



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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January 14, 2020

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

Re: Monthly Financial Report for the Five Months ended November 30, 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 Five Months ended November 30, 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 Five Months ended November 30, 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 5 Months ended November 30, 2019

Office of the Chief Financial Officer

Submitted on January 14, 2020



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Executive Summary

- On December 14, 2019, the City issued its fiscal year 2019 Comprehensive Annual Financial Report (CAFR). It marks the City's fifth consecutive year ending with a balanced budget and operating surplus. The CAFR is available to view [online](#).
- On January 8, 2020, the City announced the [expansion of the Homeowners Property Tax Assistance Program \(HPTAP\)](#) to include 25% exemptions. The 2020 applications opened on January 8th and are available [online](#). In 2019, the City saw a 30% increase in the number of approved tax exemptions from the previous year.
- On January 3, 2020, approximately 2,200 City employees in the Fire and DDOT departments went live and were paid in UltiPro, the City's new payroll and HR system. With this transition, 66% of City of Detroit employees are now in UltiPro. The Police Department is the only remaining group in the legacy payroll system and will be transitioned in the final phase of the project in 2020.
- Within the City's active grants portfolio, the most significant new awards in November include the annual formula funds allocation from the US Department of Housing and Urban Development for a total of \$60.2 million; the CDBG allocation for FY 2020 was \$34.5 million. (page 9)
- Total AP as of November 2019 had a net decrease of \$5.3 million compared to October 2019. Net AP not on hold had a net increase of \$1.8 million, and the number of open invoices not on hold decreased by 407. (page 15)



YTD Budget Amendments – General Fund

FY 2019-2020 GENERAL FUND BUDGET AMENDMENTS (Through November 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 November 2019)		\$ 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	\$ 123.1	\$ 129.6	–	\$ 129.6	\$ 6.4	5.2%
Property Taxes	55.9	54.5	–	54.5	(1.4)	(2.5%)
Wagering Taxes	79.9	80.5	–	80.5	0.6	0.7%
Utility Users' Tax	9.3	7.0	–	7.0	(2.2)	(24.2%)
State Revenue Sharing	34.3	35.9	–	35.9	1.6	4.7%
Other Revenues	93.9	72.6	–	72.6	(21.3)	(22.7%)
Sub-Total	\$ 396.5	\$ 380.1	–	\$ 380.1	\$ (16.3)	(4.1%)
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	\$ 455.9	\$ 380.1	\$ 59.3	\$ 439.4	\$ (16.5)	(3.6%)
EXPENDITURES:						
Salary and Wages (Incl. Overtime)	\$ (189.9)	\$ (182.6)	–	\$ (182.6)	\$ 7.4	(3.9%)
Employee Benefits	(69.3)	(52.3)	–	(52.3)	17.0	(24.5%)
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	(157.1)	(103.3)	(59.3)	(162.6)	(5.5)	3.5%
TOTAL	\$ (519.6)	\$ (441.6)	\$ (59.3)	\$ (500.8)	\$ 18.8	(3.6%)



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	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 Variance		
	Actual October 2019	Actual November 2019	Change October 2019 vs. November 2019	Adjusted Budget FY 2020 ⁽²⁾	Under/(Over) Budget vs. November 2019	
Public Safety						
Police	3,126	3,121	(5)	3,337	216	6%
Fire	1,193	1,171	(22)	1,275	104	8%
Total Public Safety	4,319	4,292	(27)	4,612	320	7%
Non-Public Safety						
Office of the Chief Financial Officer	425	428	3	526	98	
Public Works - Full Time	387	385	(2)	447	62	
Health and Wellness Promotion	113	123	10	172	49	
Human Resources	102	98	(4)	103	5	
Housing and Revitalization	107	108	1	109	1	
Innovation and Technology	119	120	1	140	20	
Law	113	112	(1)	127	15	
Mayor's Office (includes Homeland Security)	81	81	0	81	0	
Municipal Parking ⁽⁶⁾	87	89	2	104	15	
Planning and Development	39	36	(3)	41	5	
General Services - Full Time	539	541	2	557	16	
Legislative ⁽³⁾	217	217	0	260	43	
36th District Court	322	323	1	325	2	
Other ⁽⁴⁾	155	159	4	199	40	
Total Non-Public Safety	2,806	2,820	14	3,191	371	12%
Total General City-Full Time	7,125	7,112	(13)	7,803	691	9%
Seasonal/ Part Time⁽⁵⁾	325	213	(112)	830	617	74%
Enterprise						
Airport	4	4	0	4	0	
BSEED	259	263	4	337	74	
Municipal Parking ⁽⁶⁾	0	0	0	0	0	
Transportation	891	888	(3)	973	85	
Water and Sewerage	559	556	(3)	650	94	
Library	294	295	1	326	31	
Total Enterprise	2,007	2,006	(1)	2,290	284	12%
Total City	9,457	9,331	(126)	10,922	1,591	15%

