

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Five Months ended November 30, 2016

January 30, 2017



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Executive summary

- The Office of the CFO is developing the FY 2018-2021 Four-Year Financial Plan. The Office of Budget is reviewing departmental budget requests and is working with other OCFO divisions, the Office of the Auditor General, and the Legislative Policy Division on the City's internal revenue estimates for review at the February 2017 Consensus Revenue Estimating Conference, which will be held on February 16, 2017.
- November YTD actuals indicate that FY 2017 is in line with the budget.
 - Projected revenues are based on the September Consensus Revenue Estimating Conference. There was no significant change in revenue projections based on YTD results. (page 3)
 - Payroll and employee benefits are trending below budget as a result of position vacancies. (page 3)
 - General City headcount, while below budget, has increased by 501 compared to the prior year. (page 4)
- November YTD cash flow activity indicates that liquidity remains stable. (page 5)
 - Beginning cash balance in FY 2017 was approximately \$160M higher than the prior year primarily due to the collection of remaining 2012 Refunding/Self Insurance bond proceeds, higher tax revenues, and lower operating expenditures.
 - YTD net cash flow is lower than the prior year primarily due to higher personnel related expenditures and higher Materials, Contracts and Other disbursements.
- November YTD property tax collection rate continues to exceed the prior year. Next month's report will feature a greater breakdown of property tax revenues. (page 7)
- In the month of November, the accounts payable aging (non-hold invoices) increased by \$6.4M compared to the October prior month total. (page 8)
- With respect to Exit Financing projects, spending through November increased \$10.4M compared to the prior month. (page 9)
- In the month of November, active federal and state grants had a net increase of \$30M, including a \$24.5M increase for DDOT's federal allocation. For November, active private grants and donations increased \$3M, including \$1.86M for four Recreation grants, mainly supporting equipment for Chandler Park. (page 10)



