



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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March 15, 2023

Detroit Financial Review Commission
Cadillac Place
3062 West Grand Boulevard
Detroit, MI 48202

Re: Financial Report for the Seven Months ended January 31, 2023

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Seven Months ended January 31, 2023.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2022-03, which granted the City its waiver of active FRC oversight through June 30, 2023. The OCFO has separately submitted this report to the Mayor, Detroit City Council and posted it on the City's website.

Best regards,

Jay B. Rising
CFO

Att: City of Detroit Financial Report for the Seven Months ended January 31, 2023

Cc: Patrick Dostine, Executive Director, Detroit Financial Review Commission



FY 2022-2023 Financial Report

For the 7 Months ended January 31, 2023

Office of the Chief Financial Officer

Submitted on March 15, 2023

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Executive Summary

- On March 3, 2023, the Mayor presented his [Proposed FY2024 Budget and FY2024-2027 Four-Year Financial Plan](#) to the City Council. It includes our first annual legacy pension payment of nearly \$149 million, of which \$73 million will come from the General Fund, \$57 million from the Retiree Protection Fund, and \$18.7 million from continued Grand Bargain contributions. The proposed budget also increases the Rainy Day Fund to \$150 million.
- City Council began its budget hearings began on March 8 and will vote on a final budget by April 10. The City will transmit the approved Four-Year Financial Plan to the Financial Review Commission by April 30.

Budget vs. Actual – General Fund (unaudited)

	JANUARY 2023				YEAR TO DATE			
	BUDGET	ACTUAL	VARIANCE		BUDGET	ACTUAL	VARIANCE	
	A	B	(\$) C = B - A	% D = (C/A)	E	F	(\$) G = F - E	% H = (G/E)
<i>\$ in millions</i>								
REVENUE:								
Municipal Income Tax	\$ 35.6	\$ 40.1	\$ 4.5	12.6%	\$ 184.5	\$ 200.2	\$ 15.7	8.5%
Property Taxes	26.8	28.8	2.0	7.5%	93.9	99.7	5.8	6.2%
Wagering Taxes	19.8	25.0	5.2	26.3%	163.7	145.7	(18.0)	(11.0%)
Utility Users' Tax	4.0	3.2	(0.8)	(20.0%)	15.7	19.7	4.0	25.5%
State Revenue Sharing	-	-	-	-	69.5	76.8	7.3	-
Other Revenues	14.4	27.6	13.2	91.7%	109.8	119.7	9.9	9.0%
TOTAL (I)	\$ 100.6	\$ 124.7	\$ 24.1	24.0%	\$ 637.1	\$ 661.8	\$ 24.7	3.9%
EXPENDITURES:								
Salaries and Wages	\$ 43.2	\$ 40.2	\$ 3.0	6.9%	\$ 297.6	\$ 294.3	\$ 3.3	1.1%
Employee Benefits	11.3	10.3	1.0	8.8%	80.9	83.2	(2.3)	(2.8%)
Professional and Contractual Services	6.2	5.4	0.8	12.9%	68.7	43.1	25.6	37.3%
Operating Supplies	3.5	5.7	(2.2)	(62.9%)	23.3	20.3	3.0	12.9%
Operating Services	7.6	6.9	0.7	9.2%	56.0	47.9	8.1	14.5%
Capital Outlays	1.2	0.1	1.1	-	2.1	0.7	1.4	66.7%
Debt Service	-	-	-	-	67.1	67.1	-	-
Other Expenses	20.7	6.4	14.3	69.1%	176.7	154.4	22.3	12.6%
TOTAL (J)	\$ 93.7	\$ 75.0	\$ 18.7	20.0%	\$ 772.4	\$ 711.0	\$ 61.4	7.9%
SURPLUS/(DEFICIT) (K= I + J)	\$ 6.9	\$ 49.7	\$ 42.8	(620.3%)	\$ (135.3)	\$ (49.2)	\$ 86.1	63.6%

Note: Represents General Fund/General Purpose (Fund 1000) only.

Revenues: Budget excludes Prior Year Surplus resource shown as revenue in adopted budget. Wagering tax variance is a combination of weaker on-site gaming activity and difference in timing vs. monthly budget spread. Other revenue variance includes differences in timing of actuals vs. monthly budget spread.

Expenditures: Budget excludes \$30.7 million Budget Reserve deposit, which are funds reserved not expensed, and \$23 million in PLD decommissioning reserve not yet expected to be spent. Actuals do not include outstanding encumbrances for goods and services yet to be received.