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

November 2019

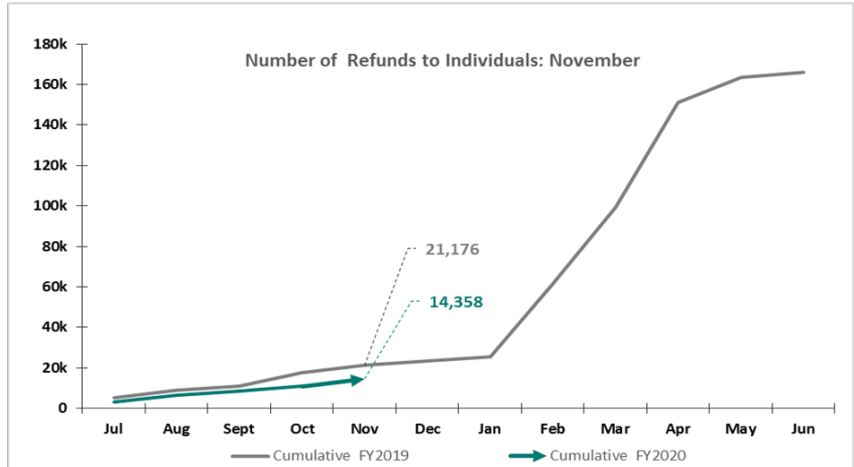
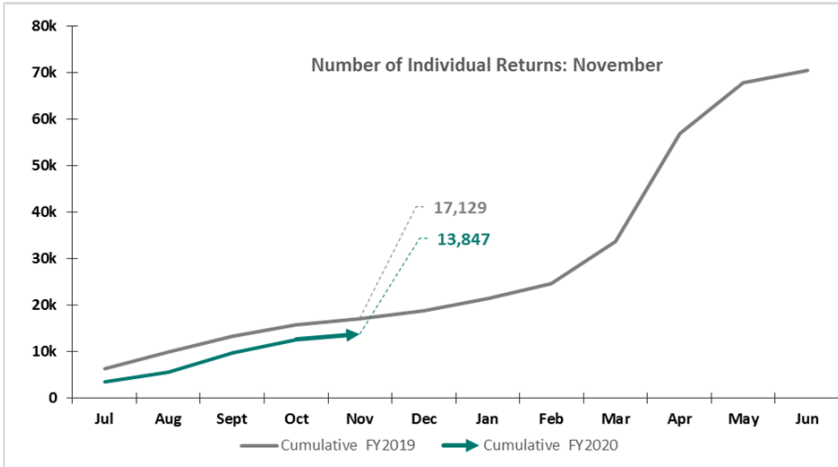
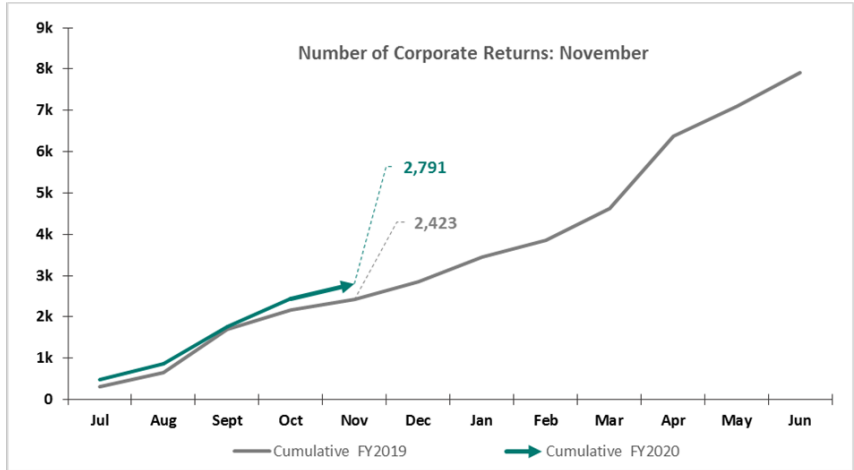
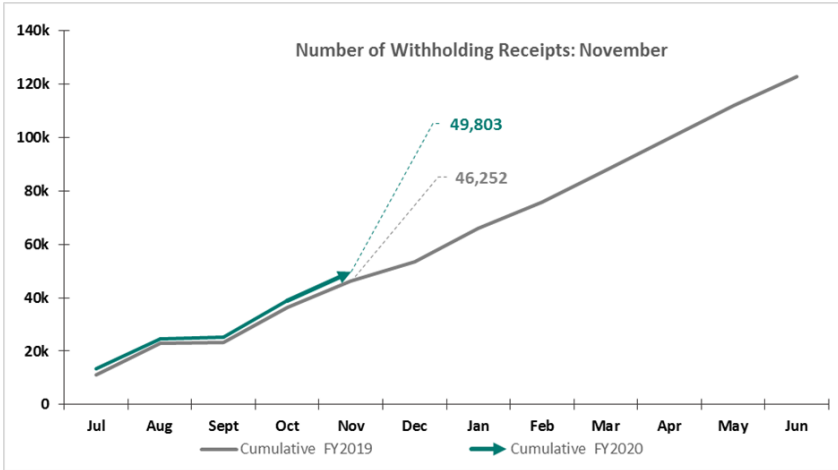
FY19 YTD

