



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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March 16, 2020

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

Re: Monthly Financial Report for the Seven Months ended January 31, 2020

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Seven Months ended January 31, 2020.

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 Seven Months ended January 31, 2020

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



FY 2020 Financial Report

For the 7 Months ended January 31, 2020

Office of the Chief Financial Officer

Submitted on March 16, 2020



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Executive Summary

- On February 19, the City held its [February Revenue Estimating Conference](#). The conference principals approved economic and revenue forecasts for fiscal year 2020, as well as fiscal years 2021 through 2024.
 - Recurring General Fund revenue for FY 2020 is projected at \$1.073 billion, up \$15 million (1.4%) from the Adopted Budget.
 - Recurring General Fund revenue for FY 2021 is projected at \$1.085 billion, an increase of \$12 million (1.1%) over FY 2020.
- On February 19, the City received a [credit rating outlook upgrade from “stable” to “positive” by Moody’s](#). The report noted as credit strengths the city’s robust operating performance and very strong financial planning practices, including revenue estimating conferences, long-range financial planning, and conservative budgetary assumptions.
- On March 6, the Mayor presented to City Council the [Proposed FY 2021 – FY 2024 Four-Year Financial Plan](#). City Council budget hearings will occur throughout March.
- Within the City’s active grant portfolio, the most significant new awards in January include a \$5.8 million grant from the Michigan Workforce Development Agency for job training for FCA jobs, and a \$4.7 million Michigan Indigent Defense Commission Grant to provide public attorneys in the 36th District Court (annualized amount of \$7.1 million.)



YTD Budget Amendments – General Fund

FY 2019-2020 GENERAL FUND BUDGET AMENDMENTS (Through January 2020)		
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
Non-Departmental	PLD Decommission	23,000,000
Total		26,363,962
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 January 2020)		\$ 1,172,547,943



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

YTD ANALYSIS						
	BUDGET	ACTUAL + ADJUSTMENTS + ENCUMBRANCES			VARIANCE (BUDGET VS. ACTUAL)	
MAJOR CLASSIFICATIONS	YEAR TO DATE	ACTUAL	ADJUSTMENTS + ENCUMBRANCES	TOTAL		
A	B	C	D	E = C + D	(\$) F = E-B	% G = (F/B)
REVENUE:						
Municipal Income Tax	\$ 177.1	\$ 191.8	–	\$ 191.8	\$ 14.7	8.3%
Property Taxes	75.9	83.1	–	83.1	7.2	9.5%
Wagering Taxes	108.8	113.2	–	113.2	4.4	4.0%
Utility Users' Tax	12.0	11.9	–	11.9	(0.1)	(0.9%)
State Revenue Sharing	68.5	71.5	–	71.5	3.0	4.3%
Other Revenues	155.9	115.9	–	115.9	(40.1)	(25.7%)
Sub-Total	\$ 598.3	\$ 587.4	–	\$ 587.4	\$ (10.9)	(1.8%)
Budgeted Use of Prior Year Fund Balance	30.2	0.0	30.0	30.0	(0.2)	(0.7%)
Carry forward-Use of Assigned Fund Balance	26.4	0.0	26.4	26.4	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	\$ 657.7	\$ 587.4	\$ 59.3	\$ 646.6	\$ (11.1)	(1.7%)
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	\$ (280.9)	\$ (270.4)	–	(270.4)	10.5	3.7%
Employee Benefits	(103.8)	(76.9)	–	(76.9)	26.9	25.9%
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	(58.3)	(58.3)	–	(58.3)	0.0	0.0%
Other Expenses	(206.6)	(167.2)	(59.1)	(226.4)	(19.8)	(9.6%)
TOTAL	\$ (694.6)	\$ (617.8)	\$ (59.1)	\$ (677.0)	\$ 17.6	2.5%



