



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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April 14, 2020

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

Re: Monthly Financial Report for the Eight Months ended February 29, 2020

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Eight Months ended February 29, 2020. 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 Eight Months ended February 29, 2020

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
Avery Peeples, City Council Liaison



FY 2020 Financial Report

For the 8 Months ended February 29, 2020

Office of the Chief Financial Officer

Submitted on April 14, 2020



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Executive Summary

The City is incurring substantial revenue losses and additional expenditures due to the COVID-19 public health emergency. The City anticipates the federal stimulus CARES Act will not reimburse for revenue losses due to COVID-19, only new expenditures related to the pandemic. Revenue losses include gaming, income taxes, and several other major revenue streams impacted by the mandatory closures and the impact on the economy.

The City is projecting a \$348M revenue shortfall over two fiscal years (\$154M shortfall in FY 2020 and \$194M shortfall in FY 2021 vs. the February 2020 Revenue Estimating Conference). The shortfall is only partially offset by the pre-COVID-19 surplus of \$51M.

The City will present a plan at the next Financial Review Commission meeting on April 27, 2020. This plan will outline steps the City intends to take to balance the FY 2020 and FY 2021 budgets.



YTD Budget Amendments – General Fund

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



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

YTD ANALYSIS				
	BUDGET	ACTUAL + ADJUSTMENTS + ENCUMBRANCES		
MAJOR CLASSIFICATIONS	YEAR TO DATE	ACTUAL	ADJUSTMENTS + ENCUMBRANCES	TOTAL
A	B	C	D	E = C + D
REVENUE:				
Municipal Income Tax	\$ 194.8	\$ 210.7	–	\$ 210.7
Property Taxes	79.6	84.6	–	84.6
Wagering Taxes	122.3	127.7	–	127.7
Utility Users' Tax	14.1	15.0	–	15.0
State Revenue Sharing	102.7	106.2	–	106.2
Other Revenues	173.6	130.9	–	130.9
Sub-Total	\$ 687.1	\$ 675.0	–	\$ 675.0
Budgeted Use of Prior Year Fund Balance	30.2	0.0	30.0	30.0
Carry forward-Use of Assigned Fund Balance	26.4	0.0	26.4	26.4
Transfers from Other Funds	0.0	0.0	0.0	0.0
Budget Amendments	2.9	0.0	2.9	2.9
TOTAL	\$ 746.5	\$ 675.0	\$ 59.3	\$ 734.3
EXPENDITURES:				
Salary and Wages (Incl. Overtime)	\$ (317.1)	\$ (304.7)	–	\$ (304.7)
Employee Benefits	(117.5)	(87.9)	–	(87.9)
Legacy Pension Payments	0.0	0.0	–	0.0
Retiree Protection Fund	(45.0)	(45.0)	–	(45.0)
Debt Service	(58.3)	(58.3)	–	(58.3)
Other Expenses	(239.3)	(207.0)	(60.6)	(267.6)
TOTAL	\$ (777.1)	\$ (702.9)	\$ (60.6)	\$ (763.5)



Employee Count Monitoring

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual January 2020	Actual February 2020	Change January 2020 February 2020	Adjusted Budget FY 2020 ⁽²⁾	Variance Under/(Over) Budget vs. February 2020	
Public Safety						
Police	3,152	3,172	20	3,338	166	5%
Fire	1,172	1,153	(19)	1,275	122	10%
Total Public Safety	4,324	4,325	1	4,613	288	6%
Non-Public Safety						
Office of the Chief Financial Officer	428	420	(8)	533	113	
Public Works - Full Time	386	381	(5)	447	66	
Health and Wellness Promotion	133	128	(5)	182	54	
Human Resources	100	99	(1)	105	6	
Housing and Revitalization	106	105	(1)	109	4	
Innovation and Technology	120	119	(1)	140	21	
Law	117	117	0	127	10	
Mayor's Office (includes Homeland Security)	81	81	0	81	0	
Municipal Parking ⁽⁶⁾	96	94	(2)	104	10	
Planning and Development	38	37	(1)	41	4	
General Services - Full Time	541	539	(2)	573	34	
Legislative ⁽³⁾	219	217	(2)	260	43	
36th District Court	320	321	1	325	4	
Other ⁽⁴⁾	191	188	(3)	199	11	
Total Non-Public Safety	2,876	2,846	(30)	3,226	380	12%
Total General City-Full Time	7,200	7,171	(29)	7,839	668	9%
Public Works - Part Time Headcount	11	11	0	67	56	
Recreation - Part Time Headcount	0	0	0	0	0	
General Services - Part Time Headcount	149	152	3	635	483	
Elections - Part Time Headcount	44	57	13	120	63	
Seasonal/ Part Time⁽⁵⁾	204	220	16	822	602	73%
Enterprise						
Airport	4	4	0	4	0	
BSEED	277	283	6	337	54	
Transportation	899	899	0	973	74	
Water and Sewerage	566	566	0	650	84	
Library	302	299	(3)	326	27	
Total Enterprise	2,048	2,051	3	2,290	239	10%
Total City	9,452	9,442	(10)	10,951	1,509	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 FY 2020 - FY 2023 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