November 2018

Withholdings/Estimates	\$ 117,796,424	\$ 115,514,719
Individuals	9,107,382	7,376,604
Corporations	5,289,703	9,024,169
Partnerships	1,950,731	846,873
Assessments	1,059,489	1,579,755
Total Collections	\$ 135,203,729	\$ 134,342,120
Refunds/ Disbursements	<u>(5,641,551)</u>	<u>(2,793,557)</u>
Collections Net of Refunds/Disbursements	<u>\$ 129,562,178</u>	<u>\$ 131,548,563</u>



Income Tax – Volume of Returns and Withholdings





Development and Grants

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

	Amount Awarded – City ⁽¹⁾	Amount Awarded – Partners ⁽²⁾
Total Active	\$931.6	\$105.7
Net Change from last month ⁽³⁾	\$52.8	\$0.4

New Funds – January 1 to December 20, 2019 (\$ in millions)

	Amount Awarded
Documented	\$160.8
Committed ⁽⁴⁾	\$147.4
Total New Funding	\$308.2
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 November include the annual formula funds allocation from the US Department of Housing and Urban Development for a total of \$60.15 M; the CDBG allocation for FY 2020 was \$34.5 M.

(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 December 20, 2019 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 2,195,678	\$ 895,000	\$ 3,090,678
Community/Culture	\$ 2,188,910		\$ 2,188,910
Economic Development	\$ 15,299,010	\$ 14,900,990	\$ 30,200,000
Health	\$ 25,190,314	\$ 90,000	\$ 25,280,314
Housing	\$ 52,501,236	\$ 20,936,809	\$ 73,438,045
Infrastructure	\$ 841,603		\$ 841,603
Parks and Recreation	\$ 3,517,274	\$ 301,644	\$ 3,818,918
Planning	\$ 626,663		\$ 626,663
Public Safety	\$ 8,150,852		\$ 8,150,852
Technology/Education	\$ 4,063,559	\$ 1,050,000	\$ 5,113,559
Transit	\$ 38,201,317	\$ 105,860,812	\$ 144,062,129
Workforce	\$ 8,037,508	\$ 3,345,000	\$ 11,382,508
Grand Total	\$ 160,813,924	\$ 147,380,255	\$ 308,194,179



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to December 20, 2019 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 3,090,678	\$ 2,076,539
Community/Culture	\$ 2,188,910	\$ 33,980
Economic Development	\$ 30,200,000	\$ 59,000,000 ⁽²⁾
Health	\$ 25,280,314	
Housing	\$ 73,438,045	\$ 1,437,358 ⁽³⁾
Infrastructure	\$ 841,603	
Parks and Recreation	\$ 3,818,918	\$ 392,500
Planning	\$ 626,663	\$ 23,664
Public Safety	\$ 8,150,852	\$ 1,918,327
Technology/Education	\$ 5,113,559	
Transit	\$ 144,062,129	\$ 2,380,177
Workforce	\$ 11,382,508	\$ 2,000,000
Grand Total	\$ 308,194,179	\$ 69,262,544