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
REVENUE:				
Municipal Income Tax	\$ 324.3	\$ 329.8	\$ 5.6	1.7%
Property Taxes	115.3	115.6	0.3	0.3%
Wagering Taxes	184.3	186.0	1.7	0.9%
Utility Users' Tax	31.3	28.3	(3.1)	(9.8%)
State Revenue Sharing	204.5	208.4	3.9	1.9%
Other Revenues	226.4	235.5	9.1	4.0%
Sub-Total	\$ 1,086.2	\$ 1,103.7	\$ 17.5	1.6%
Budgeted Use of Prior Year Fund Balance	57.1	57.1	0.0	0.0%
Carry forward-Use of Assigned Fund Balance	26.4	26.4	0.0	0.0%
Transfers from Other Funds	0.0	0.0	0.0	0.0%
Budget Amendments	2.9	2.9	0.0	0.0%
TOTAL (F)	\$ 1,172.5	\$ 1,190.0	\$ 17.5	1.6%
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (476.2)	\$ (460.8)	\$ 15.4	(3.2%)
Employee Benefits	(139.2)	(127.5)	11.7	(8.4%)
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	(413.7)	(407.3)	6.4	(1.6%)
TOTAL (G)	\$ (1,172.5)	\$ (1,139.0)	\$ 33.5	(2.9%)
VARIANCE (H=F+G)		\$ 51.0	\$ 51.0	

Note: Projected annual revenues are based on the February 2020 Revenue Estimating Conference. Include \$27M of pass-through revenues that were netted out for the Revenue Estimating Conference and future years' budgets.



Employee Count Monitoring

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual December 2019	Actual January 2020	Change December 2019 vs. January 2020	Adjusted Budget FY 2020 ⁽²⁾	Variance Under/(Over) Budget vs. January 2020	
Public Safety						
Police	3,125	3,152	27	3,338	186	6%
Fire	1,174	1,172	(2)	1,275	103	8%
Total Public Safety	4,299	4,324	25	4,613	289	6%
Non-Public Safety						
Office of the Chief Financial Officer	429	428	(1)	532	104	
Public Works - Full Time	386	386	0	447	61	
Health and Wellness Promotion	131	133	2	174	41	
Human Resources	99	100	1	105	5	
Housing and Revitalization	109	106	(3)	109	3	
Innovation and Technology	119	120	1	140	20	
Law	116	117	1	127	10	
Mayor's Office (includes Homeland Security)	81	81	0	81	0	
Municipal Parking ⁽⁶⁾	92	96	4	104	8	
Planning and Development	37	38	1	41	3	
General Services - Full Time	541	541	0	557	16	
Legislative ⁽³⁾	219	219	0	260	41	
36th District Court	322	320	(2)	325	5	
Other ⁽⁴⁾	157	191	34	199	8	
Total Non-Public Safety	2,838	2,876	38	3,201	325	10%
Total General City-Full Time	7,137	7,200	63	7,814	614	8%
Seasonal/ Part Time⁽⁵⁾	189	204	15	822	618	75%
Enterprise						
Airport	4	4	0	4	0	
BSEED	272	277	5	337	60	
Transportation	888	899	11	973	74	
Water and Sewerage	554	566	12	650	84	
Library	297	302	5	326	24	
Total Enterprise	2,015	2,048	33	2,290	242	11%
Total City	9,341	9,452	111	10,925	1,473	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) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.

(4) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.

(5) Includes: DPW, General Services, Recreation and Elections

(6) During the development of the FY 2020 - FY 2023 Four-Year Plan, the Municipal Parking Department was transferred to the General Fund.



