



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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February 14, 2020

The Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Monthly Financial Report for the Six Months ended December 31, 2019

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Six Months ended December 31, 2019. The OCFO also publishes this report on the City's website.

The OCFO is pleased to brief the City Council on the City's finances and respectfully requests to do so at one of the upcoming regularly scheduled Budget, Finance and Audit (BFA) Standing Committee meetings. The OCFO will also meet with the Legislative Policy Division prior to the BFA Committee meeting to further invite discussion on the report.

Best regards,

David P. Massaron
Chief Financial Officer

Att: City of Detroit Financial Report for the Six Months ended December 31, 2019

Cc: Mayor Michael E. Duggan, City of Detroit
Hakim Berry, Chief Operating Officer
Katie Hammer, Chief Deputy CFO/Policy & Administration Director
John Naglick, Chief Deputy CFO/Finance Director
Eric S. Higgs, Deputy CFO/Chief Accounting Officer - Controller
Christa McLellan, Deputy CFO/Treasurer
Tanya Stoudemire, Deputy CFO/Budget Director
Stephanie Washington, City Council Liaison



FY 2020 Financial Report

For the 6 Months ended December 31, 2019

Office of the Chief Financial Officer

Submitted on February 14, 2020



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Executive Summary

- On February 10, the City released its first [Detroit-specific economic forecast](#), in partnership with the University of Michigan. Highlights of the forecast include:
 - Forecast projects a 1.7% growth rate in employment for 2019, outpacing the 1.0% growth rate in Michigan in that time.
 - Detroit’s unemployment rate will continue to fall into 2023 and 2024, and improve faster than the statewide measure.
- On February 19, the OCFO-Office of Budget will hold its Revenue Estimating Conference. The Conference is open to the public and will take place at 2:00pm in the Erma L. Henderson Auditorium in the Coleman A. Young Municipal Center. The approved revenues will be used to develop the FY2021-2024 Four Year Financial Plan.
- As the City of Detroit marks five years since its exit from municipal bankruptcy, the [OCFO celebrates the impact of grant funds](#) secured in this period to support initiatives that improve Detroiters’ quality of life in every neighborhood. Since bankruptcy, the amount of funds secured annually by the City has increased each year, and in 2019 exceeded \$300 million for the first time.



YTD Budget Amendments – General Fund

FY 2019-2020 GENERAL FUND BUDGET AMENDMENTS (Through December 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
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 December 2019)		\$ 1,172,547,943



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 = E-B
REVENUE:						
Municipal Income Tax	\$ 147.8	\$ 159.1	–	\$ 159.1	\$ 11.3	7.7%
Property Taxes	61.6	57.8	–	57.8	(3.8)	(6.2%)
Wagering Taxes	95.1	96.7	–	96.7	1.6	1.7%
Utility Users' Tax	10.5	10.1	–	10.1	(0.4)	(3.8%)
State Revenue Sharing	68.5	71.5	–	71.5	3.0	4.4%
Other Revenues	136.4	92.5	–	92.5	(43.9)	(32.2%)
Sub-Total	\$ 519.8	\$ 487.7	–	\$ 487.7	\$ (32.1)	(6.2%)
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	\$ 579.3	\$ 487.7	\$ 59.3	\$ 547.0	\$ (32.3)	(5.6%)
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	\$ (239.6)	\$ (226.9)	–	\$ (226.9)	\$ 12.6	5.3%
Employee Benefits	(88.4)	(64.5)	–	(64.5)	23.8	27.0%
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	(179.9)	(131.7)	(66.5)	(198.2)	(18.3)	(10.2%)
TOTAL	\$ (611.2)	\$ (526.5)	\$ (66.5)	\$ (593.0)	\$ 18.2	3.0%



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	\$ 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	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	\$ 1,196.5	\$ 23.9	2.2%
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (476.2)	\$ (460.8)	\$ 15.4	3.2%
Employee Benefits	(139.2)	(127.5)	11.8	8.5%
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	(413.6)	(407.3)	6.4	1.5%
TOTAL (G)	\$ (1,172.5)	\$ (1,139.0)	\$ 33.5	2.9%
VARIANCE (H=F+G)		\$ 57.4	\$ 57.4	