February 2020

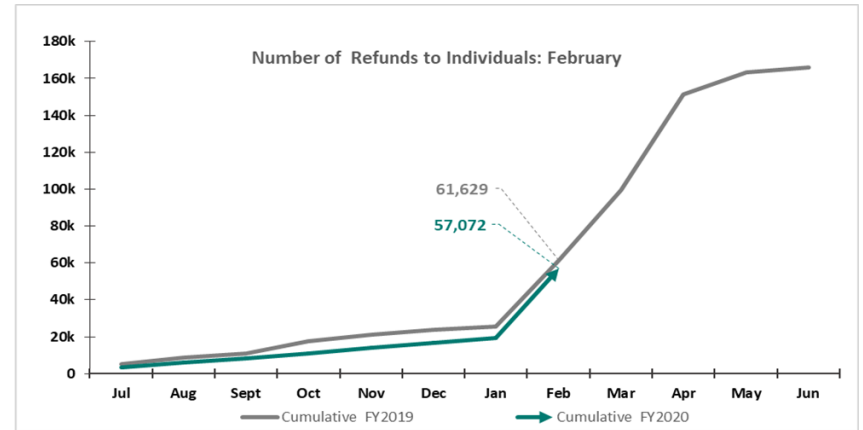
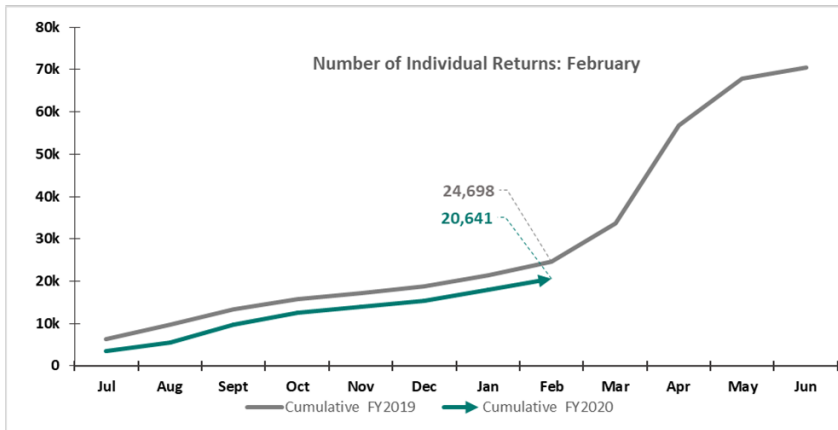
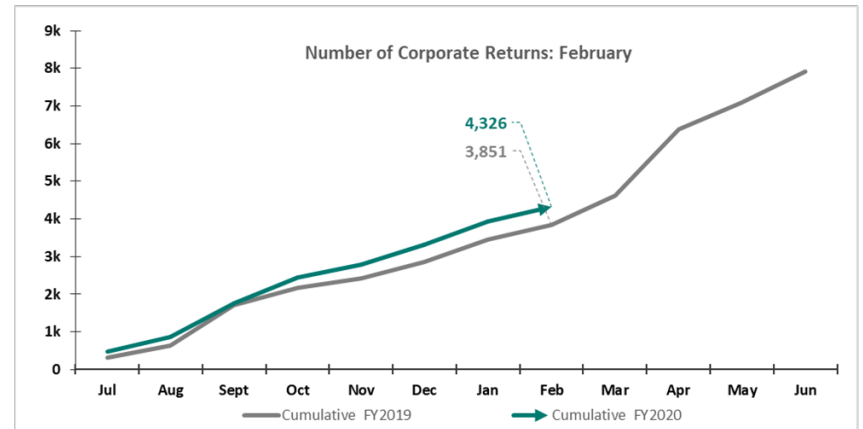
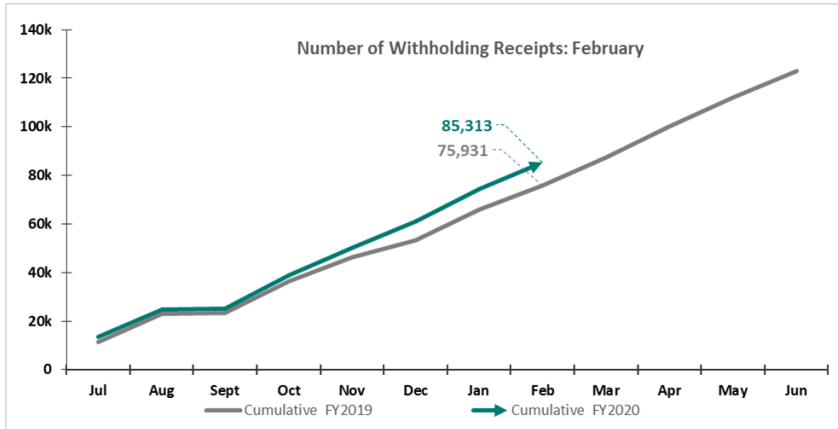
FY19 YTD

