



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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August 13, 2019

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

Re: Monthly Financial Report for the Twelve Months ended June 30, 2019

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Twelve Months ended June 30, 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 Twelve Months ended June 30, 2019

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



FY 2019 Financial Report

For the 12 Months ended June 30, 2019

Office of the Chief Financial Officer

Submitted on August 13, 2019



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Executive Summary

- The OCFO-Office of Budget is updating revenue estimates for FY 2020 through FY 2024 for the September Revenue Estimating Conference. The Conference will take place on September 11 at 11am.
- The OCFO-Office of the Controller is working in collaboration with the Office of the Auditor General to manage the FYE 6-30-19 CAFR and Single Audit process.
- Current projections anticipate FY 2019 revenues to be \$52M above budget. This is a result of \$23M in one-time income tax collections, and expenditures \$71.4M below budget (which includes \$34M in canceled encumbrances). This projected surplus will replenish unassigned fund balance previously appropriated for blight and capital improvements in FY 2020 (\$105.5M). Furthermore, the assessment of amount on reserve in the Risk Management Fund is not complete and additional funding may need to be set aside.
 - Revenue projections are based on the May 2019 Revenue Estimates Review, which are above budget.
 - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies.
 - The General City active employee count increased in June, primarily for seasonal employees. The total employee count remains below budget.
- Within the City's active grants portfolio, the most significant new awards in June were the Davidson Foundation Grant to Nonprofit Enterprise at Work, Inc. in support of the Industrial Sewing and Innovation Center (ISAIC) of \$900,000; and the JAG sub-award from Wayne County to the Detroit Police Department of \$864,801. (page 9)
- Total accounts payable as of June 2019 had a net decrease of \$4.5M compared to May 2019. Net AP not on hold had a net increase of \$15.7M and the number of open invoices not on hold increased by 835 due to invoices being processed for Fiscal Year End close. 1,929 new invoices were processed in June 2019 that are not on hold. (page 15)



YTD Budget Amendments – General Fund

FY 2018-2019 GENERAL FUND BUDGET AMENDMENTS (Through June 2019)		
Department	Reason for Amendment	Amount
FY 2018 - 2019 Adopted Budget		\$ 1,073,598,491
Carry Forward Use of Assigned Fund Balance		
City Council	City Planning Commission Project ⁽¹⁾	699,975
Non-Departmental	Restructuring Projects ⁽²⁾	1,697,194
Recreation	Wayne County Millages / Parks	1,660,548
Non-Departmental	Capital PO Encumbrances	13,216,435
Non-Departmental	P.E.G Fees	1,890,580
Non-Departmental	Blight Reinvestment	7,900,000
Non-Departmental	PLD Decommission	22,000,000
	Total	49,064,732
Budget Amendment		
Non-Departmental	Refunding LTGO Bonds	179,213,699
General Services	Wayne County Parks Millage	270,000
Law / Non-Departmental	Funding For Outside Legal Services	746,210
Parks & Recreation	Pistons Basketball Court Improvements - Year 2	416,667
	Total	180,646,576
Transfer From Other Funds		
Non-Departmental	Blight Reinvestment ⁽³⁾	5,863,366
	Total	5,863,366
FY 2018 - 2019 Amended Budget (Through June 2019)		\$ 1,309,173,165

(1) Multi-year, multi-phase project which will result in an updated Zoning Ordinance.

(2) EM appropriated.

(3) The bond amendment approved by City Council in the amount of \$13.1M, included the transfer / increase of \$5.8M for blight reinvestment.