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 November 2019	Actual December 2019	Change November 2019 vs. December 2019	Adjusted Budget FY 2020 ⁽²⁾	Variance Under/(Over) Budget vs. December 2019	
Public Safety						
Police	3,121	3,125	4	3,338	213	6%
Fire	1,171	1,174	3	1,275	101	8%
Total Public Safety	4,292	4,299	7	4,613	314	7%
Non-Public Safety						
Office of the Chief Financial Officer	428	429	1	526	97	
Public Works - Full Time	385	386	1	447	61	
Health	123	131	8	174	43	
Human Resources	98	99	1	105	6	
Housing and Revitalization	108	109	1	109	0	
Innovation and Technology	120	119	(1)	140	21	
Law	112	116	4	127	11	
Mayor's Office (includes Homeland Security)	81	81	0	81	0	
Municipal Parking ⁽⁶⁾	89	92	3	104	12	
Planning and Development	36	37	1	41	4	
General Services - Full Time	541	541	0	557	16	
Legislative ⁽³⁾	217	219	2	260	41	
36th District Court	323	322	(1)	325	3	
Other ⁽⁴⁾	159	157	(2)	199	42	
Total Non-Public Safety	2,820	2,838	18	3,195	357	11%
Total General City-Full Time	7,112	7,137	25	7,808	671	9%
Seasonal/ Part Time⁽⁵⁾	213	189	(24)	828	639	77%
Enterprise						
Airport	4	4	0	4	0	
BSEED	263	272	9	337	65	
Transportation	888	888	0	973	85	
Water and Sewerage	556	554	(2)	650	96	
Library	295	297	2	326	29	
Total Enterprise	2,006	2,015	9	2,290	275	12%
Total City	9,331	9,341	10	10,925	1,584	14%

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 FY2020 - FY2023 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

December 2019

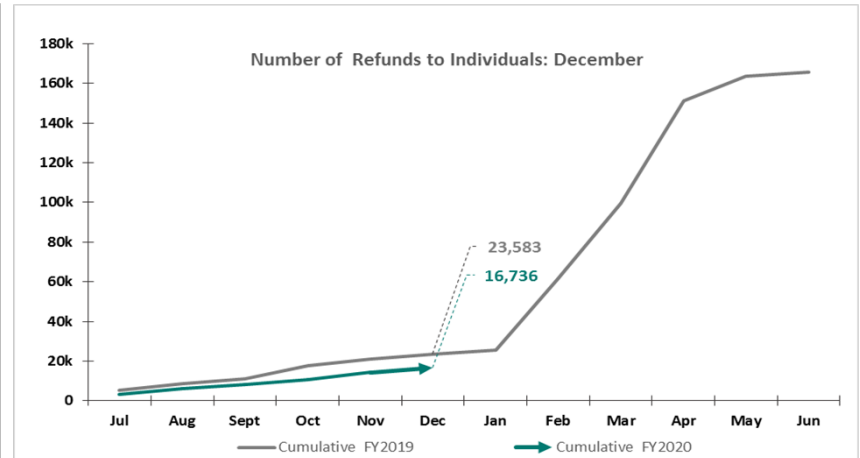
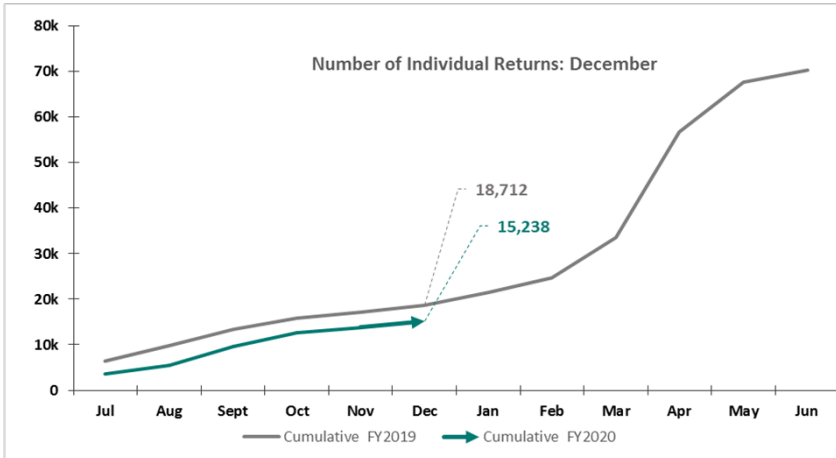
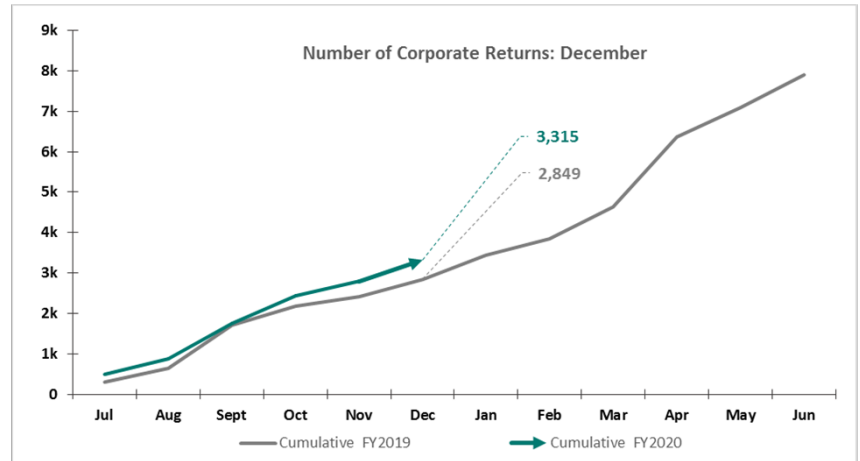
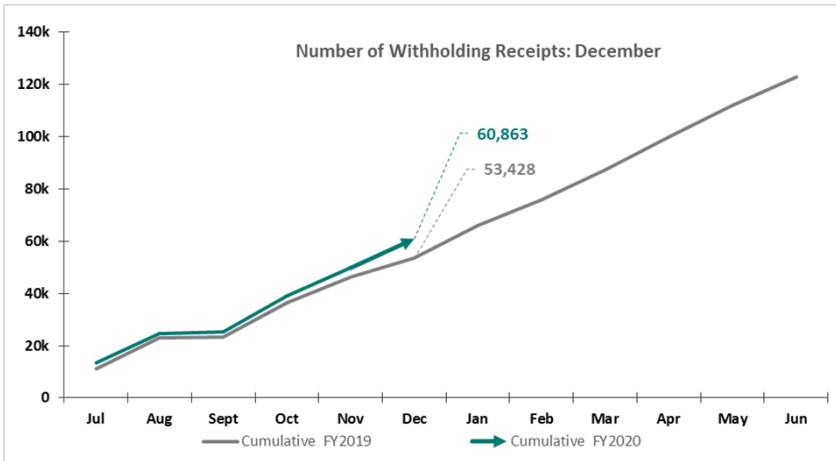
FY19 YTD