(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	November 2019 Total	Prior Year November 2018 Total
Bank Balance	\$ 275.1	\$ 897.1	\$ 1,172.2	\$ 1,019.2
Plus/minus: Reconciling items	(6.4)	9.9	3.5	4.0
Reconciled Bank Balance	\$ 268.7	\$ 907.0	\$ 1,175.7	\$ 1,023.2
General Ledger Cash Balances				
General Fund				
General Accounts	\$ 179.6	133.4	\$ 313.0	\$ 240.7
Undistributed Delinquent Taxes	-	14.6	14.6	34.3
Other	1.7	3.4	5.2	3.1
Other Governmental Funds				
Risk Management	-	64.1	64.1	106.2
Capital Projects	-	130.3	130.3	31.4
Street Fund	-	92.8	92.8	76.2
Grants	-	47.7	47.7	47.0
Solid Waste Management Fund	47.5	-	47.5	47.4
Debt Service	-	63.5	63.5	57.9
Gordie Howe Bridge Fund	-	18.3	18.3	20.9
Quality of Life Fund	-	22.7	22.7	26.9
Other	21.6	7.8	29.5	30.5
Enterprise Funds				
Enterprise Funds	3.3	2.6	5.9	38.7
Fiduciary Funds				
Undistributed Property Taxes	-	64.0	64.0	60.1
Fire Insurance Escrow	-	10.6	10.6	18.9
Retiree Protections Trust Funds	-	175.2	175.2	123.6
Other	-	56.0	56.0	43.1
Component Units				
Component Units	14.9	-	14.9	16.2
Total General Ledger Cash Balance	\$ 268.7	\$ 907.0	\$ 1,175.7	\$ 1,023.2

Note: This schedule reports total City of Detroit (excludes DSWD) cash in the bank at November 30, 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 5 Months Ending November 30, 2019

<i>\$ in Millions</i>	YTD		YTD		YTD		Prior YTD	
	Forecast		Actuals		Variance		Actuals	
Cash Receipts								
Property Taxes	\$	285.8	\$	297.6	\$	11.8	\$	284.7
Income Taxes		137.2		131.0		(6.2)		132.1
Wagering		79.9		80.0		0.1		84.7
State Shared Revenue		69.6		69.4		(0.2)		68.3
Utility Taxes		10.9		7.2		(3.7)		9.3
Other Revenue		113.2		117.0		3.8		101.0
Bond Proceeds		3.4		3.4		-		-
Total Cash Receipts	\$	700.0	\$	705.6	\$	5.6	\$	680.1
Cash Disbursements								
Salaries & Wages	\$	(208.4)	\$	(207.0)	\$	1.4	\$	(201.7)
Benefits		(45.6)		(44.8)		0.8		(85.1)
Retiree Protection Trust		(45.0)		(45.0)		-		(20.0)
Accounts Payable		(195.8)		(197.3)		(1.5)		(211.5)
TIF Distributions		(6.7)		(6.7)				
Property Tax Distributions		(203.0)		(192.4)		10.6		(205.9)
Debt Service		(33.9)		(33.9)		0.0		(30.9)
Total Cash Disbursements	\$	(738.4)	\$	(727.1)	\$	11.2	\$	(755.1)
Net Cash Flow	\$	(38.4)	\$	(21.5)	\$	16.8	\$	(75.0)