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

YTD ANALYSIS FOR 12 MONTHS ENDED JUNE 30, 2019						
	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 ⁽¹⁾	\$ 299.4	\$ 345.9	-	\$ 345.9	\$ 46.5	15.5%
Property Taxes	133.8	115.7	11.6	127.3	(6.5)	(4.9%)
Wagering Taxes	180.8	183.4	-	183.4	2.7	1.5%
Utility Users' Tax	40.0	28.0	12.5	40.5	0.5	1.1%
State Revenue Sharing	200.6	169.1	33.4	202.6	1.9	1.0%
Other Revenues	216.4	174.6	18.7	193.3	(23.2)	(10.7%)
Sub-Total	\$ 1,071.0	\$ 1,016.7	\$ 76.2	\$ 1,092.9	\$ 21.9	2.0%
Budgeted Use of Prior Year Fund Balance	2.6	-	2.6	2.6	-	0.0%
Carry forward-Use of Assigned Fund Balance	49.1	-	49.1	49.1	-	0.0%
Transfers from Other Funds	5.9	-	5.9	5.9	-	0.0%
Budget Amendments	180.6	180.4	0.3	180.6	-	0.0%
TOTAL	\$ 1,309.2	\$ 1,197.1	\$ 134.0	\$ 1,331.1	\$ 21.9	1.7%
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	(449.4)	(437.8)	-	(437.8)	11.6	(2.6%)
Employee Benefits ⁽²⁾	(137.3)	(116.3)	-	(116.3)	21.0	(15.3%)
Legacy Pension Payments	(38.6)	(20.0)	(18.6)	(38.6)	-	0.0%
Retiree Protection Fund	(20.0)	(20.0)	-	(20.0)	-	0.0%
Debt Service	(248.6)	(199.6)	(49.0)	(248.6)	-	0.0%
Other Expenses ⁽³⁾	(415.3)	(319.8)	(3.6)	(323.4)	91.9	(22.1%)
TOTAL	\$ (1,309.2)	\$ (1,113.5)	\$ (71.2)	\$ (1,184.7)	\$ 124.4	(9.5%)

(1) In April 2019, the City received a one-time corporate tax receipt of approximately \$23 million that will be non-recurring.

(2) Monthly Employee Benefits reclassified across categories.

(3) Includes contribution to DDOT, transfer to PLA, Prior Year carry/balance forwards, contribution to Risk Management Fund, contribution to DBLA, plus all purchases of goods and services.



Annualized Projection vs. Budget – General Fund

ANNUAL ANALYSIS				
	BUDGET	PROJECTION ^{1,2}	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	\$ 299.4	\$ 354.6	\$ 55.2	18.4%
Property Taxes*	129.3	126.2	(3.1)	(2.4%)
State PPT Reimbursement	4.5	-	(4.5)	(100.0%)
Wagering Taxes	180.8	183.6	2.8	1.6%
Utility Users' Tax*	40.0	40.8	0.8	2.1%
State Revenue Sharing	200.6	202.6	1.9	1.0%
Other Revenues	216.4	215.7	(0.8)	(0.4%)
Sub-Total	\$ 1,071.0	\$ 1,123.5	\$ 52.4	4.9%
Budgeted Use of Prior Year Fund Balance	2.6	2.6	-	0.0%
Carry forward-Use of Assigned Fund Balance	49.1	49.1	-	0.0%
Transfers from Other Funds	5.9	5.9	-	0.0%
Budget Amendments	180.6	180.6	-	0.0%
TOTAL (F)	\$ 1,309.2	\$ 1,361.6	\$ 52.4	4.9%
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (449.4)	\$ (440.0)	\$ 9.4	(2.1%)
Employee Benefits	(137.3)	(122.4)	14.9	(10.8%)
Legacy Pension Payments	(38.6)	(38.6)	-	0.0%
Retiree Protection Fund	(20.0)	(20.0)	-	0.0%
Debt Service	(248.6)	(248.6)	-	0.0%
Other Expenses	(415.3)	(368.2)	47.1	(11.3%)
TOTAL (G)	\$ (1,309.2)	\$ (1,237.8)	\$ 71.4	(5.5%)
VARIANCE (H=F+G)		\$ 123.8	\$ 123.8	

¹ Projected annual revenues are based on the OCFO's May 2019 Revenue Estimates Review and include an additional \$23M in one-time income tax collections.

² Current annual projections for expenditures exceed actual expenditures on p. 4 due to the inclusion of anticipated manual expenditure journal entries being prepared by the Office of Departmental Financial Services (ODFS) through August 23, 2019.

* Property Taxes and Utility Users' Tax revenue projections are presented as gross totals to align with FY19 budget presentation.