December 2018

Withholdings/Estimates	\$ 142,302,840	\$ 142,790,562
Individuals	10,295,412	9,162,907
Corporations	9,188,866	11,459,050
Partnerships	2,182,103	1,658,746
Assessments	1,184,551	2,825,479
Total Collections	\$ 165,153,772	\$ 167,896,744
Refunds/ Disbursements	<u>(6,069,487)</u>	<u>(3,649,502)</u>
Collections Net of Refunds/Disbursements	<u>\$ 159,084,285</u>	<u>\$ 164,247,242</u>



Income Tax – Volume of Returns and Withholdings





Development and Grants

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

	Amount Awarded – City ⁽¹⁾	Amount Awarded – Partners ⁽²⁾
Total Active	\$906.5	\$109.8
Net Change from last month ⁽³⁾	(\$25.2)	\$4.0

New Funds – January 1 to January 31, 2020 (\$ in millions)

	Amount Awarded
Documented	\$7.9
Committed ⁽⁴⁾	\$8.0
Total New Funding	\$15.8
Net New to the City ⁽⁵⁾	\$0.08

(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 December include \$7 M from the Federal Transit Administration for the 2020 Section 5307 Formula Funds and \$2.5 M from Huntington Bank for the Strategic Neighborhood Fund.

(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 January 31, 2020 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services			
Community/Culture			
Economic Development		\$ 5,000,000	\$ 5,000,000
Health	\$ 55,927		\$ 55,927
Housing	\$ 15,000	\$ 1,274,300	\$ 1,289,300
Infrastructure			
Parks and Recreation	\$ 102,268		\$ 102,268
Planning			
Public Safety	\$ 55,000	\$ 202,760	\$ 257,760
Technology/Education			
Transit	\$ 7,631,067		\$ 7,631,067
Workforce		\$ 1,510,000	\$ 1,510,000
Grand Total	\$ 7,859,262	\$ 7,987,060	\$ 15,846,322