Annualized Budget vs. Projection – General Fund

\$ in millions	ANNUAL			
	BUDGET	PROJECTION	VARIANCE	
	A	B	(\$ C = B-A)	% D= (C/A)
REVENUE:				
Municipal Income Tax	\$ 339.3	\$ 374.7	\$ 35.4	10.4%
Property Taxes	121.0	135.9	14.9	12.3%
Wagering Taxes	265.5	253.5	(12.0)	(4.5%)
Utility Users' Tax	32.3	46.1	13.8	42.7%
State Revenue Sharing	208.3	225.7	17.4	-
Other Revenues	202.7	193.6	(9.1)	(4.5%)
TOTAL (I)	\$ 1,169.1	\$ 1,229.5	\$ 60.4	5.2%
EXPENDITURES:				
Salaries and Wages	\$ 536.3	\$ 554.4	\$ (18.1)	(3.4%)
Employee Benefits	165.1	165.1	-	-
Professional and Contractual Services	105.7	106.7	(1.0)	(0.9%)
Operating Supplies	39.7	39.7	-	-
Operating Services	84.8	85.1	(0.3)	(0.4%)
Capital Outlays	2.3	2.3	-	-
Debt Service	85.9	85.9	-	-
Other Expenses	208.5	208.5	-	-
TOTAL (J)	\$ 1,228.3	\$ 1,247.7	\$ (19.4)	(1.6%)
REVENUES LESS EXPENDITURES (K= I + J)	\$ (59.2)	\$ (18.2)	\$ 41.0	(69.3%)
Budgeted Use of Prior Year Surplus	46.0	46.0	-	-
Prior Year Continuing Appropriations	13.2	13.2	-	-
SURPLUS/(DEFICIT)	\$ -	\$ 41.0	\$ 41.0	-

Note: Represents General Fund/General Purpose (Fund 1000) only.

Revenues: Revenue Projection is updated based on the February 2023 Revenue Estimating Conference results. Excludes Prior Year Surplus resource shown as revenue in adopted budget.

Expenditures: Amended expenditure budget includes additional \$22.6 million approved by City Council in November 2022 for new police officer collective bargaining agreements. Additional projected expenditure variances include Fire Department transition costs to new dual certification staffing structure and Elections Department poll worker expenses from 2022 election. City Council approved supplemental appropriations for those needs in February 2023, which will be reflected in next month's report. Budget excludes \$30.7 million Budget Reserve deposit, which are funds reserved not expensed, and \$23 million in PLD decommissioning reserve not yet expected to be spent.

Budgeted Use of Prior Year Surplus: Unspent budget resource from prior year used to support one-time expenditures included in the FY23 Adopted Budget, excluding \$30.7 million for Budget Reserve deposit.

Prior Year Continuing Appropriations: Unspent budget resource from prior year used to support one-time expenditure budgets that carried over from prior fiscal year to current fiscal year. Itemized on the following page.

Amended Budget Reconciliation

Amended Budget Reconciliation			
		Revenue	Expense
Dept	Total Adopted Budget	1,223,197,061	1,223,197,061
Non-Dept	Exclude Budget Reserve deposit	\$ -	\$ (30,719,808)
Non-Dept	Exclude Budgeted Use of Prior Year Surplus	(76,658,308)	-
Various	Continuing appropriations (see list)	-	13,205,041
Non-Dept	Municipal Income Tax	22,600,000	-
DPD	Police Officer Collective Bargaining Agreements	-	22,600,000
	Total Amended Budget per report	\$ 1,169,138,753	\$ 1,228,282,294

Dept	Continuing Appropriations (Fund 1000)	Amount
CRIO	Homegrown Detroit	\$ 2,519,309
HRD	Affordable Housing Development and Preservation Fund	3,135,262
HRD	Senior Home Repair	2,500,000
HRD	Neighborhood Improvement Fund	1,916,126
HRD	Motor City Match	1,780,020
GSD	Wayne County Park Millage	738,504
GSD	Pistons Basketball Court Improvements	465,820
City Council	Legislative Administration	150,000
	Total	\$ 13,205,041



Employee Count Monitoring

MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL			
	Actual December 2022	Actual January 2023	Change Jan. 2023 vs. Dec. 2022	Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. January 2023	
Public Safety						
Police	3,019	2,973	(46)	3,451	(478)	(14%)
Fire	1,123	1,149	26	1,237	(88)	(7%)
Total Public Safety	4,142	4,122	(20)	4,688	(566)	(12%)
Non-Public Safety						
Office of the Chief Financial Officer	379	377	(2)	417	(40)	
Public Works - Full Time	354	353	(1)	492	(139)	
Health	144	143	(1)	185	(42)	
Human Resources	97	96	(1)	105	(9)	
Housing and Revitalization	125	126	1	172	(46)	
Innovation and Technology	130	127	(3)	144	(17)	
Law	109	113	4	125	(12)	
Mayor's Office	78	81	3	81	0	
Municipal Parking	67	70	3	95	(25)	
Planning and Development	38	36	(2)	39	(3)	
General Services - