



FY 2020 Financial Report

For the 1 Month ended July 31, 2019

Office of the Chief Financial Officer

Submitted on September 13, 2019



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Executive Summary

- On August 26, approximately 2,300 active City employees went live on UltiPro, the City's new payroll and HR system. With this transition from the Oracle and PDS payroll systems, over 50% of City employees are now on the UltiPro system. Police, Fire, and DDOT are the remaining departments that will be transitioned in the next phase of the payroll project.
- As of August 30, approximately \$1 million of Plan Ahead Program dollars were applied to summer tax bills.
- On September 11, the City held its September Revenue Estimating Conference. Conference principals approved new revenue estimates for FY 2020-2024, which will serve as the basis for developing the City's FY 2020-21 budget and FY 2021-2024 Four-Year Financial Plan. General Fund revenues were adjusted upward. The Conference report will soon be available on the OCFO's [Financial Reports](#) webpage.
- Within the City's active grants portfolio, the most significant new award in July was the Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) Grant from the Michigan Department of Transportation for \$1.4M. A \$2.6M grant from the U.S. Department of Transportation for Zero-Emission Electric Buses in Metro Detroit was also announced in July, and is reflected as "Committed" pending formal documentation. (page 9)
- Total accounts payable as of July 2019 had a net increase of \$12.7M compared to June 2019. Net AP not on hold had a net decrease of \$7.5M. The number of open invoices not on hold decreased by 1,179. (page 15)



YTD Budget Amendments – General Fund

FY 2019-2020 GENERAL FUND BUDGET AMENDMENTS (Through July 2019)		
Department	Reason for Amendment	Amount
FY 2019 - 2020 Adopted Budget		\$ 1,143,283,981
Carry Forward Use of Assigned Fund Balance		
N/A	N/A	N/A
	Total	0
Budget Amendment		
N/A	N/A	N/A
	Total	0
Transfer From Other Funds		
N/A	N/A	N/A
	Total	0
FY 2019 - 2020 Amended Budget (Through July 2019)		\$ 1,143,283,981



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/B)
REVENUE:						
Municipal Income Tax	\$ 23.0	\$ 25.7	–	\$ 25.7	\$ 2.7	11.8%
Property Taxes	2.5	1.9	–	1.9	(0.7)	(26.0%)
Wagering Taxes	14.6	14.2	–	14.2	(0.4)	(2.9%)
Utility Users' Tax	2.4	2.0	–	2.0	(0.4)	(14.8%)
State Revenue Sharing	0.0	0.0	–	0.0	(0.0)	0.0%
Other Revenues	18.0	20.3	–	20.3	2.2	12.2%
Sub-Total	\$ 60.5	\$ 64.0	\$ –	\$ 64.0	\$ 3.5	5.7%
Budgeted Use of Prior Year Fund Balance	0.0	0.0	–	0.0	0.0	0.0%
Carry forward-Use of Assigned Fund Balance	0.0	0.0	–	0.0	0.0	0.0%
Transfers from Other Funds	0.0	0.0	–	0.0	0.0	0.0%
Budget Amendments	0.0	0.0	–	0.0	0.0	0.0%
TOTAL	\$ 60.5	\$ 64.0	\$ –	\$ 64.0	\$ 3.5	5.7%
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	\$ (36.5)	\$ (30.6)	–	\$ (30.6)	\$ 5.9	(16.2%)
Employee Benefits	(13.3)	(8.3)	–	(8.3)	5.1	(38.0%)
Legacy Pension Payments	0.0	0.0	–	0.0	0.0	0.0%
Retiree Protection Fund	(45.0)	(45.0)	–	0.0	0.0	0.0%
Debt Service	0.0	0.0	–	0.0	0.0	0.0%
Other Expenses	(57.1)	(37.7)	(6.0)	(43.7)	13.4	(23.5%)
TOTAL	\$ (151.9)	\$ (121.6)	\$ (6.0)	\$ (82.6)	\$ 24.4	(16.1%)



