

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Seven Months ended January 31, 2017

March 27, 2017



Table of contents

	Page
Executive summary	2
January year-to-date (YTD) general ledger actuals and annualized projection	3
January active employee count compared to budget	4
January YTD net cash flows	5
January YTD cash flow to general ledger reconciliation	6
January YTD property tax revenue collections	7
January accounts payable summary	8
Exit financing summary	9
External funding summary	10



Executive summary

- Following the City Council's review and decisions on the Mayor's recommended budget, the City submitted its FY 2018-2021 Four-Year Financial Plan to the Financial Review Commission on March 23, 2017, in accordance with Public Act 181 of 2014.
- January YTD actuals indicate that FY 2017 is in line with the budget.
 - Revenue projections are based on the February 2017 Consensus Revenue Estimating Conference results. (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, while still below budget, increased in January compared to December. (page 4)
- January YTD net cash flow remains positive but is lower than the previous year due to increased salaries/wages and other disbursements partially offset by increased tax revenues. (page 5)
- January YTD Ad Valorem property tax collection rate exceeds the prior year by 3%. (page 7)
- The Accounts Payable aging balance as of January 2017 was \$24.2M. The Invoices on Hold decreased by \$9.6M from \$17.6M to \$8M, and the Non Hold invoices increased by \$6.1M from \$10.1M to \$16.2M compared to the December aging. The AP summary now includes the invoice counts in addition to the dollar values. (page 8)
- In January, approved Exit Financing projects increased by \$3.2M for the Citizen Tax Help Center. (page 9)
- In January, the active federal and state grants had a net decrease of \$14.1M, due to the closeout of 13 grants across various departments. The City received 2 new grants and an increase to an existing grant. The main private grants and donations received were \$612K for the Health Department's Ready 2 Learn initiative from the Kresge Foundation and \$198K from the Erb Family Foundation for the Health Department's Environmental Health and Equity Fellow. (page 10)