Operating Cash Activity: Actual vs. Forecast to Year End

\$ in Mil

	2019						2020						FY2020 Total
	July Actual	August Actual	September Actual	October Actual	November Actual	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	\$ 11.0	\$ 65.8	\$ 77.5	\$ 28.5	\$ 12.0	\$ 4.5	\$ 11.4	\$ 19.7	\$ 517.0
Income Taxes	30.7	22.0	31.2	25.5	21.6	29.0	21.8	25.0	24.2	25.0	25.4	34.4	315.8
Wagering	15.5	17.4	15.0	14.1	18.0	17.6	14.8	14.4	17.2	14.1	13.7	15.7	187.5
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	2.6	2.5	2.3	2.8	3.0	2.8	26.2
Other Revenue	33.7	28.3	15.3	10.9	28.9	16.3	23.8	19.0	20.0	16.8	23.2	24.6	260.9
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	\$ 170.5	\$ 140.5	\$ 123.1	\$ 75.7	\$ 96.9	\$ 76.7	\$ 130.7	\$ 1,519.8
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (46.8)	\$ (37.1)	\$ (40.3)	\$ (35.8)	\$ (45.4)	\$ (43.1)	\$ (34.7)	\$ (36.4)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (487.6)
Benefits	(12.6)	(6.5)	(6.0)	(13.1)	(6.5)	(14.0)	(16.1)	(7.5)	(7.5)	(14.7)	(7.7)	(7.5)	(119.8)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(67.2)	(24.2)	(39.6)	(20.0)	(33.8)	(46.8)	(23.5)	(33.8)	(37.3)	(43.5)	(31.4)	(447.4)
TIF Property Tax Disbursements	-	-	-	(3.0)	(3.7)	(25.5)	-	-	-	-	-	-	(32.2)
Property Tax Distributions	(17.1)	(26.5)	(132.0)	(9.9)	(7.0)	(6.5)	(14.0)	(124.3)	(6.0)	(2.0)	(10.0)	(25.0)	(380.2)
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)	\$ (75.8)	\$ (134.2)	\$ (122.7)	\$ (199.0)	\$ (86.4)	\$ (108.9)	\$ (103.4)	\$ (117.2)	\$ (1,599.0)
Net Cash Flow	\$ (30.3)	\$ 140.8	\$ (123.1)	\$ (15.1)	\$ 6.3	\$ 36.3	\$ 17.8	\$ (75.9)	\$ (10.7)	\$ (12.0)	\$ (26.7)	\$ 13.5	\$ (79.2)



Accounts Payable and Supplier Payments

City of Detroit
Accounts Payable Analysis
\$ in millions

Accounts Payable (AP) as of Nov-19	
Total AP (Oct-19)	\$ 41.3
Plus: Nov-19 invoices processed	\$ 94.1
Less: Nov-19 Payments made	\$ (99.4)
Total AP month end (Nov-19)	\$ 36.0
Less: Invoices on hold ⁽¹⁾	\$ (23.4)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.5)
Net AP not on hold	\$ 12.1

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Nov-19. Total	\$ 12.0	\$ 8.1	\$ 1.0	\$ 1.8	\$ 1.1
% of total	100%	68%	8%	15%	9%
Change vs. Oct-19	\$ 1.8	\$ 0.4	\$ (0.2)	\$ 1.3	\$ 0.3
Total Count of Invoices	1,046	686	235	46	79
% of total	100%	66%	22%	4%	8%
Change vs. Oct-19	(407)	45	(338)	(67)	(47)
Oct-19. Total	\$ 10.2	\$ 7.7	\$ 1.2	\$ 0.5	\$ 0.8
% of total	99%	76%	11%	5%	8%
Total Count of Invoices	1,453	641	573	113	126
% of total	100%	44%	39%	8%	9%

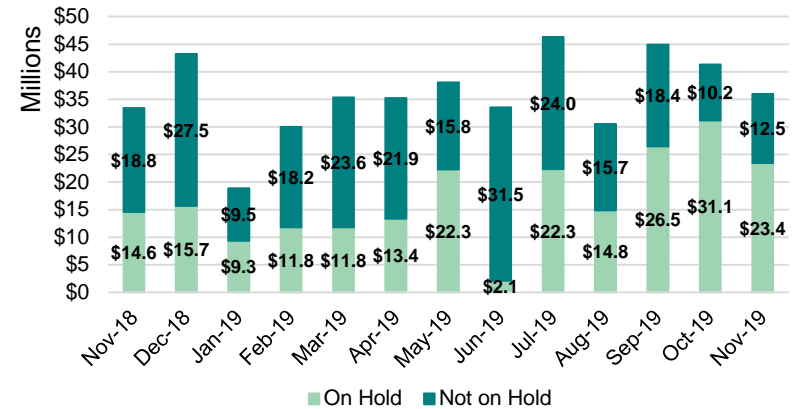
Notes:

(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)