Employee Count Monitoring

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL Variance		
	Actual May 2019	Actual June 2019	Change May 2019 vs. June 2019	Adjusted Budget FY 2019 ⁽²⁾	Under/(Over) Budget vs. June 2019	
Public Safety						
Police	3,107	3,094	(13)	3,340	246	7%
Fire	1,187	1,178	(9)	1,274	96	8%
Total Public Safety	4,294	4,272	(22)	4,614	342	7%
Non-Public Safety						
Office of the Chief Financial Officer	432	438	6	479	41	
Public Works - Full Time	364	374	10	423	49	
Health and Wellness Promotion	91	98	7	119	21	
Human Resources	100	102	2	106	4	
Housing and Revitalization	101	99	(2)	102	3	
Innovation and Technology	121	127	6	136	9	
Law	113	112	(1)	124	12	
Mayor's Office (includes Homeland Security)	78	78	0	79	1	
Planning and Development	39	40	1	43	3	
General Services - Full Time	534	534	0	543	9	
Legislative ⁽³⁾	216	218	2	219	1	
36th District Court	319	319	0	326	7	
Other ⁽⁴⁾	121	121	0	133	12	
Total Non-Public Safety	2,629	2,660	31	2,832	172	6%
Total General City-Full Time	6,923	6,932	9	7,446	514	7%
Seasonal/ Part Time⁽⁵⁾	639	668	29	904	236	26%
Enterprise						
Airport	3	3	0	4	1	
BSEED	279	276	(3)	280	4	
Transportation	876	919	43	927	8	
Municipal Parking	80	80	0	90	10	
Water and Sewerage	541	541	0	618	77	
Library	305	305	0	322	17	
Total Enterprise	2,084	2,124	40	2,241	117	5%
Total City	9,646	9,724	78	10,591	867	8%

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). The FY19 Budget increased the total FTE appropriation by 464 over the FY18 Budget.
- (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



Income Tax - Collections

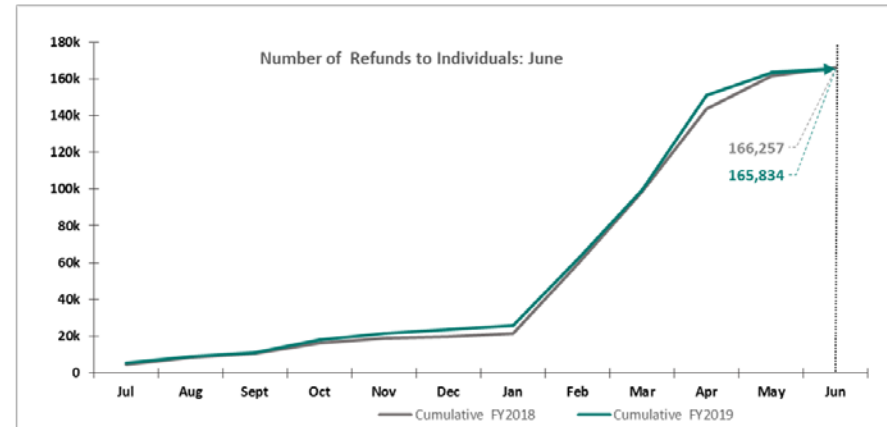
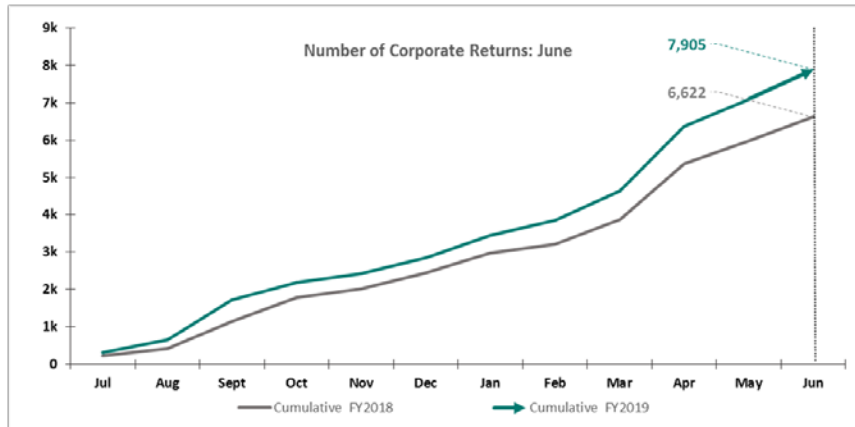
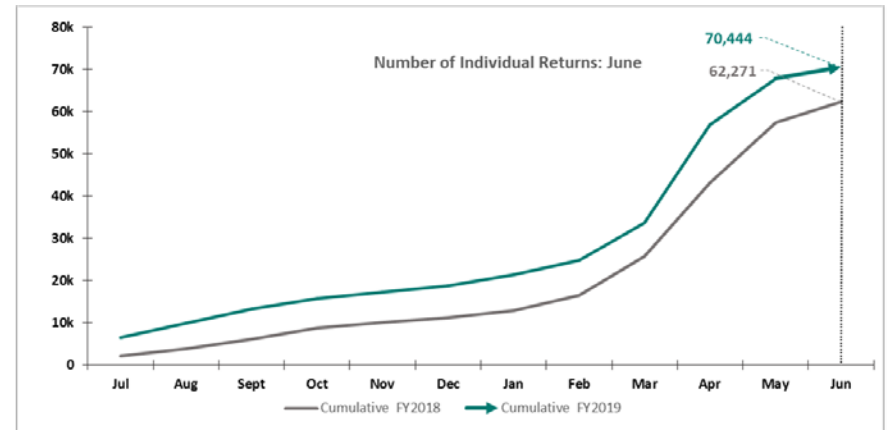
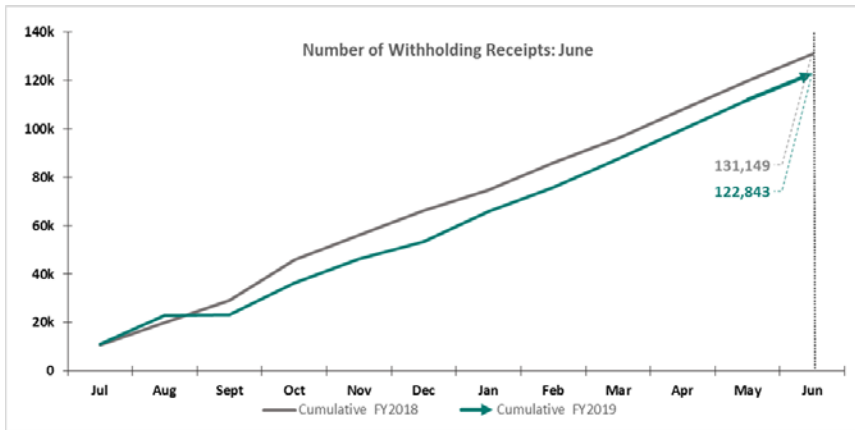
Fiscal Year 2019