FY 2017 year-to-date general ledger actuals and annualized projection

\$ in millions

	YTD ANALYSIS						ANNUALIZED PROJECTION ANALYSIS			
	BUDGET	ACTUAL + ACCRUAL + ENCUMBRANCE			VARIANCE (BUDGET VS. ACTUAL)		BUDGET	PROJECTION	VARIANCE (BUDGET VS. PROJECTION)	
	YTD	ACTUAL (2)	ACCRUAL + ENCUMBRANCE (3)	TOTAL	YTD		ANNUAL	ANNUAL	ANNUAL	
	ADJUSTED (1)				(F) F = E-B	(G) % G = (F/B)	ADJUSTED	ESTIMATED (4)	ESTIMATED	
B	C	D	E = C + D	(F)	(G)	H	I	(J) J = I-H	(K) % K = (J/H)	
REVENUES:										
Municipal Income Tax	\$ 93.0	\$ 102.8	\$ (8.8)	\$ 94.0	\$ 1.0	1.1%	\$ 266.6	\$ 273.4	\$ 6.8	2.6%
Property Taxes	56.4	63.7	-	63.7	7.3	12.9%	117.0	117.0	-	-
Wagering Taxes	73.4	73.4	4.0	77.4	4.0	5.4%	175.2	175.9	0.7	0.4%
Utility Users' Tax	15.4	8.9	-	8.9	(6.5)	(42.2%)	37.0	35.0	(2.0)	(5.4%)
State Revenue Sharing	65.5	33.0	32.5	65.5	-	-	196.5	195.9	(0.6)	(0.3%)
Sales and Charges for Services	51.4	27.6	4.0	31.6	(19.8)	(38.5%)	123.4	120.1	(3.3)	(2.7%)
Licenses, Permits, and Inspection Charges	4.7	2.4	-	2.4	(2.3)	(48.9%)	11.2	11.3	0.1	0.9%
Contributions and Transfers	38.8	-	67.9	67.9	29.1	75.0%	93.0	93.0	-	-
Fines, Forfeits and Penalties	9.3	6.9	-	6.9	(2.4)	(25.8%)	22.2	22.8	0.6	2.7%
Revenues from Use of Assets	0.6	0.5	-	0.5	(0.1)	(16.7%)	1.3	1.0	(0.3)	(23.1%)
Other Taxes, Assessments, and Interest	3.8	8.5	-	8.5	4.7	123.7%	9.1	7.8 (5)	(1.3)	(14.3%)
Sales of Assets and Compensation for Losses	6.0	-	-	-	(6.0)	(100.0%)	14.4	9.3	(5.1)	(35.4%)
Miscellaneous	4.3	1.4	-	1.4	(2.9)	(67.4%)	10.3	13.6	3.3	32.0%
Prior Year Encumbrances and Carry-forwards (6)	32.2	-	32.2	32.2	-	-	32.2	32.2	-	-
TOTAL (L)	\$ 454.8	\$ 329.1	\$ 131.8	\$ 460.9	\$ 6.1	1.3%	\$ 1,109.4	\$ 1,108.3	\$ (1.1)	(0.1%)
EXPENDITURES: (6)										
Salaries and Wages	\$ (168.9)	\$ (144.9)	\$ -	\$ (144.9)	\$ 24.0	14.2%	\$ (402.1)	\$ (381.8)	\$ 20.3	5.0%
Employee Benefits	(79.1)	(32.5)	-	(32.5)	46.6	58.9%	(187.0)	(177.8)	9.2	4.9%
Professional and Contractual Services	(46.2)	(18.9)	(30.6)	(49.5)	(3.3)	(7.1%)	(84.6)	(87.1)	(2.5)	(3.0%)
Operating Supplies	(19.9)	(7.0)	(23.0)	(30.0)	(10.1)	(50.8%)	(36.4)	(38.0)	(1.6)	(4.4%)
Operating Services	(67.7)	(23.9)	(9.0)	(32.9)	34.8	51.4%	(154.7)	(158.5)	(3.8)	(2.5%)
Capital Equipment	(2.5)	(0.5)	(2.0)	(2.5)	-	-	(2.8)	(3.0)	(0.2)	(7.1%)
Capital Outlays	(14.0)	(1.3)	(4.3)	(5.6)	8.4	60.0%	(35.4)	(35.3)	0.1	0.3%
Debt Service	(31.4)	(45.0)	0.1	(44.9)	(13.5)	(43.0%)	(75.4)	(66.6)	8.8	11.7%
Other Expenses	(55.1)	(36.7)	(0.4)	(37.1)	18.0	32.7%	(131.0)	(130.6)	0.4	0.3%
TOTAL (M)	\$ (484.8)	\$ (310.7)	\$ (69.2)	\$ (379.9)	\$ 104.9	21.6%	\$ (1,109.4)	\$ (1,078.7)	\$ 30.7	2.8%
DIFFERENCE (L - M)	\$ (30.0)	\$ 18.4	\$ 62.6	\$ 81.0	\$ 111.0	370.0%	\$ -	\$ 29.6	\$ 29.6	N/A

Notes

- (1) Adjusted monthly budget assumes pro rata as well as seasonal distribution of annual adjusted budget.
- (2) Year-to-date actuals reflect five months ending November 30, 2016.
- (3) Reflects encumbrances and pending accruals, including prior year carry-forwards and current year activities.
- (4) Revenues are based on the September 2016 Consensus Revenue Estimating Conference results. There was no significant change in revenue projections based on YTD results.
- (5) YTD revenue in this category will appear to exceed the projection until distributions to other jurisdictions are completed later in the year.
- (6) This revenue line reflects funding to support prior year encumbrances and carry-forwards, for which equivalent amounts are captured within expenditures.



Monthly headcount compared to budget

		Actual	Actual	Actual	Budget	Budget vs. Actual Nov. 2016	
		Nov. 2015	Oct. 2016	Nov. 2016	FY 2017	Variance	% Variance
Public Safety							
Police		2,766	2,888	2,835	3,127	292	9%
Fire		1,234	1,169	1,171	1,332	161	12%
Total Public Safety		4,000	4,057	4,006	4,459	453	10%
Non-Public Safety							
Budget		9	0	0	0	0	
Finance		184	0	0	0	0	
Office of the Chief Financial Officer		0	388	388	453	65	
Dept. of Public Works	(1)	351	351	335	376	41	
Health & Wellness		8	28	33	51	18	
Human Resources	(2)	81	97	97	65	(32)	
Housing & Revitalization / Planning & Development	(2)	95	118	118	81	(37)	
Dept. of Innovation and Technology		34	65	67	134	67	
Law		91	98	100	108	8	
Mayor (Includes Homeland Security)		55	62	65	73	8	
Public Lighting Department		5	5	5	6	1	
Recreation	(1)	176	224	239	285	46	
General Services	(1)	297	354	337	574	237	
Legislative	(3)	104	230	227	252	25	
36th District Court		353	353	310	326	16	
Other	(4)	49	49	66	78	12	
Total Non-Public Safety		1,892	2,422	2,387	2,862	475	17%
Total General City		5,892	6,479	6,393	7,321	928	13%
Enterprise							
Airport		3	4	4	4	0	
BSEED		179	177	187	204	17	
Transportation	(5)	996	1,129	1,158	900	(258)	
Parking		87	78	82	89	7	
Water and Sewerage		1,270	483	512	488	(24)	
Library		297	289	291	325	34	
Total Enterprise		2,832	2,160	2,234	2,010	(224)	-11%
Total City		8,724	8,639	8,627	9,331	704	8%