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

GENERAL FUND

\$ 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)						ADJUSTED	ESTIMATED (4)	ESTIMATED	
B	C	D	E = C + D	(\$ F = E-B)	% G = (F/B)	H	I	(\$ J = I-H)	% K = (J/H)	
REVENUES:										
Municipal Income Tax	\$ 130.2	\$ 145.0	\$ 0.6	\$ 145.6	\$ 15.4	11.8%	\$ 266.6	\$ 275.0	\$ 8.4	3.2%
Property Taxes	94.8	74.3	22.3	96.6	1.8	1.9%	117.0	124.0	7.0	6.0%
Wagering Taxes	104.0	105.0	-	105.0	1.1	1.0%	175.2	176.0	0.8	0.5%
Utility Users' Tax	21.6	13.9	-	13.9	(7.7)	(35.7%)	37.0	35.0	(2.0)	(5.4%)
State Revenue Sharing	65.3	65.9	-	65.9	0.6	1.0%	196.5	195.2	(1.3)	(0.7%)
Sales and Charges for Services	72.0	42.4	-	42.4	(29.6)	(41.1%)	123.4	119.4	(3.9)	(3.2%)
Licenses, Permits, and Inspection Charges	6.5	6.7	-	6.7	0.1	1.8%	11.2	11.2	(0.0)	(0.1%)
Contributions and Transfers	54.3	0.0	67.9	67.9	13.6	25.0%	93.0	91.2	(1.8)	(1.9%)
Fines, Forfeits and Penalties	13.0	11.8	-	11.8	(1.2)	(9.3%)	22.2	24.5	2.2	10.1%
Revenues from Use of Assets	0.8	1.3	-	1.3	0.6	71.4%	1.3	1.3	(0.0)	(2.3%)
Other Taxes, Assessments, and Interest	5.3	8.8	-	8.8	3.5	66.9%	9.1	7.7	(1.3)	(14.7%)
Sales of Assets and Compensation for Losses	8.4	0.1	-	0.1	(8.3)	(98.2%)	14.4	7.0	(7.5)	(51.6%)
Miscellaneous	5.9	3.0	-	3.0	(2.8)	(48.4%)	10.2	9.4	(0.8)	(7.7%)
Prior Year Encumbrances and Carry-forwards (6)	0.1	-	39.5	39.5	39.4	43320.8%	39.5	39.5	-	-
TOTAL (L)	\$ 582.1	\$ 478.3	\$ 130.3	\$ 608.6	\$ 26.5	4.6%	\$ 1,116.7	\$ 1,116.5	\$ (0.2)	(0.0%)
EXPENDITURES: (6)										
Salaries and Wages	\$ (229.7)	\$ (209.2)	\$ -	\$ (209.2)	\$ 20.4	8.9%	\$ (400.8)	\$ (377.4)	\$ 23.4	5.8%
Employee Benefits	(108.1)	(47.3)	0.0	(47.3)	60.8	56.3%	(187.1)	(177.1)	9.9	5.3%
Professional and Contractual Services	(60.7)	(31.5)	(26.0)	(57.5)	3.3	5.4%	(88.2)	(90.8)	(2.5)	(2.9%)
Operating Supplies	(24.8)	(11.8)	(23.7)	(35.5)	(10.7)	(43.3%)	(36.6)	(39.0)	(2.4)	(6.5%)
Operating Services	(92.6)	(31.4)	(11.7)	(43.1)	49.5	53.4%	(154.6)	(150.1)	4.5	2.9%
Capital Equipment	(2.6)	(0.6)	(2.0)	(2.6)	(0.0)	(0.9%)	(2.8)	(3.0)	(0.2)	(6.1%)
Capital Outlays	(19.9)	(2.1)	(14.3)	(16.4)	3.5	17.5%	(35.2)	(35.2)	0.0	0.1%
Debt Service	(44.0)	(45.0)	0.1	(44.9)	(0.9)	(2.0%)	(75.4)	(66.6)	8.8	11.7%
Other Expenses	(81.8)	(50.9)	(0.4)	(51.3)	30.5	37.3%	(136.1)	(137.6)	(1.5)	(1.1%)
TOTAL (M)	\$ (664.2)	\$ (429.8)	\$ (78.0)	\$ (507.8)	\$ 156.4	23.5%	\$ (1,116.7)	\$ (1,076.6)	\$ 40.1	3.6%
DIFFERENCE (L - M)	\$ (82.1)	\$ 48.5	\$ 52.3	\$ 100.8	\$ 182.9	222.8%	\$ (0.0)	\$ 39.8	\$ 39.8	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 seven months ending January 31, 2017.
- (3) Reflects encumbrances and pending accruals, including prior year carry-forwards and current year activities.
- (4) Revenues are based on the February 2017 Consensus Revenue Estimating Conference 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 active employee count compared to budget

	Actual Dec. 2016 ⁽¹⁾	Actual Jan. 2017 ⁽¹⁾	Budget FY 2017 ⁽¹⁾	Budget vs. Jan. 2017	
Public Safety					
Police	2,891	2,888	3,127	239	8%
Fire	1,179	1,200	1,332	132	10%
Total Public Safety	4,070	4,088	4,459	371	8%
Non-Public Safety					
Office of the Chief Financial Officer	428	443	453	10	
Dept. of Public Works	329	336	376 ⁽²⁾	40	
Health & Wellness	37	39	51	12	
Human Resources	95	83	65	(18) ⁽³⁾	
Housing & Revitalization / Planning & Development	89	95	81	(14) ⁽³⁾	
Dept. of Innovation and Technology	72	90	134	44	
Law	99	106	108	2	
Mayor (Includes Homeland Security)	66	65	73	8	
Public Lighting Department	5	5	6	1	
Recreation	204	205	285 ⁽²⁾	80	
General Services	291	286	574 ⁽²⁾	288	
Legislative ⁽⁵⁾	138	153	252	99	
36th District Court	312	312	326	14	
Other ⁽⁶⁾	62	85	78	(7) ⁽⁴⁾	
Total Non-Public Safety	2,227	2,303	2,862	559	20%
Total General City	6,297	6,391	7,321	930	13%
Enterprise					
Airport	4	4	4	0	
BSEED	192	200	204	4	
Transportation	926	898	900	2	
Parking	75	89	89	0	
Water and Sewerage	448	445	488	43	
Library	289	293	325	32	
Total Enterprise	1,934	1,929	2,010	81	4%
Total City	8,231	8,320	9,331	1,011	11%