Annualized Projection vs. Budget – General Fund

ANNUAL ANALYSIS				
SUMMARY CLASSIFICATIONS	BUDGET	PROJECTION	VARIANCE (BUDGET VS. PROJECTION)	
	ANNUAL AMENDED	ANNUAL ESTIMATED	ANNUAL ESTIMATED	
A	B	C	(\$) D = C-B	% E = (D/B)
REVENUE:				
Municipal Income Tax	\$ 324.3	\$ 324.3	0.0	0.0%
Property Taxes	115.3	115.3	0.0	0.0%
Wagering Taxes	184.3	184.3	0.0	0.0%
Utility Users' Tax	31.3	31.3	0.0	0.0%
State Revenue Sharing	204.5	204.5	0.0	0.0%
Other Revenues	226.4	226.4	0.0	0.0%
Sub-Total	\$ 1,086.2	\$ 1,086.2	0.0	0.0%
Budgeted Use of Prior Year Fund Balance	57.1	57.1	0.0	0.0%
Carry forward-Use of Assigned Fund Balance	–	–	–	–
Transfers from Other Funds	–	–	–	–
Budget Amendments	–	–	–	–
TOTAL (F)	\$ 1,143.3	\$ 1,143.3	0.0	0.0%
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (473.4)	\$ (438.5)	\$ 35.0	(7.4%)
Employee Benefits	(136.0)	(125.8)	10.2	(7.5%)
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	(390.4)	(387.0)	3.4	(0.9%)
TOTAL (G)	\$ (1,143.3)	\$ (1,094.7)	\$ 48.6	(4.3%)
VARIANCE (H=F+G)		\$ 48.6	\$ 48.6	

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



Employee Count Monitoring

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual June 2019	Actual July 2019	Change June 2019 vs. July 2019	Adjusted Budget FY 2020 ⁽²⁾	Variance Under/(Over) Budget vs. July 2019	
Public Safety						
Police	3,094	3,089	(5)	3,337	248	7%
Fire	1,178	1,185	7	1,275	90	7%
Total Public Safety	4,272	4,274	2	4,612	338	7%
Non-Public Safety						
Office of the Chief Financial Officer	438	426	(12)	525	99	
Public Works - Full Time	374	368	(6)	447	79	
Health and Wellness Promotion	98	101	3	143	42	
Human Resources	102	100	(2)	104	4	
Housing and Revitalization	99	98	(1)	101	3	
Innovation and Technology	127	127	0	140	13	
Law	112	110	(2)	120	10	
Mayor's Office (includes Homeland Security)	78	81	3	81	0	
Municipal Parking ⁽³⁾	0	92	92	95	3	
Planning and Development	40	40	0	41	1	
General Services - Full Time	534	536	2	559	23	
Legislative ⁽⁴⁾	218	216	(2)	233	17	
36th District Court	319	321	2	325	4	
Other ⁽⁵⁾	121	118	(3)	189	71	
Total Non-Public Safety	2,660	2,734	74	3,103	369	12%
Total General City-Full Time	6,932	7,008	76	7,715	707	9%
Seasonal/ Part Time⁽⁶⁾	668	744	76	810	66	8%
Enterprise						
Airport	3	4	1	4	0	
BSEED	276	276	0	317	41	
Municipal Parking ⁽³⁾	80	0	(80)	0	0	
Transportation	919	927	8	977	50	
Water and Sewerage	541	545	4	650	105	
Library	305	305	0	326	21	
Total Enterprise	2,124	2,057	(67)	2,274	217	10%
Total City	9,724	9,809	85	10,799	990	9%