February 2019

Withholdings/Estimates	\$ 195,003,838	\$ 186,643,919
Individuals	15,011,006	12,909,992
Corporations	11,232,239	13,536,516
Partnerships	3,059,553	2,122,200
Assessments	1,476,677	3,543,227
Total Collections	\$ 225,783,313	\$ 218,755,854
Refunds/ Disbursements	(15,042,485)	(7,075,850)
Collections Net of Refunds/Disbursements	\$ 210,740,828	\$ 211,680,004



Income Tax – Volume of Returns and Withholdings





Development and Grants

Active Grants and Donations as of February 29, 2020 (\$ in millions)

	Amount Awarded – City ⁽¹⁾	Amount Awarded – Partners ⁽²⁾
Total Active	\$793.0	\$203.6
Net Change from last month ⁽³⁾	(\$125.0)	\$86.9

New Funds – January 1 to March 26, 2020 (\$ in millions)

	Amount Awarded
Documented	\$132.7
Committed ⁽⁴⁾	\$15.5
Total New Funding	\$148.2
Net New to the City ⁽⁵⁾	\$100.7

(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) This report is the first to reflect the closure of all projects with an end-date of December 31, 2019. The most significant new award in February is the \$100,000,000 for the new Detroit Innovation Center, from the Stephen M. Ross Foundation.

(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 March 26, 2020 – By Priority Category

Priority Category	Documented	Committed	Total
Administration/General Services	\$ 4,754,847		\$ 4,754,847
Community/Culture	\$ 1,229,500		\$ 1,229,500
Economic Development	\$ 102,520,000	\$ 5,000,000	\$ 107,520,000
Health	\$ 3,447,684	\$ 7,400,000	\$ 10,847,684
Housing	\$ 15,000	\$ 1,274,300	\$ 1,289,300
Infrastructure		\$ 26,115	\$ 26,115
Parks and Recreation	\$ 496,764		\$ 496,764
Planning			
Public Safety	\$ 1,504,582	\$ 75,000	\$ 1,579,582
Technology/Education			
Transportation	\$ 18,249,582		\$ 18,249,582
Workforce	\$ 435,000	\$ 1,750,000	\$ 2,185,000
Grand Total	\$ 132,652,959	\$ 15,525,415	\$ 148,178,374



Development and Grants

New Funds and City Leverage⁽¹⁾ – January 1 to March 26, 2020 – By Priority Category

Priority Category	Total Funds	City Leverage ⁽¹⁾
Administration/General Services	\$ 4,754,847	\$ 1,086,674
Community/Culture	\$ 1,229,500	
Economic Development	\$ 107,520,000	\$ 59,000,000 ⁽²⁾
Health	\$ 10,847,684	
Housing	\$ 1,289,300	\$ 15,000 ⁽³⁾
Infrastructure	\$ 26,115	
Parks and Recreation	\$ 496,764	
Planning		
Public Safety	\$ 1,579,582	\$ 52,760
Technology/Education		
Transportation	\$ 18,249,582	
Workforce	\$ 2,185,000	
Grand Total	\$ 148,178,374	\$ 60,101,674