Notes:

- (1) Budget and Actuals exclude personal services contractors (PSCs). Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time and seasonal employees.
- (2) The Budget counts for these departments are modified in the report to include budgeted positions for employees that are not full-time.
- (3) Variances are due to ongoing departmental reorganizations occurring during FY 2017.
- (4) Variance is due to Media Services positions, which were budgeted as PSCs and subsequently converted to administrative special services positions.
- (5) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (6) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings and Non-departmental.



FY 2017 year-to-date net cash flows

For 7 Months Ended January 31, 2017

\$ in millions

Cash Flows - General Pool Cash

	Actual 7 Months	Prior Year 7 Months	Change
Property Taxes	\$ 96.6	\$ 104.8	\$ (8.2)
Municipal Income Taxes	159.8	141.5	18.3
Utility Users Taxes	17.9 (1)	16.5	1.4
Wagering Taxes	105.8	102.6	3.2
State Revenue Sharing	130.8	129.9	0.9
Other / Misc.	118.9	115.3	3.6
Total Receipts	629.8	610.6	19.2
Salaries and Wages	(231.5)	(210.8)	(20.7)
Employee Benefits	(32.3)	(32.1)	(0.2)
Materials, Contracts & Other	(259.9) (2)	(171.8)	(88.1)
Total Disbursements	(523.7)	(414.7)	(109.0)
Operating Surplus (before Reinvestment)	106.1	195.9	(89.8)
Debt Service	(46.1)	(77.0) (3)	30.9
Non-Financing Adjustments	(26.6) (4)	-	(26.6)
Total Adjustments to arrive at Net Cash Flow	(72.7)	(77.0)	4.3
Net Cash Flow (5)	\$ 33.4	\$ 118.9	\$ (85.5)
Beginning cash balance (net of distribution) (6)	\$ 372.1	\$ 211.0	\$ 161.1
Net Cash Flow (5)	33.4	118.9	(85.5)
Lockbox reserves	-	-	-
Ending cash balance (net of distribution owed) (6)	\$ 405.5	\$ 329.9	\$ 75.6

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 encompasses Subsidy payments which were \$39m through January 2017.
- (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 cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.
- (6) The main operating pool 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 7 Months Ended January 31, 2017

