

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the One Month ended July 31, 2017

September 25, 2017



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Executive summary

- The Office of Budget's updated revenue estimates for FY 2018 through FY 2022 were reviewed and approved at the City's Consensus Revenue Estimating Conference on September 21, 2017.
- The City upgraded to Release 12 of its Oracle Cloud ERP system on August 22, 2017, which included various technical improvements. The City has begun planning for the upcoming Release 13, which includes more substantial functional improvements.
- FY 2018 is currently projected to end with a budget surplus from current year activity of approximately \$29.5M.
 - Revenue projections remain in line with the OCFO's May revenue estimate update, which are trending above the official February 2017 consensus revenue estimates used for the adopted budget. (page 3)
 - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies. (page 3)
 - The General City active employee count increased in July but remains below budget. (page 4)
- The General City property tax roll for FY 2018 is down 4.1% compared to FY 2017, primarily due to the citywide reappraisal of residential property. (page 7)
- Total Accounts Payable as of July 2017 had a net decrease of \$14.7M compared to June. Net AP not on hold had a net decrease of \$1.2M. The number of open invoices not on hold increased by 587 of which 524 of the invoices posted were current. (page 8)
- With respect to exit financing, approved projects increased by \$1.2M for OCFO financial analysis and modeling projects.
- In July, the Federal and State grant funds had a net decrease of \$1.1M due to the closure of 2 grants and the addition of 2 grants. For private grants, the largest new ones were both from the Ralph C. Wilson, Jr. Foundation: \$2M for design of the Inner Circle Greenway and \$1.5M to support improvements at the Randolph Career Technical Education Center. (page 10)



FY 2018 year-to-date general ledger actuals and annualized projection

GENERAL FUND <i>\$ in millions</i>	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		
	AMENDED (1)				C	D	E = C + D	(\$) F = E - B	% G = (F/B)	AMENDED	ESTIMATED (4)
	B	H	I	(\$) J = I - H							
REVENUE:											
Municipal Income Tax	\$ 19.8	\$ 22.2	\$ -	\$ 22.2	\$ 2.4	12.3%	\$ 283.3	\$ 293.6	\$ 10.3		
Property Taxes	4.7	2.8	-	2.8	(1.9)	(39.7%)	124.0	117.0	(7.0)		
Wagering Taxes	14.5	14.2	-	14.2	(0.3)	(2.0%)	177.8	177.8	0.0		
Utility Users' Tax	2.9	-	2.2	2.2	(0.7)	(23.3%)	35.0	35.0	-		
State Revenue Sharing	0.1	-	-	-	(0.1)	(100.0%)	196.7	198.2	1.4		
Sales and Charges for Services	10.1	(4.8)	5.2	0.4	(9.7)	(96.0%)	121.1	122.9	1.9		
Licenses, Permits, and Inspection Charges	2.4	0.4	-	0.4	(1.9)	(81.8%)	11.7	12.5	0.8		
Contributions and Transfers (5)	2.1	10.3	(10.3)	-	(2.1)	(100.0%)	68.1	68.1	(0.0)		
Grants and Other Revenues	0.6	0.0	-	0.0	(0.6)	(98.1%)	0.8	0.8	-		
Fines, Forfeits and Penalties	2.1	1.1	-	1.1	(1.0)	(48.0%)	25.3	25.3	-		
Revenues from Use of Assets	0.3	0.0	-	0.0	(0.2)	(82.0%)	3.3	3.3	0.0		
Other Taxes, Assessments, and Interest	0.6	1.0	-	1.0	0.4	60.4%	7.3	7.3	-		
Sales of Assets and Compensation for Losses	0.5	(0.0)	-	(0.0)	(0.5)	(100.0%)	5.6	5.7	0.1		
Miscellaneous	1.0	0.3	-	0.3	(0.7)	(69.5%)	12.3	12.5	0.2		
TOTAL (L)	\$ 61.5	\$ 47.6	\$ (2.9)	\$ 44.7	\$ (16.8)	(27.2%)	\$ 1,072.1	\$ 1,079.9	\$ 7.8		
EXPENDITURES:											
Salaries and Wages	\$ (34.1)	\$ (29.9)	\$ -	\$ (29.9)	\$ 4.1	12.2%	\$ (429.2)	\$ (421.2)	\$ 8.0		
Employee Benefits	(11.4)	(7.7)	-	(7.7)	3.7	32.5%	(188.7)	(181.9)	6.8		
Professional and Contractual Services	(6.5)	(4.8)	(17.5)	(22.2)	(15.7)	(242.5%)	(75.9)	(74.1)	1.8		
Operating Supplies	(3.4)	(5.3)	(15.3)	(20.5)	(17.1)	(508.2%)	(39.2)	(37.8)	1.3		
Operating Services	(9.7)	(18.7)	(5.4)	(24.1)	(14.5)	(149.8%)	(115.5)	(111.7)	3.8		
Capital Equipment	(0.0)	-	(1.2)	(1.2)	(1.2)	(3865.0%)	(0.4)	(0.4)	-		
Capital Outlays	(2.5)	(1.5)	(6.2)	(7.7)	(5.2)	(211.7%)	(28.8)	(28.9)	(0.1)		
Debt Service	(5.1)	-	-	-	5.1	100.0%	(61.3)	(61.3)	-		
Other Expenses	(11.1)	(24.6)	(1.4)	(26.0)	(14.9)	(133.9%)	(133.2)	(133.1)	0.1		
TOTAL (M)	\$ (83.7)	\$ (92.4)	\$ (47.0)	\$ (139.4)	\$ (55.7)	(66.6%)	\$ (1,072.1)	\$ (1,050.4)	\$ 21.7		
VARIANCE (N = L + M)	\$ (22.2)	\$ (44.8)	\$ (49.9)	\$ (94.7)	\$ (72.5)	N/A	\$ -	\$ 29.5	\$ 29.5		