(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	February 2020 Total	Prior Year February 2019 Total
Bank Balance	\$ 276.2	\$ 954.8	\$ 1,230.9	\$ 1,247.4
Plus/minus: Reconciling items	9.8	3.3	13.1	11.4
Reconciled Bank Balance	\$ 285.9	\$ 958.1	\$ 1,244.0	\$ 1,258.8
General Ledger Cash Balances				
General Fund				
General Accounts	\$ 181.5	167.5	\$ 349.0	\$ 338.7
Risk Management/Self Insurance	-	79.8	79.8	99.2
Undistributed Delinquent Taxes	-	3.2	3.2	5.3
Quality of Life Fund	-	18.4	18.4	23.5
Retiree Protection Trust Fund	-	179.5	179.5	125.1
A/P and Payroll Clearing	26.0	-	26.0	29.7
Other Governmental Funds				
Capital Projects	-	119.4	119.4	163.2
Street Fund	-	88.4	88.4	79.1
Grants	-	49.2	49.2	47.2
Solid Waste Management Fund	43.8	-	43.8	42.7
Debt Service	-	82.1	82.1	73.6
Gordie Howe Bridge Fund	-	17.6	17.6	20.6
Other	11.9	8.2	20.2	32.1
Enterprise Funds				
Enterprise Funds	8.4	2.6	11.0	37.6
Fiduciary Funds				
Undistributed Property Taxes	-	92.1	92.1	78.0
Fire Insurance Escrow	-	10.7	10.7	9.6
Other	-	39.3	39.3	37.1
Component Units				
Component Units	14.3	-	14.3	16.6
Total General Ledger Cash Balance	\$ 285.9	\$ 958.1	\$ 1,244.0	\$ 1,258.8

Note: This schedule reports total City of Detroit (excludes DSWD) cash in the bank at February 29, 2020 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 8 Months Ending February 29, 2020

\$ in Millions

	YTD Forecast	YTD Actuals	YTD Variance	Prior YTD Actuals
Cash Receipts				
Property Taxes	\$ 504.5	\$ 498.1	\$ (6.4)	\$ 478.1
Income Taxes	215.5	210.8	(4.7)	205.8
Wagering	126.8	128.6	1.7	124.2
State Shared Revenue	137.3	139.6	2.3	136.2
Utility Taxes	17.0	15.1	(1.9)	14.0
Other Revenue	175.6	175.4	(0.3)	149.2
Bond Proceeds	11.9	11.9	0.0	-
Total Cash Receipts	\$ 1,188.7	\$ 1,179.4	\$ (9.2)	\$ 1,107.5
Cash Disbursements				
Salaries & Wages	\$ (335.1)	\$ (338.0)	\$ (2.9)	\$ (309.8)
Benefits	(79.5)	(78.8)	0.8	(117.3)
Retiree Protection Trust	(45.0)	(45.0)	0.0	(20.0)
Accounts Payable	(294.0)	(312.6)	(18.6)	(297.0)
TIF Distributions	(32.2)	(26.9)	5.2	-
Property Tax Distributions	(379.9)	(344.7)	35.2	(366.6)
Debt Service	(54.7)	(54.7)	0.0	(53.9)
Total Cash Disbursements	\$ (1,220.3)	\$ (1,200.6)	\$ 19.7	\$ (1,164.6)
Net Cash Flow	\$ (31.6)	\$ (21.2)	\$ 10.6	\$ (57.1)



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 Actual	February Actual	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Taxes	\$ 58.2	\$ 192.8	\$ 26.7	\$ 8.9	\$ 11.0	\$ 65.1	\$ 125.3	\$ 10.1	\$ 4.0	\$ 1.3	\$ 7.1	\$ 31.6	\$ 542.1
Income Taxes	30.7	22.0	31.2	25.5	21.6	29.0	30.7	20.1	29.4	18.2	17.7	19.6	295.7
Wagering	15.5	17.4	15.0	14.1	18.0	17.6	17.7	13.3	9.0	-	-	-	137.6
State Shared Revenue	-	34.2	-	35.1	-	35.6	-	34.6	-	33.7	-	33.5	206.7
Utility Taxes	2.1	1.3	1.8	2.0	-	3.1	1.8	3.1	3.5	2.8	3.0	2.8	27.3
Other Revenue	33.7	28.3	15.3	10.9	28.9	17.0	23.7	17.7	19.5	16.8	15.8	12.5	240.0
Bond Proceeds (transfer or direct)	-	-	0.3	0.5	2.6	3.0	1.2	4.2	0.9	33.5	-	-	46.3
Total Cash Receipts	\$ 140.2	\$ 296.0	\$ 90.2	\$ 97.1	\$ 82.0	\$ 170.4	\$ 200.3	\$ 103.1	\$ 66.3	\$ 106.3	\$ 43.6	\$ 100.0	\$ 1,495.7
Cash Disbursements													
Salaries & Wages	\$ (46.9)	\$ (46.8)	\$ (37.1)	\$ (40.3)	\$ (35.8)	\$ (45.4)	\$ (50.8)	\$ (34.7)	\$ (36.6)	\$ (37.2)	\$ (39.5)	\$ (44.3)	\$ (495.5)
Benefits	(12.6)	(6.5)	(6.0)	(13.1)	(6.5)	(14.0)	(13.4)	(6.5)	(6.4)	(13.5)	(6.5)	(6.3)	(111.6)
Retiree Protection Trust	(45.0)	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Accounts Payable	(46.3)	(67.2)	(24.2)	(39.6)	(20.0)	(33.8)	(38.0)	(43.5)	(34.6)	(37.3)	(43.5)	(31.4)	(459.5)
TIF Property Tax Disbursements	-	-	-	(0.3)	(1.6)	(25.0)	-	-	-	-	(26.9)	-	(53.8)
Property Tax Distributions	(17.1)	(26.5)	(132.0)	(6.1)	(5.4)	(6.5)	(86.2)	(65.0)	(0.4)	(2.0)	(10.0)	(15.0)	(372.1)
Debt Service	(2.7)	(8.2)	(14.1)	(6.2)	(2.7)	(9.1)	(2.7)	(9.1)	(11.4)	(9.0)	(2.7)	(9.0)	(86.8)
Total Cash Disbursements	\$ (170.6)	\$ (155.2)	\$ (213.3)	\$ (105.7)	\$ (72.1)	\$ (133.8)	\$ (191.2)	\$ (158.8)	\$ (89.5)	\$ (99.0)	\$ (129.1)	\$ (106.0)	\$ (1,624.3)
Net Cash Flow	\$ (30.3)	\$ 140.8	\$ (123.1)	\$ (8.5)	\$ 9.9	\$ 36.6	\$ 9.1	\$ (55.7)	\$ (23.2)	\$ 7.3	\$ (85.5)	\$ (6.0)	\$ (128.6)