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to January 31, 2020 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services		
Community/Culture		
Economic Development	\$ 5,000,000	\$ 59,000,000 ⁽²⁾
Health	\$ 55,927	
Housing	\$ 1,289,300	\$ 15,000 ⁽³⁾
Infrastructure		
Parks and Recreation	\$ 102,268	
Planning		
Public Safety	\$ 257,760	
Technology/Education		
Transit	\$ 7,631,067	
Workforce	\$ 1,510,000	
Grand Total	\$ 15,846,322	\$ 59,015,000

(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	December 2019 Total	Prior Year December 2018 Total
Bank Balance	\$ 266.6	\$ 956.6	\$ 1,223.2	\$ 1,183.2
Plus/minus: Reconciling items	(2.5)	13.6	11.1	7.6
Reconciled Bank Balance	\$ 264.1	\$ 970.2	\$ 1,234.3	\$ 1,190.8
General Ledger Cash Balances				
General Fund				
General Accounts	\$ 183.7	157.4	\$ 341.1	\$ 267.7
Self Insurance Escrow	-	-	-	18.7
Undistributed Delinquent Taxes	-	15.5	15.5	32.3
Other	2.4	3.1	5.5	3.1
Other Governmental Funds				
Risk Management	-	60.9	60.9	83.7
Capital Projects	-	126.2	126.2	166.2
Street Fund	-	91.1	91.1	73.8
Grants	-	51.1	51.1	50.1
Solid Waste Management Fund	43.5	-	43.5	41.4
Debt Service	-	67.5	67.5	62.6
Gordie Howe Bridge Fund	-	18.4	18.4	20.9
Quality of Life Fund	-	21.6	21.6	26.2
Other	14.6	7.9	22.5	31.1
Enterprise Funds				
Enterprise Funds	7.0	2.6	9.6	37.9
Fiduciary Funds				
Undistributed Property Taxes	-	94.5	94.5	81.3
Fire Insurance Escrow	-	10.7	10.7	9.8
Retiree Protection Trust Fund	-	175.5	175.5	123.6
Other	-	66.2	66.2	45.8
Component Units				
Component Units	12.8	-	12.8	14.6
Total General Ledger Cash Balance	\$ 264.1	\$ 970.2	\$ 1,234.3	\$ 1,190.8

Note: This schedule reports total City of Detroit (excludes DSWD) cash in the bank at December 31, 2019 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 6 Months Ending December 31, 2019

<i>\$ in Millions</i>	YTD		YTD		YTD		Prior YTD	
	Forecast		Actuals		Variance		Actuals	
Cash Receipts								
Property Taxes	\$	349.3	\$	363.5	\$	14.2	\$	300.7
Income Taxes		163.7		160.0		(3.7)		157.7
Wagering		97.6		97.6		0.0		104.7
State Shared Revenue		103.6		105.0		1.4		102.6
Utility Taxes		13.5		10.3		(3.2)		10.5
Other Revenue		132.8		133.3		0.5		109.2
Bond Proceeds		6.4		6.4		0.0		-
Total Cash Receipts	\$	866.8	\$	876.0	\$	9.2	\$	785.4
Cash Disbursements								
Salaries & Wages	\$	(252.2)	\$	(252.4)	\$	(0.2)	\$	(233.8)
Benefits		(58.6)		(58.8)		(0.2)		(78.7)
Retiree Protection Trust		(45.0)		(45.0)		0.0		(20.0)
Accounts Payable		(228.1)		(231.1)		(2.9)		(241.3)
TIF Distributions		(32.2)		(32.2)		0.0		-
Property Tax Distributions		(226.0)		(198.9)		27.1		(220.9)
Debt Service		(42.9)		(42.9)		0.0		(42.1)
Total Cash Disbursements	\$	(885.0)	\$	(861.3)	\$	23.8	\$	(836.8)
Net Cash Flow	\$	(18.2)	\$	14.8	\$	33.0	\$	(51.4)