Notes:

- (1) Budget was adjusted to convert FTE to a headcount equivalent.
- (2) Budget reflects the reduction of funding for positions due to reorganizations, which are still in process resulting in the difference between actual and budgeted headcount.
- (3) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (4) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings and Non-departmental.
- (5) Actuals include non-active employees that are out on disability.



FY 2017 year-to-date net cash flows

For 5 Months Ended November 30, 2016

\$ in millions

General Fund

	Actual 5 Months	Prior Year	
		5 Months	Change
Property Taxes	\$ 63.7	\$ 69.6	\$ (5.9)
Municipal Income Taxes	108.2	100.4	7.8
Utility Users Taxes	12.9 (1)	6.8	6.0
Wagering Taxes	77.4	75.0	2.4
State Revenue Sharing	97.8	97.0	0.8
Other / Misc.	86.0	83.4	2.7
Total Receipts	446.0	432.2	13.8
Salaries and Wages	(171.3)	(153.8)	(17.5)
Employee Benefits	(26.5)	(18.1)	(8.3)
Materials, Contracts & Other	(169.3) (2)	(119.9)	(49.4)
Total Disbursements	(367.1)	(291.8)	(75.2)
Operating Surplus (before Reinvestment)	78.9	140.3	(61.4)
Financing Adjustments	(34.6)	(69.1) (3)	34.5
Non-Financing Adjustments	(26.6)	(4) -	(26.6)
Total Adjustments to arrive at Net Cash Flow	(61.2)	(69.1)	7.9
Net Cash Flow (5)	\$ 17.7	\$ 71.2	\$ (53.5)
Beginning cash balance (net of distribution) (6)	\$ 372.1	\$ 211.0	\$ 161.1
Net Cash Flow (5)	17.7	71.2	(53.5)
Lockbox reserves	-	-	-
Ending cash balance (net of distribution owed) (6)	\$ 389.8	\$ 282.2	\$ 107.6

Notes:

- (1) Reporting of Utility Users Tax now includes Public Lighting Authority funds to be transferred at the end of the fiscal year. This additional amount equates to approximately \$1m per month.
- (2) Materials, Contracts & Other now encompasses the Subsidy payment detail which was \$19.1m through November.
- (3) Includes \$30m principal repayment on Exit financing made in August 2015.
- (4) Includes \$30m set aside for future legacy pension contribution net of \$3.4m inflow of excess self-insurance requirements.
- (5) Net Cash Flow is based on General Fund cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.
- (6) The main operating account contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.



