	(648.3)	\$	8.1	\$	(650.9)
Net Cash Flow	\$	(31.8)	\$	(24.8)	\$	7.0	\$	(34.5)



Operating Cash Activity: Actual vs. Forecast to Year End

\$ in Millions

	2019						2020						FY2020 Total
	July Actual	August Actual	September Actual	October Actual	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Taxes	\$ 58.2	\$ 192.8	\$ 26.7	\$ 8.9	\$ 3.3	\$ 3.5	\$ 17.5	\$ 156.5	\$ 12.0	\$ 4.5	\$ 11.4	\$ 19.7	\$ 515.0
Income Taxes	30.7	22.0	31.2	25.5	27.8	26.5	21.8	25.0	24.2	25.0	25.4	34.4	319.5
Wagering	15.5	17.4	15.0	14.1	18.5	20.6	14.8	14.4	17.2	14.1	13.7	15.7	191.0
State Shared Revenue	-	34.2	-	35.1	-	34.0	-	33.7	-	33.7	-	33.5	204.2
Utility Taxes	2.1	1.3	1.8	2.0	2.5	2.6	2.6	2.5	2.3	2.8	3.0	2.8	28.3
Other Revenue	33.7	28.3	15.6	11.4	18.8	16.6	23.8	19.0	20.0	16.8	23.2	24.6	251.8
Total Cash Receipts	\$ 140.2	\$ 296.0	\$ 90.3	\$ 97.0	\$ 70.9	\$ 103.8	\$ 80.5	\$ 251.1	\$ 75.7	\$ 96.9	\$ 76.7	\$ 130.7	\$ 1,509.9
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (46.8)	\$ (37.1)	\$ (40.3)	\$ (40.2)	\$ (36.0)	\$ (50.9)	\$ (34.7)	\$ (36.4)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (490.3)
Benefits	(12.6)	(6.5)	(6.0)	(13.1)	(7.7)	(7.5)	(16.1)	(7.5)	(7.5)	(14.7)	(7.7)	(7.5)	(114.4)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(67.2)	(24.2)	(39.6)	(47.4)	(37.3)	(46.8)	(23.5)	(33.8)	(37.3)	(43.5)	(31.4)	(478.3)
TIF Property Tax Disbursements	-	-	-	(3.0)	(4.0)	-	-	-	-	-	-	(10.0)	(17.0)
Property Tax Distributions	(17.1)	(26.5)	(132.0)	(9.9)	(1.6)	(3.0)	(14.0)	(124.3)	(6.0)	(2.0)	(10.0)	(25.0)	(371.3)
Debt Service	(2.7)	(8.2)	(14.1)	(6.2)	(2.7)	(9.0)	(2.7)	(9.0)	(2.7)	(17.7)	(2.7)	(9.0)	(86.7)
Total Cash Disbursements	\$ (170.6)	\$ (155.2)	\$ (213.4)	\$ (112.1)	\$ (103.6)	\$ (92.9)	\$ (130.5)	\$ (199.0)	\$ (86.4)	\$ (108.9)	\$ (103.4)	\$ (127.2)	\$ (1,603.1)
Net Cash Flow	\$ (30.3)	\$ 140.8	\$ (123.1)	\$ (15.1)	\$ (32.7)	\$ 11.0	\$ (50.0)	\$ 52.1	\$ (10.7)	\$ (12.0)	\$ (26.7)	\$ 3.5	\$ (93.2)



Accounts Payable and Supplier Payments

City of Detroit Accounts Payable Analysis \$ in millions

Accounts Payable (AP) as of Oct-19	
Total AP (Sep-19)	\$ 44.9
Plus: Oct-19 invoices processed	\$ 73.0
Less: Oct-19 Payments made	\$ (76.6)
Total AP month end (Oct-19)	\$ 41.3
Less: Invoices on hold ⁽¹⁾	\$ (31.1)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.4)
Net AP not on hold	\$ 9.8

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Oct-19. Total	\$ 9.8	\$ 7.3	\$ 1.2	\$ 0.5	\$ 0.8
% of total	99%	74%	12%	5%	8%
Change vs. Sep-19	\$ (8.6)	\$ (7.4)	\$ (1.2)	\$ 0.2	\$ (0.2)
Total Count of Invoices	1,453	641	573	113	126
% of total	100%	44%	39%	8%	9%
Change vs. Sep-19	(589)	(829)	219	(4)	25
Sep-19. Total	\$ 18.4	\$ 14.7	\$ 2.4	\$ 0.3	\$ 1.0
% of total	100%	80%	13%	2%	5%
Total Count of Invoices	2,042	1,470	354	117	101
% of total	100%	72%	17%	6%	5%

Notes:
 (1) Invoices with system holds are pending validation. Some reasons include: pending receipt, does not match purchase order quantity/price and legal holds
 (2) Invoices on retainage are on hold until the supplier satisfies all contract obligations
 All invoices are processed and aged based on the invoice date