Notes

- (1) Amended monthly budget assumes pro rata as well as seasonal distribution of annual amended budget.
- (2) Year-to-date actuals reflect one month ending July 31, 2017.
- (3) Reflects encumbrances and pending accruals.
- (4) Projected revenues are based on the OCFO's May 2017 Revenue Estimates Update results.
- (5) This revenue line also includes the use of fund balance totaling \$50M to support one-time spending on capital (\$20M) and blight (\$30M).



Monthly active employee count compared to budget

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual	Actual	Change	Amended	Variance	
	June 2017	July 2017	July 2017 vs. June 2017	Budget FY 2018 ⁽²⁾	Under/(Over) Budget vs. July 2017	
Public Safety						
Police	2,967	2,967	0	3,111	144	5%
Fire	1,138	1,212	74	1,274	62	5%
Total Public Safety	4,105	4,179	74	4,385	206	5%
Non-Public Safety						
Office of the Chief Financial Officer	421	425	4	482	57	
Public Works	391	383	(8)	445 ⁽³⁾	62	
Health and Wellness Promotion	36	32	(4)	76	44	
Human Resources	96	97	1	108	11	
Housing and Revitalization	71	72	1	81	9	
Innovation and Technology	97	93	(4)	134	41	
Law	106	111	5	118	7	
Mayor's Office (includes Homeland Security)	70	69	(1)	70	1	
Planning and Development	23	27	4	41	14	
Recreation	270	364	94	590 ⁽³⁾	226	
General Services	519	518	(1)	673 ⁽³⁾	155	
Legislative ⁽⁴⁾	210	206	(4)	257 ⁽⁵⁾	51	
36th District Court	315	310	(5)	331	21	
Other ⁽⁵⁾	100	102	2	110	8	
Total Non-Public Safety	2,725	2,809	84	3,516	707	20%
Total General City	6,830	6,988	158	7,901	913	12%
Enterprise						
Airport	4	4	0	4	0	
BSEED	193	193	0	231	38	
Transportation	926	940	14	927	(13)	
Municipal Parking	87	82	(5)	95	13	
Water and Sewerage	470	488	18	579	91	
Library	294	296	2	332	36	
Total Enterprise	1,974	2,003	29	2,168	165	8%
Total City	8,804	8,991	187	10,069	1,078	11%

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) Amended Budget reflects amendments and other adjustments impacting approved position counts compared to the original budget. It excludes personal services contractors (PSCs).
- (3) The Budget counts for these departments are modified in the report to include budgeted positions for employees that are not full-time.
- (4) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (5) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.