FY 2017 year-to-date cash flow to general ledger reconciliation

For 5 Months Ended November 30, 2016

\$ in millions

General Fund	Cash Activity				General Ledger			Difference
	Actuals	Adjustments	Adjusted		Posted	To Be Posted	(1) Total	
Property Taxes	\$ 63.7	\$ -	\$ 63.7		\$ 63.7	\$ -	\$ 63.7	\$ 0.0
Municipal Income taxes	108.2	(14.2)	94.0	(2)	102.8	(8.8)	94.0	(0.0)
Utility Users taxes	12.9	(4.0)	8.9	(2)	8.9		8.9	0.0
Wagering Taxes	77.4	(0.0)	77.4	(2)	73.4	4.0	77.4	(0.0)
State Revenue Sharing	97.8	(64.8)	33.0	(2)	33.0		33.0	(0.0)
Other / Misc.	86.0	(26.9)	59.1	(3)	47.2	11.9	59.1	0.0
Total Receipts	\$ 446.0	\$ (109.9)	\$ 336.1		\$ 329.0	\$ 7.1	\$ 336.1	\$ 0.0
Salaries and Wages	\$ (171.3)	\$ 26.3	\$ (145.0)	(4)	\$ (145.0)	\$ -	\$ (145.0)	\$ 0.0
Employee Benefits	(26.5)	(6.0)	(32.5)	(5)	(32.5)	-	(32.5)	(0.0)
Materials, contracts & other	(169.3)	81.0	(88.3)	(6)	(88.3)		(88.3)	(0.0)
Total Disbursements	\$ (367.1)	\$ 101.3	\$ (265.8)		\$ (265.8)	\$ -	\$ (265.8)	\$ -
Operating Surplus (before Reinvestment)	\$ 78.9	\$ (8.6)	\$ 70.3		\$ 63.2	\$ 7.1	\$ 70.3	\$ (0.0)
Financing Adjustments	(34.6)	(10.4)	(45.0)	(7)	(45.0)	0.0	(45.0)	0.0
Non-Financing Adjustments	(26.6)	26.6	0.0	(8)		-	0.0	0.0
Total Adjustments to arrive at Net Cash Flow	\$ (61.2)	\$ 16.2	\$ (45.0)		\$ (45.0)	\$ -	\$ (45.0)	\$ 0.0
Net Surplus /(Deficit)	\$ 17.7	\$ 7.6	\$ 25.3		\$ 18.2	\$ 7.1	\$ 25.3	\$ (0.0)

(1) To be posted amounts represent collections and disbursements that have not yet been reconciled.

(2) \$14.2 of Net Income Taxes, \$4m of Utility Taxes, \$64.8m of DSA, and \$0.8m of Gaming Taxes in FY2017 related to FY2016 activity. Gaming is offset by \$0.8m of Gaming Revenue collected in December for the month of November.

(3) \$5.8m of revenues collected in FY2017 related to activity in FY2016. \$16.5m of collections are cash specific transactions, \$4.6m are non-General Fund 1000 receipts.

(4) Approximately \$12.7m of the difference relates to FY2016 activity and the balance is non-General Fund disbursements.

(5) Approximately \$1.0m of Benefits paid in FY2017 relates to FY2016, \$9m is Pension accrual to be paid at the end of FY2017 and the balance relates to the timing of payments within this fiscal year.

(6) Approximately \$15.4m of disbursements are non-General Fund, \$41m related to prior period, \$24.6m are cash specific transactions.

(7) \$14.2m of Financing Costs related to prior period offset by \$3.8m exit financing.

(8) \$30.0m set aside for legacy pension net of \$3.4m inflow of excess self-insurance escrow requirements.



FY 2017 year-to-date property tax collections

For 5 Months Ended November 30, 2016

\$ in millions

	FY 2017			FY 2016		
	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD
General Residential	\$ 50.4	\$ 20.1	39.9%	\$ 56.8	\$ 21.6	38.0%
General Commercial	56.7	32.1	56.7%	56.3	30.4	53.9%
General Industrial	14.2	8.6	60.9%	17.2	9.7	56.1%
Total General City	121.3	60.8	50.2%	130.3	61.7	47.3%
Debt Residential	24.6	9.9	40.2%	27.9	10.7	38.3%
Debt Commercial	29.2	16.4	56.4%	29.2	15.8	54.2%
Debt Industrial	8.5	5.0	59.3%	11.7	6.3	54.3%
Total Debt	62.3	31.3	50.3%	68.8	32.8	47.7%
Solid Waste	62.6	20.2	32.4%	57.4	18.4	32.1%

	FY 2017	FY 2016
Current year collections	\$ 60.8	\$ 61.7
Wayne County settlements (3)	5.1	10.6
Special Act Revenue, Interest, Penalty (4)	(2.2)	(2.6)
General Fund Property Taxes	\$ 63.7	\$ 69.6
Admin Fee (5)	\$ 2.3	\$ 2.3

Notes:

- (1) Amounts do not include collections from Wayne county settlement checks as a result of foreclosure and auction activity.
- (2) Amounts are net of property taxes collected by the City on behalf of DPS, State Education Trust, Wayne county and other non-City taxing authorities.
- (3) Wayne County settlement checks related to the return of historical chargebacks from foreclosure and auction activity.
- (4) Special Act Revenue and Other is comprised of NEZ, OPRA, IFT, Interest and Penalty. It is calculated in the Tax.net Subtotal General City but is a component of Other/Misc. Revenue.
- (5) Admin Fee and Penalty are mapped in the Other/Misc Revenue category.