\$ in millions

Cash Flows	Cash Activity				General Ledger				Difference
	General Pool Cash	Adjustments	General Fund Cash		Posted	To Be Posted (1)	Total		
Property Taxes	\$ 96.6	\$ -	\$ 96.6		\$ 74.3	\$ 22.3	\$ 96.6	\$ 0.0	
Municipal Income taxes	159.8	(14.2)	145.6	(2)	145.0	0.6	145.6	0.0	
Utility Users taxes	17.9	(4.0)	13.9	(2)	13.9	-	13.9	0.0	
Wagering Taxes	105.8	(0.8)	105.0	(2)	105.0	-	105.0	0.0	
State Revenue Sharing	130.8	(64.9)	65.9	(2)	65.9	-	65.9	0.0	
Other / Misc.	118.9	(43.6)	75.3	(2)(3)	74.3	1.0	75.3	0.0	
Total Receipts	\$ 629.8	\$ (127.5)	\$ 502.3		\$ 478.4	\$ 23.9	\$ 502.3	\$ 0.0	
Salaries and Wages	\$ (231.5)	\$ 22.3	\$ (209.2)	(4)	\$ (209.2)	\$ -	\$ (209.2)	\$ 0.0	
Employee Benefits	(32.3)	(15.0)	(47.3)	(5)	(47.3)	-	(47.3)	0.0	
Materials, contracts & other	(259.9)	131.6	(128.3)	(6)	(128.3)	-	(128.3)	0.0	
Total Disbursements	\$ (523.7)	\$ 138.9	\$ (384.8)		\$ (384.8)	\$ -	\$ (384.8)	\$ 0.0	
Operating Surplus (before Reinvestment)	\$ 106.1	\$ 11.4	\$ 117.5		\$ 93.6	\$ 23.9	\$ 117.5	\$ 0.0	
Debt Service	\$ (46.1)	\$ 1.1	\$ (45.0)	(7)	\$ (45.0)	\$ -	\$ (45.0)	\$ 0.0	
Non-Financing Adjustments	(26.6)	26.6	-	(8)	-	-	-	-	
Total Adjustments to arrive at Net Cash Flow	\$ (72.7)	\$ 27.7	\$ (45.0)		\$ (45.0)	\$ -	\$ (45.0)	\$ 0.0	
Net Inflows /(Outflows)	\$ 33.4	\$ 39.1	\$ 72.5		\$ 48.6	\$ 23.9	\$ 72.5	\$ 0.0	

Notes:

- (1) To be posted amounts represent collections and disbursements that have not yet been reconciled.
- (2) \$14.2 of Municipal Income Tax, \$4m of Utility Users' Tax, \$0.8m of Wagering Taxes, \$64.9m of State Revenue Sharing, \$7.3m of Other Revenue (Wagering Municipal Svc Fees) in FY2017 related to FY 2016 activity.
- (3) \$8m of revenues collected in FY2017 related to activity in FY2016. \$22.1m of collections are cash specific transactions, \$6.2m 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, \$13.4m 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 \$33.1m of disbursements are non-General Fund, \$54.0m related to prior period and \$44.5m are cash specific transactions.
- (7) \$14.2m of Financing Costs related to prior period offset by \$5.5m exit financing, \$7.3m Public Lighting Authority and \$2.5m State Revenue Sharing debt set aside.
- (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 7 Months Ended January 31, 2017

\$ 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 Ad Valorem	\$ 118.0	\$ 89.7	75.97%	\$ 126.4	\$ 92.0	72.78%
Debt Service Total	62.0	47.2	76.13%	68.3	50.8	74.41%
Solid Waste Total	62.4	29.1	46.68%	57.4	29.3	51.11%

		FY 2017	FY 2016
General City Collections YTD	(2)	\$ 89.7	\$ 92.0
General City Collections DTRF YTD	(3)	6.9	12.9
Total General City		\$ 96.6	\$ 104.8
Admin Fee, Interest, Penalty YTD	(4)	\$ 5.6	\$ 5.9

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 and auction activity.
- (4) Admin Fee and Penalty are mapped in the Other/Misc. Revenue category.



Accounts payable summary

- The Accounts Payable aging balance as of January 2017 was \$24.2M. The Invoices on Hold decreased by \$9.6M from \$17.6M to \$8M, and the Non Hold invoices increased by \$6.1M from \$10.1M to \$16.2M compared to the December aging.