Notes:

- The December "TIF Property Tax Disbursement" and the January "Property Tax Distributions" line have been adjusted from prior months due to a correction.
- The April forecast includes \$33.5 million of mandatory draw on the Act 51 term loan.
- Other than income tax and wagering taxes, the potential economic impact have not yet been incorporated into this cash forecast.



Accounts Payable and Supplier Payments

City of Detroit Accounts Payable Analysis \$ in millions

Accounts Payable (AP) as of Feb-20	
Total AP (Jan-20)	\$ 45.0
Plus: Feb-20 invoices processed	\$ 115.8
Less: Feb-20 Payments made	\$ (110.2)
Total AP month end (Feb-20)	\$ 50.6
Less: Invoices on hold ⁽¹⁾	\$ (17.7)
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.5)
Net AP not on hold	\$ 32.4

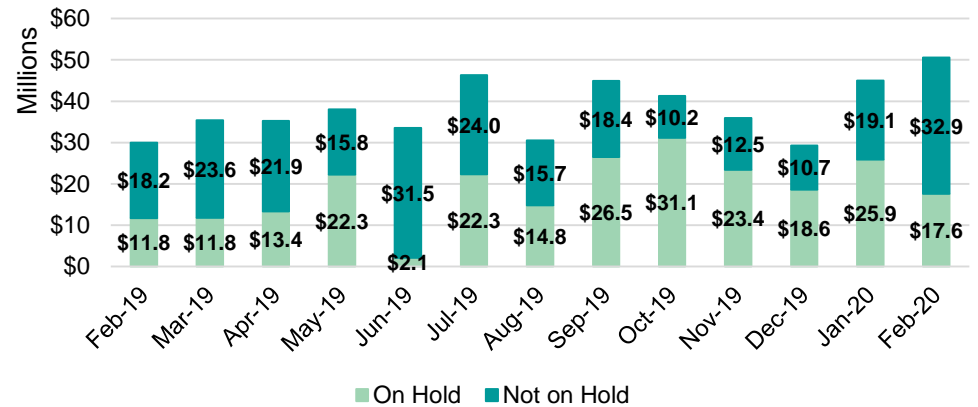
AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Feb-20. Total	\$ 32.4	\$ 17.8	\$ 11.2	\$ 0.3	\$ 3.1
% of total	100%	55%	35%	1%	10%
Change vs. Jan-20	\$ 13.3	\$ 4.8	\$ 8.5	\$ (0.6)	\$ 0.6
Total Count of Invoices	1,669	1,364	169	48	88
% of total	100%	82%	10%	3%	5%
Change vs. Jan-20	(206)	164	(220)	(68)	(82)
Jan-20. Total	\$ 19.1	\$ 13.0	\$ 2.7	\$ 0.9	\$ 2.5
% of total	100%	68%	14%	5%	13%
Total Count of Invoices	1,875	1,200	389	116	170
% of total	100%	64%	21%	6%	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)