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



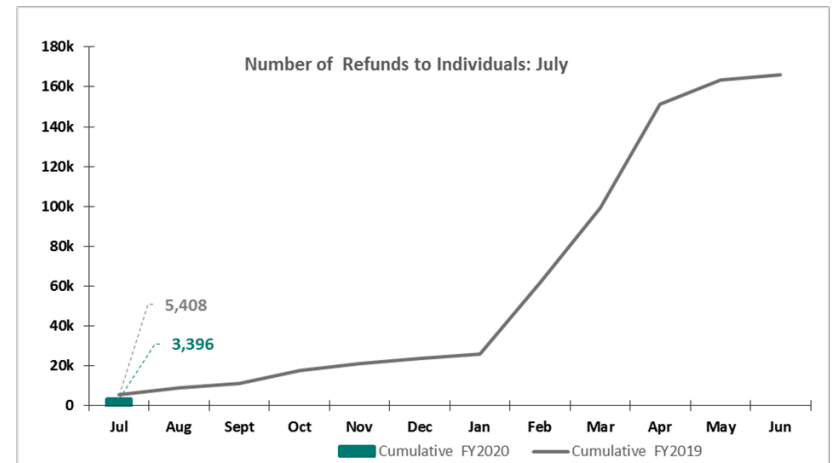
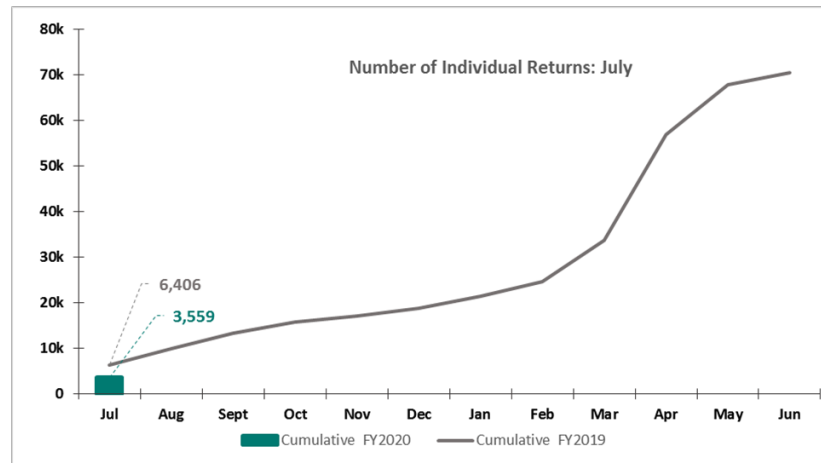
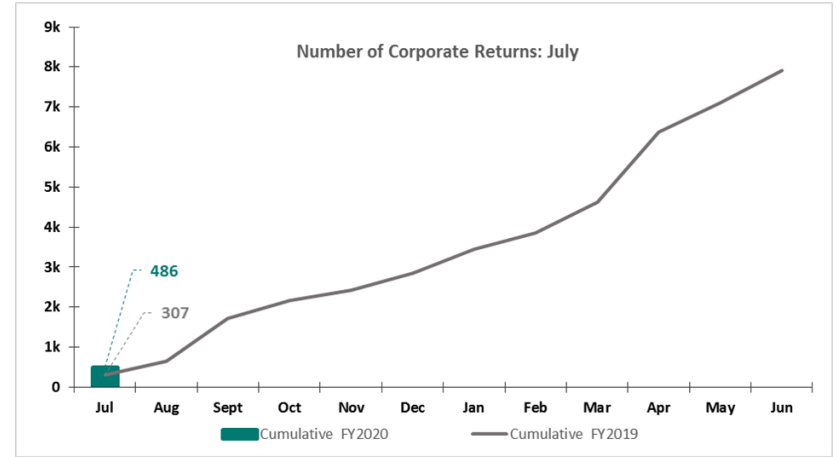
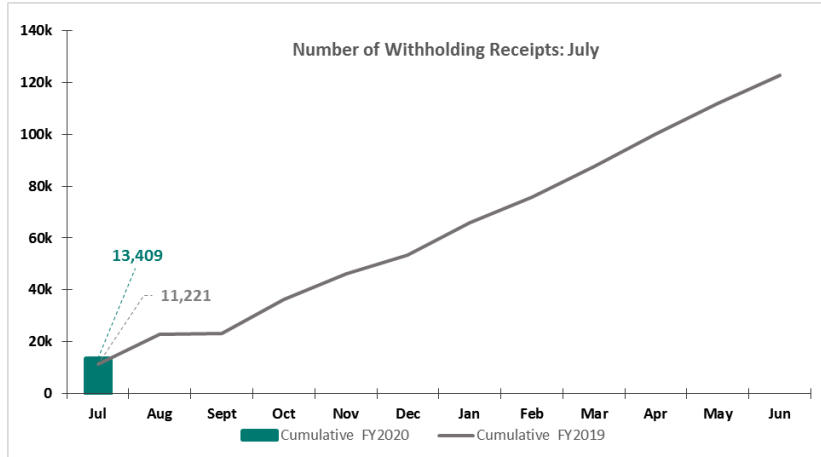
Income Tax - Collections