FY 2018 year-to-date net cash flows

For 1 Month Ending July 31, 2017

\$ in millions

Cash Flows - General Pool Cash

	FY18 Actual		FY17 Actual			
	1 Month		1 Month	Change		
Property Taxes	\$	2.8 (1)	\$	29.9	\$	(27.1) (2)
Municipal Income Taxes		20.4		18.4		2.0
Utility Users Taxes		2.2		1.4		0.9
Wagering Taxes		14.7		12.8		1.9
State Revenue Sharing		-		32.0		(32.0) (2)
Other / Misc.		5.9		14.9		(9.0)
Total Receipts		46.0		109.4		(63.4)
Salaries and Wages		(35.4)		(35.9)		0.4
Employee Benefits		(10.2)		(1.0)		(9.2)
Materials, Contracts & Other		(47.0)		(31.3)		(15.7)
Total Disbursements		(92.6)		(68.2)		(24.4)
Operating Surplus (before Reinvestment)		(46.6)		41.2		(87.8)
Debt Service		(0.8)		(5.6)		4.8 (2)
Non-Financing Adjustments		0.0		-		-
Total Adjustments to arrive at Net Cash Flow		(0.8)		(5.6)		4.8
Net Cash Flow		(47.4)		35.6		(83.0)
Beginning cash balance (net of distribution) (3)	\$	364.0	\$	372.1	\$	(8.1)
Net Cash Flow		(47.4)		35.6		(83.0)
Lockbox reserves		-		-		-
Ending cash balance (net of distribution owed) (3)	\$	316.6	\$	407.7	\$	(91.1)

Notes:

- (1) Property Tax Detail located on page 7.
- (2) In July 2016, \$15.9m of Property Tax receipts, \$32.0m of State Revenue Sharing receipts and \$4.8m of Debt Service payments were made that pertain to FY2016.
- (3) The main operating pool contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.



FY 2018 year-to-date cash flow to general ledger reconciliation

For 1 Month Ending July 31, 2017

\$ in millions

Cash Flows	Cash Activity				General Fund General Ledger			Difference
	General Pool	Adjustments	General Fund		Posted	To Be Posted	(1) Total	
Property Taxes	\$ 2.8	\$ -	\$ 2.8		\$ 2.8	\$ -	\$ 2.8	\$ -
Municipal Income taxes	20.4	1.8	22.2	(2)	22.2	-	22.2	-
Utility Users taxes	2.2	-	2.2		-	2.2	2.2	-
Wagering Taxes	14.7	(0.5)	14.2	(2)	14.2	-	14.2	-
State Revenue Sharing	-	-	-		-	-	-	-
Other / Misc.	5.9	(2.6)	3.3	(3)	8.4	(5.1)	3.3	-
Total Receipts	\$ 46.0	\$ (1.2)	\$ 44.7		\$ 47.6	\$ (2.9)	\$ 44.7	\$ -
Salaries and Wages	\$ (35.4)	\$ 5.5	\$ (29.9)	(4)	\$ (29.9)	\$ -	\$ (29.9)	\$ -
Employee Benefits	(10.2)	2.5	(7.7)	(5)	(7.7)	-	(7.7)	-
Materials, contracts & other	(47.0)	(9.1)	(56.1)	(6)(7)	(54.8)	(1.3)	(56.1)	-
Total Disbursements	\$ (92.6)	\$ (1.1)	\$ (93.7)		\$ (92.4)	\$ (1.3)	\$ (93.7)	\$ -
Operating Surplus (before Reinvestment)	\$ (46.7)	\$ (2.4)	\$ (49.0)		\$ (44.8)	\$ (4.2)	\$ (49.0)	\$ -
Debt Service	\$ (0.8)	\$ 0.8	\$ (0.0)	(8)	\$ -	\$ -	\$ -	\$ -
Non-Financing Adjustments	-	-	-		-	-	-	-
Total Adjustments to arrive at Net Cash Flow	\$ (0.8)	\$ 0.8	\$ (0.0)		\$ -	\$ -	\$ -	\$ -
Net Inflows /(Outflows)	\$ (47.5)	\$ (1.6)	\$ (49.0)		\$ (44.8)	\$ (4.2)	\$ (49.0)	\$ -