Municipal Income Tax Collections	June 2019 YTD	June 2018 YTD
Withholdings	\$ 273,312,516	\$ 268,967,061
Individuals (1099/1040 Filers)	31,597,709	28,511,396
Corporations ⁽¹⁾	56,744,347	30,214,683
Partnerships	8,395,218	3,474,098
Assessments	4,658,784	5,425,882
Total Collections	\$ 374,708,573	\$ 336,593,120
Refunds/ Disbursements	(28,817,444)	(24,618,136)
Collections Net of Refunds/Disbursements	\$ 345,891,129	\$ 311,974,984

(1) In April 2019, the City received a one-time corporate tax receipt of approximately \$23 million that will be non-recurring.



Income Tax – Volume of Returns and Withholdings





Active Grants and Donations as of June 30, 2019 (\$ in millions)

Net Change from last month ⁽³⁾	\$1.7	

New Funds – January 1 to July 22, 2019 (\$ in millions)

Committed ⁽⁴⁾	
Total New Funding	\$83.6
Net New to the City ⁽⁵⁾	\$2.4

(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 June were the Davidson Foundation Grant to Nonprofit Enterprise at Work, Inc. in support of the Industrial Sewing and Innovation Center (ISAIC) - \$900,000; and the JAG Sub-award from Wayne County to DPD - \$864,801.

(4) Reflects verbal and informal commitments which are secure, but for which formal agreements have not yet been finalized. As part of annual reconciliation, \$26.2M in commitments included in the CY 2018 total that are secure, but not yet finalized, have now been carried forward into the CY 2019 total.

(5) Reflects new funds to the City from organizations which have not given to the City of Detroit before. As part of 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 July 22, 2019⁽¹⁾ – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 150,000	\$ 1,465,775	\$ 1,615,775
Community/Culture		\$ 403,848	
Economic Development	\$ 900,000	\$ 28,300,000	
Health		\$ 180,000	
Housing		\$ 1,274,300	\$ 5,374,300
		\$ 736,742	
Parks and Recreation			
Planning	\$ 365,000	\$ 25,000	
Public Safety	\$ 1,982,964	\$ 170,000	\$ 2,152,964
Technology/Education		\$ 1,100,000	\$ 3,365,000
Transit		\$ 12,120,420	\$ 17,565,420
		\$ 2,625,000	
Grand Total	\$ 35,188,056	\$ 48,401,085	\$ 83,589,141



New Funds and City Leverage⁽¹⁾ – January 1 to July 22, 2019 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 1,615,775	\$ 80,000
Community/Culture	\$ 838,323	
Economic Development		
Housing		\$ 157,800 ⁽³⁾
Infrastructure		
Parks and Recreation		\$ 192,500
Planning		
Public Safety		\$ 124,139
Technology/Education	\$ 3,365,000	
Transit	\$ 17,565,420	\$ 103,065
Workforce	\$ 8,107,095	\$ 2,000,000
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.