Fiscal Years 2019 - 2020

Income Tax Collections	July 2019	July 2018
Withholdings/Estimates	\$ 24,500,264	\$ 21,288,094
Individuals	1,224,899	1,344,436
Corporations	753,715	819,965
Partnerships	42,039	-
Assessments	191,512	272,269
Total Collections	\$ 26,712,429	\$ 23,724,764
Refunds/ Disbursements	(1,021,479)	(576,802)
Collections Net of Refunds/Disbursements	\$ 25,690,950	\$ 23,147,962



Income Tax – Volume of Returns and Withholdings





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

Net Change from last month ⁽³⁾	\$2.1	

New Funds – January 1 to August 26, 2019 (\$ in millions)

Committed ⁽⁴⁾	
Total New Funding	\$102.6
Net New to the City ⁽⁵⁾	\$2.3

(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 in July are those highlighted on the executive summary.

(4) Reflects verbal and informal commitments which are secure, but for which formal agreements have not yet been finalized. As a part of the OCFO-Office of Development and Grants annual reconciliation, \$26.2M in commitments included in the CY 2018 total that are secure, but not yet finalized, were carried forward into the CY 2019 total on July 1.

(5) Reflects new funds to the City from organizations which have not given to the City of Detroit before. As part of annual reconciliation, \$500K in net new previously included in this total was identified as having a CY 2018 award date and therefore removed from the CY 2019 total.



New Funds (Total) – January 1 to August 26, 2019 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 1,213,678	\$ 649,000	\$ 1,862,678
Community/Culture		\$ 573,848	
Economic Development	\$ 10,900,000	\$ 18,300,000	
Health		\$ 180,000	
Housing		\$ 7,511,109	\$ 11,611,109
		\$ 736,742	
Parks and Recreation			
Planning		\$ 25,000	
Public Safety			
Technology/Education	\$ 3,025,000	\$ 1,050,000	
Transit	\$ 13,686,914	\$ 14,720,420	\$ 28,407,334
		\$ 3,360,000	
Grand Total	\$ 55,485,938	\$ 47,106,119	\$ 102,592,057



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to August 26, 2019 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 1,862,678	\$ 576,539
Community/Culture	\$ 1,008,323	\$ 36,933
Economic Development	\$ 29,200,000	\$ 59,000,000 ⁽²⁾
Health	\$ 11,179,043	
Housing	\$ 11,611,109	\$ 157,800 ⁽³⁾
Infrastructure	\$ 825,537	
Parks and Recreation	\$ 2,728,684	\$ 192,500
Planning	\$ 466,663	\$ 23,664
Public Safety	\$ 2,166,591	\$ 124,139
Technology/Education	\$ 4,075,000	
Transit	\$ 28,407,334	\$ 103,065
Workforce	\$ 9,061,095	\$ 2,000,000
Grand Total	\$ 102,592,057	\$ 62,214,639