Notes:

- (1) To be posted amounts represent collections and disbursements and error corrections that were not recorded as of July 31, 2017.
- (2) \$1.8m of Municipal Income Tax and \$1.2m of Wagering Taxes, offset by \$0.7m collected in August 2017 related to prior period.
- (3) \$3.5m of collections are cash specific and \$0.2m are non-General Fund 1000 receipts.
- (4) Approximately \$5.5m of the difference relates to FY2017 activity.
- (5) Approximately \$0.5m of Benefits relates to FY2017 payments and \$2.0m FY2018 Pension obligation.
- (6) Approximately \$13m of disbursements are non-General Fund offset by \$2.5m are cash specific transactions.
- (7) The General Fund paid the Risk Management fund \$24 million for its and DDOT's annual contribution for insurance premiums and related liabilities. Activity of both funds are in the same bank account.
- (8) \$0.8m represents Pledged Income Tax Trustee Capture Interest debt set aside.



FY 2018 year-to-date property tax collections

For 1 month ended July 31, 2017

\$ in millions

	FY 2018			FY 2017		
	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD
General Ad Valorem		\$ 2.8			\$ 5.6	
General Special Acts		0.1			0.1	
General Total	\$ 115.7	\$ 2.9	2.51%	\$ 120.7	\$ 5.7	4.72%
Debt Service Total	\$ 51.1	\$ 1.2	2.35%	\$ 62.0	\$ 2.8	4.52%
Solid Waste Total	\$ 52.8	\$ 1.8	3.41%	\$ 54.8	\$ 3.0	5.47%

		FY 2018	FY 2017
General City Ad Valorem Collections YTD	(2)	\$ 2.8	\$ 5.6
Delinquent Tax Revolving Fund (DTRF) Collections YTD	(3)	-	2.3
Total Property Tax Collections (Ad Val + DTRF)		\$ 2.8	\$ 7.9
Admin Fee, Interest, Penalty YTD	(4)	\$ 0.1	\$ 0.2

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 monthly DTRF settlement checks.
- (4) Special Act, Admin Fee, Interest and Penalty are recorded in Budget's *Other Taxes, Assessments, and Interest* category.



Accounts payable summary

- Total Accounts Payable as of July 2017 had a net decrease of \$14.7M compared to June. Net AP not on hold had a net decrease of \$1.2M. The number of open invoices not on hold increased by 587 of which 524 of the invoices posted were current.

All Funds

\$ in millions

Accounts Payable (AP) as of 31-JUL-2017	
Total AP (June 2017)	\$ 64.3
Plus: July invoices processed	\$ 68.1
Less: July Payments made	\$ (82.8)
Total AP month end (July, 2017)	\$ 49.6
Less: Invoices on hold (1)	\$ (22.6)
Less: Installments/Retainage Invoices(2)	(0.3)
Net AP not on hold	\$ 26.7

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jul-17. Total	\$ 26.7	\$ 19.6	\$ 4.6	\$ 1.0	\$ 1.5
% of total	100%	73%	17%	4%	6%
Change vs. June	\$ 1.2	\$ (2.8)	\$ 2.0	\$ 0.8	\$ 1.3
Total Count of Invoices	1,955	1,344	387	98	126
% of total	100%	69%	20%	5%	6%
Change vs. June	587	524	59	15	(11)