(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	June 2019 Total
Bank Balance	\$ 310.5	\$ 894.8	\$ 1,205.2
Plus/minus: Reconciling items	7.8	(2.6)	5.3
Reconciled Bank Balance	318.3	892.2	1,210.5
General Ledger Cash Balances			
General Fund			
General Accounts	\$ 229.7	129.0	\$ 358.7
Undistributed Delinquent Taxes	-	47.3	47.3
Other	1.0	3.4	4.4
Other Governmental Funds			
Risk Management	-	84.4	84.4
Capital Projects	-	125.6	125.6
Street Fund	-	111.1	111.1
Grants	-	57.4	57.4
Solid Waste Management Fund	38.1	-	38.1
Debt Service	-	51.3	51.3
Gordie Howe Bridge Fund	-	19.3	19.3
Quality of Life Fund	-	24.4	24.4
Other	19.7	12.7	32.4
Enterprise Funds			
Enterprise Funds	15.6	24.1	39.7
Fiduciary Funds			
Undistributed Property Taxes	-	9.0	9.0
Fire Insurance Escrow	-	9.7	9.7
Retiree Protections Trust Funds	-	129.5	129.5
Other	-	53.8	53.8
Component Units			
Component Units	14.2	-	14.2
Total General Ledger Cash Balance	\$ 318.3	\$ 892.2	\$ 1,210.5

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



Operating Cash Activity: YTD Actual vs Forecast

For 12 Months Ending June 30, 2019

\$ in Millions

\$ in Millions		YTD		YTD		YTD		Prior YTD	
		Forecast		Actuals		Variance		Actuals	
Cash Receipts									
	Property Taxes	\$	130.3	\$	133.0	\$	2.7	\$	126.1
	Income Taxes ⁽¹⁾		317.5		352.7		35.2		306.5
	Wagering		186.4		183.7		(2.7)		178.6
	State Shared Revenue		201.1		202.2		1.1		199.4
	Utility Taxes		25.3		27.0		1.7		29.6
	Other Revenue		214.9		205.8		(9.1)		275.9
	Total Cash Receipts	\$	1,075.4	\$	1,104.4	\$	28.9	\$	1,116.1
Cash Disbursements									
	Salaries & Wages	\$	(462.9)	\$	(466.4)	\$	(3.5)	\$	(426.9)
	Benefits		(152.5)		(151.1)		1.4		(130.1)
	Accounts Payable		(411.9)		(422.5)		(10.6)		(374.0)
	Debt Service		(85.2)		(84.4)		0.8		(65.4)
	Total Cash Disbursements	\$	(1,112.5)	\$	(1,124.4)	\$	(12.0)	\$	(996.3)
	Net Cash Flow	\$	(37.1)	\$	(20.0)	\$	16.9	\$	119.8

(1) In April 2019, the City received a one-time corporate tax receipt of approximately \$23 million that will be non-recurring.