(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>July 2019 Total</u>
Bank Balance	\$ 268.4	\$ 952.5	\$ 1,220.9
Plus/minus: Reconciling items	4.1	3.8	7.9
Reconciled Bank Balance	272.5	956.3	1,228.8
General Ledger Cash Balances			
General Fund			
General Accounts	\$ 170.0	131.6	\$ 301.6
Undistributed Delinquent Taxes	-	15.9	15.9
Other	3.1	3.4	6.6
Other Governmental Funds			
Risk Management	-	86.2	86.2
Capital Projects	-	124.4	124.4
Street Fund	-	106.9	106.9
Grants	-	57.9	57.9
Solid Waste Management Fund	47.5	-	47.5
Debt Service	-	55.3	55.3
Gordie Howe Bridge Fund	-	19.9	19.9
Quality of Life Fund	-	24.2	24.2
Other	20.4	12.7	33.1
Enterprise Funds			
Enterprise Funds	18.9	22.1	41.1
Fiduciary Funds			
Undistributed Property Taxes	-	50.8	50.8
Fire Insurance Escrow	-	9.7	9.7
Retiree Protections Trust Funds	-	174.8	174.8
Other	-	60.3	60.3
Component Units			
Component Units	12.6	-	12.6
Total General Ledger Cash Balance	\$ 272.5	\$ 956.3	\$ 1,228.8

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



Common Cash Pool Activity: YTD Actual vs Forecast

For 1 Month Ending July 31, 2019

\$ in Millions

	YTD		YTD		YTD		Prior YTD	
	Forecast		Actuals		Variance		Actuals	
Cash Receipts								
Property Taxes	\$	56.5	\$	58.2	\$	1.7	\$	24.3
Income Taxes		34.0		30.7		(3.3)		35.1
Wagering		15.6		15.5		(0.1)		15.1
State Shared Revenue		-		-		-		-
Utility Taxes		2.4		2.1		(0.3)		2.3
Other Revenue		34.3		33.7		(0.6)		13.1
Total Cash Receipts	\$	142.8	\$	140.2	\$	(2.6)	\$	89.9
Cash Disbursements								
Salaries & Wages	\$	(42.5)	\$	(46.9)	\$	(4.4)	\$	(39.1)
Benefits		(16.1)		(12.6)		3.5		(13.8)
Retiree Protection Trust		(45.0)		(45.0)		-		(20.0)
Accounts Payable		(42.0)		(46.3)		(4.3)		(39.3)
Property Tax Distributions		(36.3)		(36.3)		-		-
Debt Service		(2.7)		(2.7)		-		(2.0)
Total Cash Disbursements	\$	(184.6)	\$	(189.8)	\$	(5.2)	\$	(114.2)
Net Cash Flow	\$	(41.8)	\$	(49.6)	\$	(7.8)	\$	(24.3)