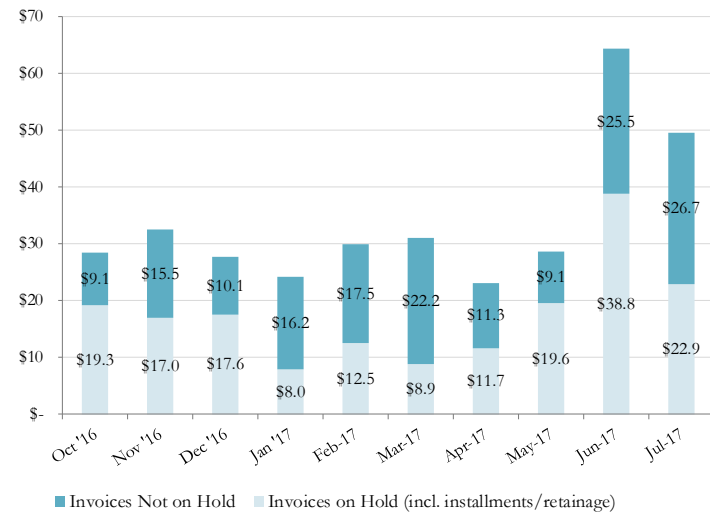
Jun-17. Total

	\$ 25.5	\$ 22.4	\$ 2.6	\$ 0.2	\$ 0.2
% of total	100%	88%	10%	1%	1%
Total Count of Invoices	1,368	820	328	83	137
% of total	100%	60%	24%	6%	10%

Notes:

- Invoices with system holds are pending validation. Some reasons include: pending receipt, does not match purchase order quantity/price and legal holds.
- Invoices on retainage are on hold until the supplier satisfies all contract obligations
- Invoices are processed and aged based on the invoice date. If the invoices were aged based on the date received the aging would show improved current category values

Total AP



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

- In July, approved projects increased by \$1.2M for OCFO financial analysis and modeling projects.

<i>\$ in millions</i>	Number of Projects	Amount of Approved and Authorized Projects	Total Amount Expensed
Available Exit Financing Proceeds		\$233.2	
Project Allocation:			
Department of Innovation and Technology	6	(43.3)	(36.6)
Blight	7	(25.2)	(25.2)
Police	6	(25.1)	(21.4)
Fire	11	(35.7)	(18.6)
General Services	14	(28.3)	(22.9)
Office of the Chief Financial Officer	12	(19.5)	(14.9)
Building, Safety Engineering & Environmental Department	1	(4.4)	(2.4)
Law	1	(1.1)	(1.1)
Detroit Department of Transportation	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.7)	(0.7)
Other	4	(0.3)	(0.2)
Subject to Reconciliation	–	–	(3.8)
Subtotal Projects	66	(\$186.9)	(\$150.9)
Post-Petition Financing Interest and Other Fees	–	(2.8)	(2.8)
Totals	66	(\$189.6)	(\$153.7)
AMOUNT RESERVED FOR PROJECTS UNDER REVIEW		\$43.6	

Notes:

Amount expensed subject to reconciliation.



The City is leveraging funding from external sources

- In July, the Federal and State grant funds had a net decrease of \$1.1M due to the closure of 2 grants and the addition of 2 grants. For private grants, the largest new ones were both from the Ralph C. Wilson, Jr. Foundation: \$2M for design of the Inner Circle Greenway and \$1.5M to support improvements at the Randolph Career Technical Education Center.

<i>\$ in millions</i>	Amount Awarded (1)		Number of Grants
	Appropriation Approved (2)	Appropriation Pending (2)	
Department			
Transportation	\$ 368.5	\$ -	20
Housing & Revitalization	207.9	-	17
Public Works	30.6	-	20
Fire Department	27.6	-	8
Police	16.7	-	25
Health & Wellness Promotion	22.3	-	3
Recreation	3.3	-	9
Homeland Security and Emergency Management (HSEM)	2.7	-	8
General Services	0.8	-	1
Coleman A. Young Airport (Airport)	0.3	-	2
Other (3)	0.6	-	4
Active Federal/State grants (4)	\$ 681.3	\$ -	117
Active private grants and donations (5)	62.6	-	65
Total active grants and donations	\$ 743.9	\$ -	182

Notes:

- Reflects original amounts awarded and amendments for active grants as of July 31, 2017. Remaining amount available to be spent will be lower for most departments.
- The amounts awarded as of July 31 are separated between grant appropriations already approved and any that may be pending approval as of the date this report is presented.
- Other includes BSEED and Historic Designation Advisory Board.
- Excludes Federal/State grants received directly by third-party agencies for the benefit of the City.
- Includes private funds received directly by third-party agencies for the benefit of the City.



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