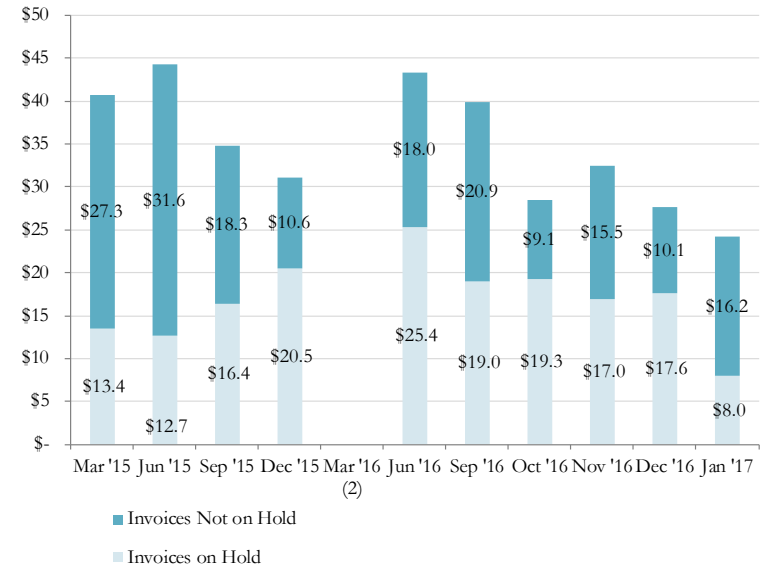
\$ in millions

Accounts Payable (AP) as of 31-JAN-2017	
Total AP	\$ 24.2
Less: Invoices on hold (1)	(8.0)
Net AP not on hold	\$ 16.2

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jan. Total	\$ 16.2	\$ 5.8	\$ 4.0	\$ 2.0	\$ 4.4
<i>% of total</i>	100%	36%	24%	12%	27%
Total Count of Invoices	955	373	348	46	188
<i>% of total</i>	100%	39%	36%	5%	20%
Dec. Total	\$ 10.1	\$ 3.1	\$ 3.0	\$ 1.5	\$ 2.4
<i>% of total</i>	100%	30%	30%	15%	24%
Total Count of Invoices	1,262	277	291	195	499
<i>% of total</i>	100%	22%	23%	15%	40%

Total AP



Notes:

(1) Invoices with system holds are pending validation. Some reasons include: retainage, pending receipt, does not match purchase order quantity/price, and legal holds.

(2) Aging information was not available as the City was in the process of transitioning financial systems



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

- In January, approved projects increased by \$3.2M for the Citizen Tax Help Center.

<i>\$ in millions</i>	Number of Projects	Amount of Approved and Authorized Projects	Total Amount Expensed ¹
Available Exit Financing Proceeds		\$233.2	
Project Allocation:			
Department of Innovation and Technology	5	(41.5)	(39.3)
Blight	7	(29.7)	(26.1)
Police	6	(29.0)	(19.2)
Fire	10	(25.5)	(18.6)
General Services	14	(32.1)	(18.9)
Office of the Chief Financial Officer	10	(19.7)	(14.8)
Building, Safety Engineering & Environmental Department	1	(4.4)	(1.7)
Law	1	(2.2)	(1.2)
Detroit Department of Transportation	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.8)	(0.7)
Other	3	(0.5)	(0.3)
Unclassified/Subject to Reconciliation		-	(4.2)
Subtotal Projects	61	(\$188.3)	(\$148.1)
Interest Expense/Other Fees Paid	-	(2.8)	-
Totals	61	\$ (191.1)	\$ (148.1)
Amount Reserved for Projects Under Review		\$42.1	

¹ Spend number subject to change and/or reclassification.



The City is leveraging funding from external sources

- In January, the active federal and state grants had a net decrease of \$14.1M, due to the closeout of 13 grants across various departments. The City received 2 new grants and an increase to an existing grant. The main private grants and donations received were \$612K for the Health Department's Ready 2 Learn initiative from the Kresge Foundation and \$198K from the Erb Family Foundation for the Health Department's Environmental Health and Equity Fellow.

\$ in millions

Department	Amount Awarded (1)	Number of Grants
Transportation	\$ 384.0	22
Housing & Revitalization	237.7	19
Public Works	30.6	20
Fire Department	28.7	8
Health & Wellness Promotion	25.9	4
Police	17.7	23
Recreation	3.7	15
Coleman A. Young Airport (Airport)	3.1	4
General Services	0.8	1
Homeland Security and Emergency Management (HSEM)	1.3	5
Other (2)	1.1	5
Active Federal/State grants (3)	\$ 734.6	126
Active private grants and donations	56.0	67
Total active grants and donations	\$ 790.6	193

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.



Page Intentionally Left Blank