Common Cash Pool Activity: Actual vs. Forecast to Year End

\$ in Millions

	2019						2020						FY2020 Total
	July Actuals	August Forecast	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Taxes	\$ 58.2	\$ 153.0	\$ 62.3	\$ 12.0	\$ 3.3	\$ 3.5	\$ 17.5	\$ 156.5	\$ 12.0	\$ 4.5	\$ 11.4	\$ 19.7	\$ 513.9
Income Taxes	30.7	28.0	31.8	29.5	27.8	26.5	21.8	25.0	24.2	25.0	25.4	34.4	330.1
Wagering	15.5	12.8	14.2	13.6	18.5	20.6	14.8	14.4	17.2	14.1	13.7	15.7	185.1
State Shared Revenue	-	35.0	-	34.6	-	34.0	-	33.7	-	33.7	-	33.5	204.5
Utility Taxes	2.1	2.5	2.5	2.8	2.5	2.6	2.6	2.5	2.3	2.8	3.0	2.8	31.0
Other Revenue	33.7	21.4	18.7	18.3	18.8	16.6	23.8	19.0	20.0	16.8	23.2	24.6	255.0
Total Cash Receipts	\$ 140.2	\$ 252.7	\$ 129.5	\$ 110.8	\$ 70.9	\$ 103.8	\$ 80.5	\$ 251.1	\$ 75.7	\$ 96.9	\$ 76.7	\$ 130.7	\$ 1,519.6
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (41.0)	\$ (37.7)	\$ (36.0)	\$ (40.2)	\$ (36.0)	\$ (50.9)	\$ (34.7)	\$ (36.4)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (480.8)
Benefits	(12.6)	(7.9)	(7.5)	(14.7)	(7.7)	(7.5)	(16.1)	(7.5)	(7.5)	(14.7)	(7.7)	(7.5)	(118.9)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(47.2)	(35.8)	(34.6)	(47.4)	(37.3)	(46.8)	(23.5)	(33.8)	(37.3)	(43.5)	(31.4)	(464.9)
TIF Property Tax Disbursements	-	-	-	(3.0)	(4.0)	-	-	-	-	-	-	(10.0)	(17.0)
Property Tax Distributions	(36.3)	(24.0)	(110.1)	(21.0)	(1.6)	(3.0)	(14.0)	(124.3)	(6.0)	(2.0)	(10.0)	(25.0)	(377.3)
Debt Service	(2.7)	(8.3)	(2.7)	(17.0)	(2.7)	(9.0)	(2.7)	(9.0)	(2.7)	(17.7)	(2.7)	(9.0)	(86.2)
Total Cash Disbursements	\$ (189.8)	\$ (128.4)	\$ (193.8)	\$ (126.3)	\$ (103.6)	\$ (92.8)	\$ (130.5)	\$ (199.0)	\$ (86.4)	\$ (108.9)	\$ (103.4)	\$ (127.2)	\$ (1,590.0)
Net Cash Flow	\$ (49.6)	\$ 124.4	\$ (64.3)	\$ (15.4)	\$ (32.7)	\$ 11.0	\$ (50.0)	\$ 52.1	\$ (10.7)	\$ (12.0)	\$ (26.7)	\$ 3.5	\$ (70.4)