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 Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Taxes	\$ 58.2	\$ 192.8	\$ 26.7	\$ 8.9	\$ 11.0	\$ 65.9	\$ 140.1	\$ 28.5	\$ 12.0	\$ 4.5	\$ 3.0	\$ 19.7	\$ 571.3
Income Taxes	30.7	22.0	31.2	25.5	21.6	29.0	30.7	25.0	24.2	25.0	25.4	34.4	324.7
Wagering	15.5	17.4	15.0	14.1	18.0	17.6	17.7	14.4	17.2	14.1	13.7	15.7	190.3
State Shared Revenue	-	34.2	-	35.1	-	35.6	-	33.7	-	33.7	-	33.5	205.8
Utility Taxes	2.1	1.3	1.8	2.0	-	3.1	1.8	2.5	2.3	2.8	3.0	2.8	25.4
Other Revenue	33.7	28.3	15.3	10.9	28.9	16.2	22.9	19.0	20.0	16.8	23.2	24.6	259.9
Transfer In from Bond Proceeds	-	-	0.3	0.5	2.6	3.0	-	-	-	-	-	-	6.4
Total Cash Receipts	\$ 140.2	\$ 296.0	\$ 90.3	\$ 97.0	\$ 82.1	\$ 170.4	\$ 213.2	\$ 123.1	\$ 75.7	\$ 96.9	\$ 68.3	\$ 130.7	\$ 1,583.9
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (46.8)	\$ (37.1)	\$ (40.3)	\$ (35.8)	\$ (45.4)	\$ (50.7)	\$ (34.7)	\$ (36.4)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (495.2)
Benefits	(12.6)	(6.5)	(6.0)	(13.1)	(6.5)	(14.0)	(13.4)	(7.5)	(7.5)	(14.7)	(7.7)	(7.5)	(117.2)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(67.2)	(24.2)	(39.6)	(20.0)	(33.8)	(38.7)	(23.5)	(33.8)	(37.3)	(43.5)	(31.4)	(439.3)
TIF Property Tax Disbursements	-	-	-	(3.0)	(3.7)	(25.5)	-	-	-	-	(32.0)	-	(64.2)
Property Tax Distributions	(17.1)	(26.5)	(132.0)	(9.9)	(7.0)	(6.5)	(22.9)	(124.3)	(6.0)	(2.0)	(10.0)	(25.0)	(389.2)
Debt Service	(2.7)	(8.2)	(14.1)	(6.2)	(2.7)	(9.1)	(2.7)	(9.0)	(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)	\$ (128.4)	\$ (199.0)	\$ (86.4)	\$ (108.9)	\$ (135.4)	\$ (117.2)	\$ (1,636.8)
Net Cash Flow	\$ (30.3)	\$ 140.8	\$ (123.1)	\$ (15.1)	\$ 6.4	\$ 36.1	\$ 84.7	\$ (75.9)	\$ (10.7)	\$ (12.0)	\$ (67.1)	\$ 13.5	\$ (52.9)



Accounts Payable and Supplier Payments

City of Detroit Accounts Payable Analysis \$ in millions

Accounts Payable (AP) as of Dec-19	
Total AP (Nov-19)	\$ 36.0
Plus: Dec-19 invoices processed	\$ 90.3
Less: Dec-19 Payments made	\$ (97.0)
Total AP month end (Dec-19)	\$ 29.3
Less: Invoices on hold ⁽¹⁾	\$ (18.6)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.5)
Net AP not on hold	\$ 10.2

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Dec-19. Total	\$ 10.2	\$ 7.0	\$ 1.3	\$ 0.1	\$ 1.8
% of total	101%	69%	13%	1%	18%
Change vs. Nov-19	\$ (2.3)	\$ (1.6)	\$ 0.3	\$ (1.7)	\$ 0.7
Total Count of Invoices	1,096	679	228	107	82
% of total	100%	62%	21%	10%	7%
Change vs. Nov-19	50	(7)	(7)	61	3
Nov-19. Total	\$ 12.5	\$ 8.6	\$ 1.0	\$ 1.8	\$ 1.1
% of total	100%	69%	8%	14%	9%
Total Count of Invoices	1,046	686	235	46	79
% of total	100%	66%	22%	4%	8%

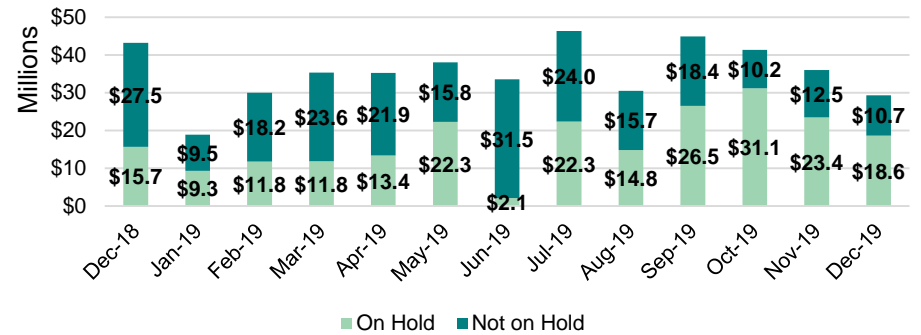
Notes:

(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)