Accounts payable summary

- In the month of November, the accounts payable aging (non-hold invoices) increased by \$6.4M compared to the October prior month total.

\$ in millions

Accounts Payable (AP) as of 11/30/16	
Total AP	\$ 32.5
Less: Invoices on hold (1)	(17.0)
Net AP not on hold	\$ 15.5

AP Aging

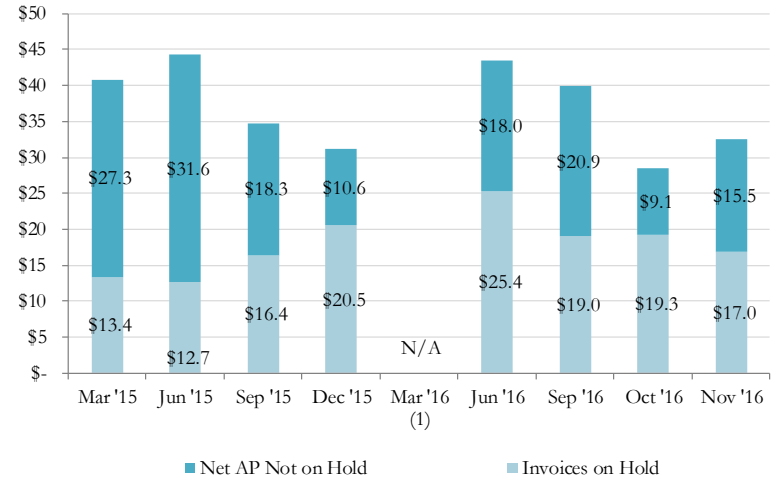
(excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Nov. Total	\$ 15.5	\$ 7.3	\$ 4.1	\$ 1.9	\$ 2.3
<i>% of total</i>	100%	47%	26%	12%	15%
Oct. Total	\$ 9.1	\$ 4.2	\$ 1.9	\$ 0.6	\$ 2.5
<i>% of total</i>	100%	46%	21%	6%	27%

Notes:

- (1) Invoices typically placed on a system hold are pending validation.

Total AP



Notes:

- (1) Aging information was not available for March 2016 as the City was in the process of transitioning financial systems



Exit financing utilized to jump start technology, neighborhoods, and public safety improvements

- Exit financing spending through November increased \$10.4M compared to the prior month.

<i>\$ in millions</i>	Number of Projects	Amount Approved	Expenses Incurred
Available Exit financing proceeds		\$ 233.2	
Project Allocation:			
Dept. of Innovation and Technology (1)	5	\$ (41.5)	\$ (42.3)
General Services	14	(32.1)	(21.1)
Blight	7	(29.7)	(26.2)
Police	6	(29.0)	(19.5)
Fire	9	(22.0)	(19.3)
Office of the Chief Financial Officer	8	(16.5)	(16.0)
BSEED	1	(4.4)	(2.6)
Law	1	(2.2)	(1.2)
Transportation	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.8)	(0.8)
Other	3	(0.5)	(0.1)
Total	58	\$ (181.6)	\$ (152.0)
Interest/Fees		(2.8)	(2.8)
Amount reserved for projects under review		\$ 48.8	

Notes:

(1) Expenses incurred subject to reclassification or amendment to business case.



The City is leveraging funding from external sources

- In the month of November, active federal and state grants had a net increase of \$30M, including a \$24.5M increase for DDOT's federal allocation. For November, active private grants and donations increased \$3M, including \$1.86M for four Recreation grants, mainly supporting equipment for Chandler Park.

\$ in millions

Department	Amount Awarded (1)	Number of Grants
Transportation	\$ 387.4	24
Housing & Revitalization	250.0	22
Health & Wellness Promotion	32.9	5
Public Works	30.6	20
Fire Department	28.8	9
Police	22.2	34
Recreation	4.7	18
Coleman A. Young Airport (Airport)	3.1	4
Homeland Security and Emergency Management (HSEM)	2.1	9
General Services	1.5	2
Other (2)	1.2	7
Active Federal/State grants (3)	\$ 764.5	154
Active private grants	29.3	37
Active private donations	58.4	58
Total active grants and donations	\$ 852.2	249

Notes:

- Reflects original amount awarded and amendments. Amount available to be spent will be lower for most departments.
- Other includes BSEED and Historic Designation Advisory Board.
- Does not include Hardest Hit Fund, which is received by the external Detroit Land Bank Authority.



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