Operating Cash Activity: Actual vs. Forecast to Year End

For 12 Months Ending June 30, 2019

\$ in Millions

	2018						2019						FY2019 Actual Total
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	
Cash Receipts													
Property Taxes	\$ 24.3	\$ 7.0	\$ 40.4	\$ 5.6	\$ 1.5	\$ 1.0	\$ 3.0	\$ 28.7	\$ 2.1	\$ 1.2	\$ 5.3	\$ 12.9	\$ 133.0
Income Taxes	35.1	23.7	23.5	30.8	19.0	25.6	31.2	16.9	13.9	72.3	40.8	19.9	352.7
Wagering	15.1	18.1	13.4	15.6	18.5	16.0	14.3	13.2	15.4	16.5	14.7	12.9	183.7
State Shared Revenue	-	33.9	-	34.4	-	34.3	-	33.6	-	32.9	-	33.1	202.2
Utility Taxes	2.3	1.8	1.9	1.8	1.5	1.2	2.6	0.9	3.6	3.5	3.5	2.4	27.0
Other Revenue	13.1	31.0	10.0	27.9	16.8	12.2	15.7	22.5	7.5	11.8	11.8	25.5	205.8
Total Cash Receipts	\$ 89.9	\$ 115.5	\$ 89.2	\$ 116.1	\$ 57.3	\$ 90.3	\$ 66.8	\$ 115.8	\$ 42.5	\$ 138.2	\$ 76.1	\$ 106.7	\$ 1,104.4
Cash Disbursements													
Salaries & Wages	\$ (39.1)	\$ (49.7)	\$ (37.7)	\$ (37.7)	\$ (37.5)	\$ (32.1)	\$ (47.1)	\$ (28.9)	\$ (38.9)	\$ (39.1)	\$ (41.0)	\$ (37.6)	\$ (466.4)
Benefits	(33.8)	(26.6)	(5.5)	(12.7)	(6.5)	(13.6)	(12.6)	(6.0)	(8.1)	(13.1)	(6.4)	(6.2)	(151.1)
Accounts Payable	(39.3)	(46.5)	(33.8)	(55.5)	(38.4)	(30.1)	(31.8)	(21.6)	(29.4)	(29.8)	(31.5)	(34.8)	(422.5)
Debt Service	(2.0)	(4.5)	(14.7)	(6.9)	(2.8)	(11.2)	(2.8)	(9.0)	(11.4)	(8.2)	(2.7)	(8.2)	(84.4)
Total Cash Disbursements	\$ (114.2)	\$ (127.3)	\$ (91.7)	\$ (112.8)	\$ (85.2)	\$ (87.0)	\$ (94.3)	\$ (65.5)	\$ (87.8)	\$ (90.2)	\$ (81.6)	\$ (86.8)	\$ (1,124.4)
Net Cash Flow	\$ (24.3)	\$ (11.8)	\$ (2.5)	\$ 3.3	\$ (27.9)	\$ 3.3	\$ (27.5)	\$ 50.3	\$ (45.3)	\$ 48.0	\$ (5.5)	\$ 19.9	\$ (20.0)

(1) In April 2019, the City received a one-time corporate tax receipt of approximately \$23 million that will be non-recurring.



Accounts Payable and Supplier Payments

City of Detroit

Accounts Payable Analysis

\$ in millions

Accounts Payable (AP) as of Jun-19	
Total AP (May-19)	\$ 38.1
Plus: Jun-19 invoices processed	\$ 138.1
Less: Jun-19 Payments made	\$ (142.6)
Total AP month end (Jun-19)	\$ 33.6
Less: Invoices on hold ⁽¹⁾	\$ (1.7)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.4)
Net AP not on hold	\$ 31.5

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jun-19. Total	\$ 31.5	\$ 24.0	\$ 4.6	\$ 0.5	\$ 2.4
% of total	100%	76%	15%	2%	7%
Change vs. May-19	\$ 15.7	\$ 13.8	\$ 0.6	\$ 0.4	\$ 0.8
Total Count of Invoices	2,046	1,288	458	163	137
% of total	100%	63%	22%	8%	7%
Change vs. May-19	835	370	283	92	90
May-19. Total	\$ 15.8	\$ 10.2	\$ 4.0	\$ 0.1	\$ 1.5
% of total	100%	64%	25%	1%	10%
Total Count of Invoices	1,211	918	175	71	47
% of total	100%	76%	14%	6%	4%

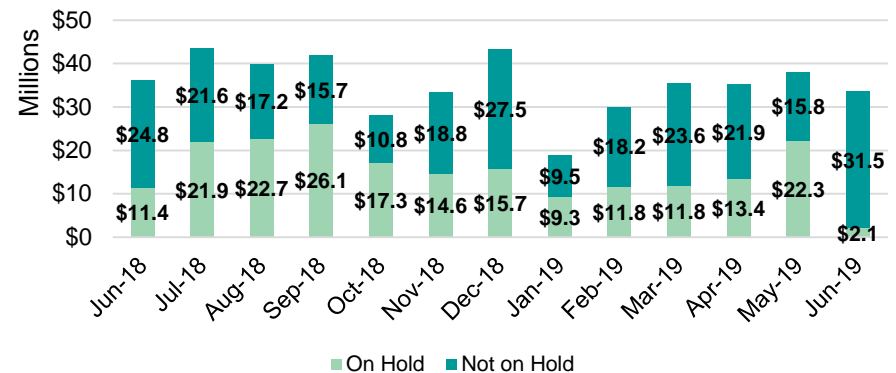
Notes:

(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



Supplier Payment Metric (Phase 1)