Income Tax - Collections

Fiscal Years 2019 - 2020

Income Tax Collections

FY20 YTD

January 2020

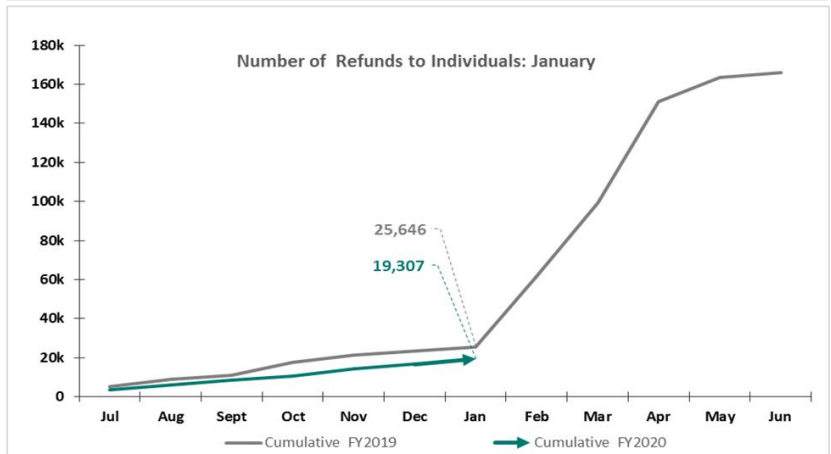
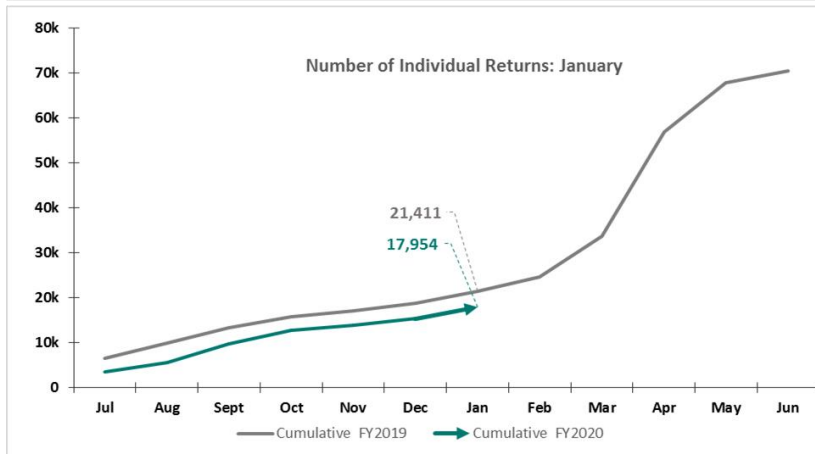
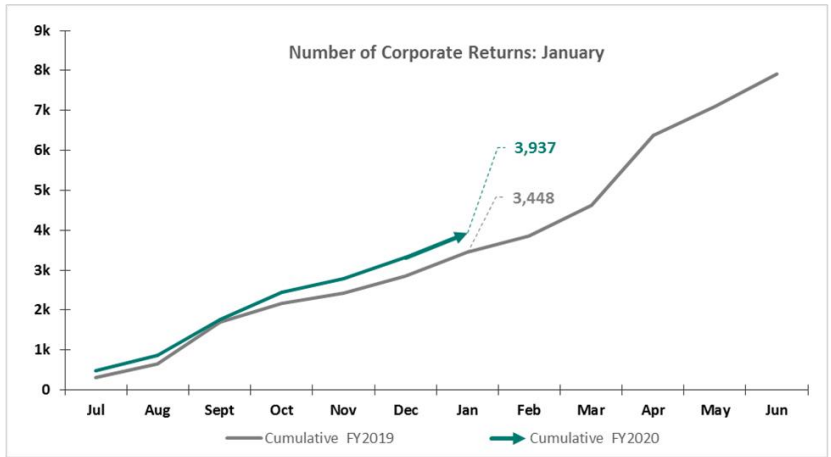
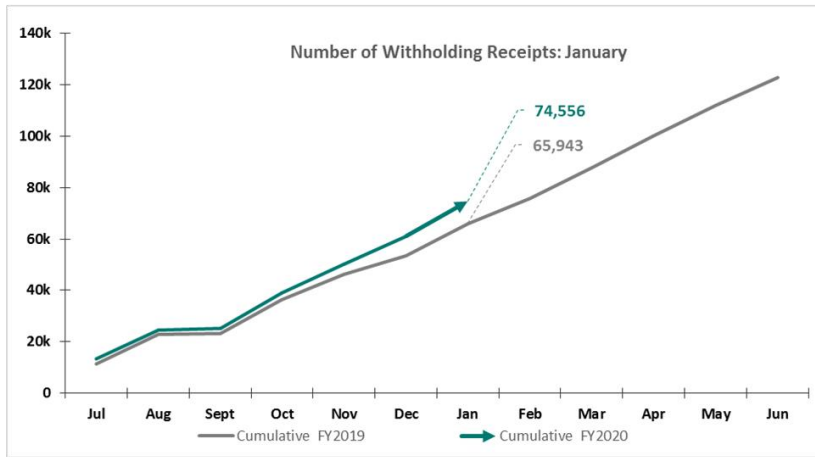
FY19 YTD

January 2019

Withholdings/Estimates	\$ 169,632,462	\$ 167,454,396
Individuals	13,591,424	11,332,097
Corporations	10,685,757	13,223,007
Partnerships	3,002,338	2,120,741
Assessments	1,343,972	3,186,582
Total Collections	\$ 198,255,953	\$ 197,316,823
Refunds/ Disbursements	(6,451,590)	(2,142,687)
Collections Net of Refunds/Disbursements	\$ 191,804,363	\$ 195,174,136



Income Tax – Volume of Returns and Withholdings





Development and Grants

Active Grants and Donations as of January 31, 2020 (\$ in millions)

Net Change from last month ⁽³⁾	\$11.5	\$6.9

New Funds – January 1 to February 26, 2020 (\$ in millions)

Committed ⁽⁴⁾	\$9.2
Total New Funding	\$122.4
Net New to the City ⁽⁵⁾	\$100.4

(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 January are those highlighted on the Executive Summary. The New Funds total reflects the \$100M gift by Stephen M. Ross in February to advance construction of the Detroit Center for Innovation; this is a third-party project as described in (2).

(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.



Development and Grants

New Funds (Total) – January 1 to February 26, 2020 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 4,754,847		\$ 4,754,847
	\$ 100,000,000	\$ 6,020,000	\$ 106,020,000
	\$ 111,854		\$ 111,854
	\$ 15,000	\$ 1,274,300	\$ 1,289,300
		\$ 26,115	\$ 26,115
	\$ 202,268		\$ 202,268
	\$ 60,000	\$ 127,760	\$ 187,760
	\$ 7,631,067		\$ 7,631,067
Workforce	\$ 425,000	\$ 1,760,000	
Grand Total			



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to February 26, 2020 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 4,754,847	\$ 1,086,674
Community/Culture		
Economic Development	\$ 106,020,000	\$ 59,000,000 ⁽²⁾
Health	\$ 111,854	
Housing	\$ 1,289,300	\$ 15,000 ⁽³⁾
Infrastructure	\$ 26,115	
Parks and Recreation	\$ 202,268	
Planning		
Public Safety	\$ 187,760	
Technology/Education		
Transit	\$ 7,631,067	
Workforce	\$ 2,185,000	
Grand Total		

(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 and 2019.

(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)

	Unrestricted	Restricted	January 2020 Total	Prior Year January 2019 Total
Bank Balance	\$ 283.2	\$ 969.9	\$ 1,253.1	\$ 1,296.0
Plus/minus: Reconciling items	16.0	1.1	17.0	7.7
Reconciled Bank Balance	\$ 299.1	\$ 971.0	\$ 1,270.1	\$ 1,303.7
General Ledger Cash Balances				
General Fund				
General Accounts	\$ 194.9	163.4	\$ 358.3	\$ 254.4
Risk Management/Self Insurance	-	58.7	58.7	103.4
Undistributed Delinquent Taxes	-	15.1	15.1	35.6
Quality of Life Fund	-	20.9	20.9	24.4
Retiree Protection Trust Fund	-	177.8	177.8	125.0
A/P and Payroll Clearing	20.0	-	20.0	18.4
Other Governmental Funds				
Capital Projects	-	124.1	124.1	163.8
Street Fund	-	85.3	85.3	78.6
Grants	-	45.6	45.6	49.5
Solid Waste Management Fund	48.8	-	48.8	39.3
Debt Service	-	77.1	77.1	64.0
Gordie Howe Bridge Fund	-	17.8	17.8	20.9
Other	11.0	7.8	18.8	31.7
Enterprise Funds				
Enterprise Funds	10.5	2.6	13.1	35.7
Fiduciary Funds				
Undistributed Property Taxes	-	124.5	124.5	198.8
Fire Insurance Escrow	-	10.7	10.7	10.2
Other	-	39.5	39.5	37.0
Component Units				
Component Units	13.9	-	13.9	13.1
Total General Ledger Cash Balance	\$ 299.1	\$ 971.0	\$ 1,270.1	\$ 1,303.7

Note: This schedule reports total City of Detroit (excludes DSWD) cash in the bank at January 31, 2020 and differences between the General Ledger and bank balance are shown as reconciling items. This report does not represent cash available for spending, and liabilities and fund balance must be considered when determining excess cash.



Operating Cash Activity: YTD Actual vs Forecast

For 7 Months Ending January 31, 2020

\$ in Millions

	YTD Forecast	YTD Actuals	YTD Variance	Prior YTD Actuals
Cash Receipts				
Property Taxes	\$ 476.0	\$ 488.0	\$ 12.0	\$ 473.3
Income Taxes	190.5	190.7	0.2	188.9
Wagering	112.4	115.2	2.8	108.1
State Shared Revenue	103.6	105.0	1.4	102.6
Utility Taxes	14.5	12.0	(2.5)	13.1
Other Revenue	156.6	157.7	1.1	128.6
Bond Proceeds	7.6	7.6	0.0	-
Total Cash Receipts	\$ 1,061.2	\$ 1,076.3	\$ 15.1	\$ 1,014.6
Cash Disbursements				
Salaries & Wages	\$ (300.3)	\$ (303.2)	\$ (2.9)	\$ (280.9)
Benefits	(73.2)	(72.2)	1.0	(91.3)
Retiree Protection Trust	(45.0)	(45.0)	0.0	(20.0)
Accounts Payable	(270.5)	(269.1)	1.4	(275.1)
TIF Distributions	(32.2)	(32.2)	0.0	-
Property Tax Distributions	(325.0)	(310.1)	14.9	(362.1)
Debt Service	(45.7)	(45.7)	0.0	(44.9)
Total Cash Disbursements	\$ (1,091.9)	\$ (1,077.4)	\$ 14.5	\$ (1,074.3)
Net Cash Flow	\$ (30.7)	\$ (1.2)	\$ 29.5	\$ (59.7)



Operating Cash Activity: Actual vs. Forecast to Year End

\$ in millions

	2019						2020						FY2020 Total
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Taxes	\$ 58.2	\$ 192.8	\$ 26.7	\$ 8.9	\$ 11.0	\$ 65.1	\$ 125.3	\$ 11.0	\$ 12.0	\$ 10.5	\$ 11.4	\$ 19.7	\$ 552.7
Income Taxes	30.7	22.0	31.2	25.5	21.6	29.0	30.7	20.5	24.2	25.0	25.4	34.4	320.1
Wagering	15.5	17.4	15.0	14.1	18.0	17.6	17.7	13.3	17.2	14.1	13.7	15.7	189.2
State Shared Revenue	-	34.2	-	35.1	-	35.6	-	34.6	-	33.7	-	33.5	206.8
Utility Taxes	2.1	1.3	1.8	2.0	-	3.1	1.8	3.1	2.3	2.8	3.0	2.8	26.0
Other Revenue	33.7	28.3	15.3	10.9	28.9	17.0	23.7	15.7	20.0	16.8	23.2	24.6	258.1
Transfer In from Bond Proceeds	-	-	0.3	0.5	2.6	3.0	1.2	4.2	-	-	-	-	11.9
Total Cash Receipts	\$ 140.2	\$ 296.0	\$ 90.3	\$ 97.0	\$ 82.1	\$ 170.4	\$ 200.4	\$ 102.4	\$ 75.7	\$ 102.9	\$ 76.7	\$ 130.7	\$ 1,564.8
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (46.8)	\$ (37.1)	\$ (40.3)	\$ (35.8)	\$ (45.4)	\$ (50.8)	\$ (34.7)	\$ (36.4)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (495.3)
Benefits	(12.6)	(6.5)	(6.0)	(13.1)	(6.5)	(14.0)	(13.4)	(6.5)	(6.3)	(13.5)	(6.5)	(6.3)	(111.4)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(67.2)	(24.2)	(39.6)	(20.0)	(33.8)	(38.0)	(36.4)	(33.8)	(37.3)	(43.5)	(31.4)	(451.5)
TIF Property Tax Disbursements	-	-	-	(3.0)	(3.7)	(25.5)	-	-	-	-	(26.0)	-	(58.2)
Property Tax Distributions	(17.1)	(26.5)	(132.0)	(9.9)	(7.0)	(6.5)	(111.2)	(65.0)	(6.0)	(2.0)	(10.0)	(15.0)	(408.1)
Debt Service	(2.7)	(8.2)	(14.1)	(6.2)	(2.7)	(9.1)	(2.7)	(9.1)	(2.7)	(17.7)	(2.7)	(9.0)	(86.8)
Total Cash Disbursements	\$ (170.6)	\$ (155.2)	\$ (213.4)	\$ (112.1)	\$ (75.7)	\$ (134.3)	\$ (216.1)	\$ (151.7)	\$ (85.2)	\$ (107.7)	\$ (128.2)	\$ (106.0)	\$ (1,656.3)
Net Cash Flow	\$ (30.3)	\$ 140.8	\$ (123.1)	\$ (15.1)	\$ 6.4	\$ 36.1	\$ (15.7)	\$ (49.3)	\$ (9.5)	\$ (4.8)	\$ (51.5)	\$ 24.7	\$ (91.5)



Accounts Payable and Supplier Payments

City of Detroit
Accounts Payable Analysis
\$ in millions

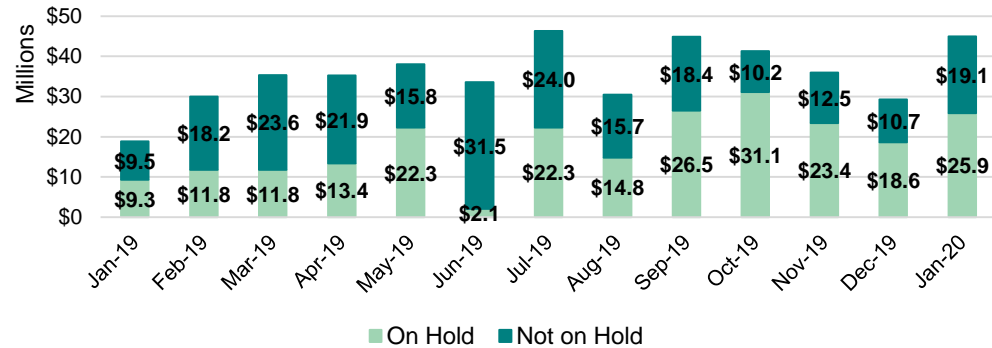
Accounts Payable (AP) as of Jan-20	
Total AP (Dec-19)	\$ 29.3
Plus: Jan-20 invoices processed	\$ 160.1
Less: Jan-20 Payments made	\$ (144.4)
Total AP month end (Jan-20)	\$ 45.0
Less: Invoices on hold ⁽¹⁾	\$ (25.9)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.5)
Net AP not on hold	\$ 18.6

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jan-20. Total	\$ 18.6	\$ 12.5	\$ 2.7	\$ 0.9	\$ 2.5
<i>% of total</i>	100%	67%	14%	5%	13%
<i>Change vs. Dec-19</i>	\$ 7.9	\$ 5.0	\$ 1.4	\$ 0.8	\$ 0.7
Total Count of Invoices	1,875	1,200	389	116	170
<i>% of total</i>	100%	64%	21%	6%	9%
<i>Change vs. Dec-19</i>	779	521	161	9	88
Dec-19. Total	\$ 10.7	\$ 7.5	\$ 1.3	\$ 0.1	\$ 1.8
<i>% of total</i>	101%	70%	12%	1%	17%
Total Count of Invoices	1,096	679	228	107	82
<i>% of total</i>	100%	62%	21%	10%	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

Accounts Payable (Inc. installments/retainage)



Supplier Payment Metric (Phase 1)