Accounts Payable and Supplier Payments

City of Detroit Accounts Payable Analysis \$ in millions

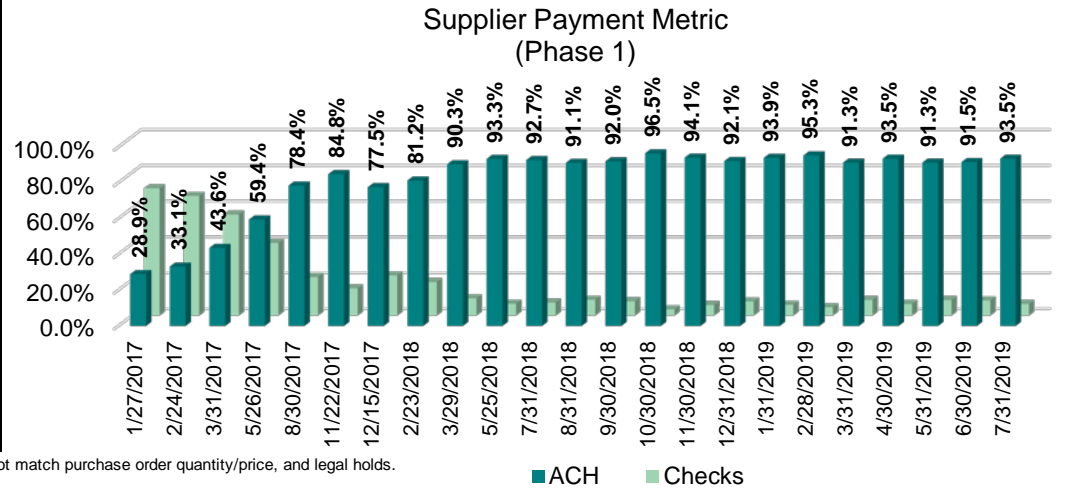
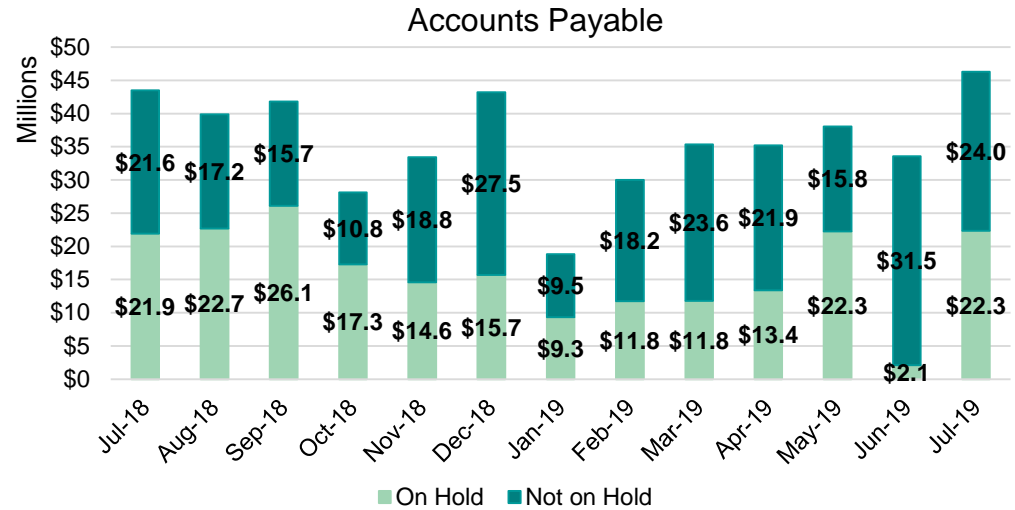
Accounts Payable (AP) as of Jul-19	
Total AP (Jun-19)	\$ 33.6
Plus: Jul-19 invoices processed	\$ 91.0
Less: Jul-19 Payments made	\$ (78.3)
Total AP month end (Jul-19)	\$ 46.3
Less: Invoices on hold (1)	\$ (21.9)
Less: Installments/Retainage Invoices(2)	\$ (0.4)
Net AP not on hold	\$ 24.0

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jul-19. Total	\$ 24.0	\$ 13.6	\$ 8.7	\$ 0.5	\$ 1.2
% of total	100%	56%	36%	2%	5%
Change vs. Jun-19	\$ (7.5)	\$ (10.4)	\$ 4.1	\$ (0.0)	\$ (1.2)
Total Count of Invoices	867	644	122	45	56
% of total	100%	74%	14%	5%	6%
Change vs. Jun-19	(1,179)	(644)	(336)	(118)	(81)
Jun-19. Total	\$ 31.5	\$ 24.0	\$ 4.6	\$ 0.5	\$ 2.4
% of total	100%	76%	15%	2%	7%
Total Count of Invoices	2,046	1,288	458	163	137
% of total	100%	63%	22%	8%	7%

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





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

September 27, 2019

**DESIGNEE AUTHORIZATION FOR
DETROIT FINANCIAL REVIEW COMMISSIONS MEETINGS**

In accordance with Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), MCL 141.1631-141.1643, I hereby designate Joyce A. Parker, Deputy State Treasurer, State and Local Finance, as my designee to serve in my absence as a member of the Financial Review Commission for the City of Detroit and the Financial Review Commission for the School District of the City of Detroit and the Detroit Public Schools Community District.

Pursuant to Section 5(5) of the Act, MCL 141.1635(5), in my absence from a Commission meeting, Joyce A. Parker, as my designee, will serve as Chairperson of the Commission. The original of this signed Designee Authorization shall be maintained in the manner required by Section 3(j) of the Act, MCL 141.1633(j).

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer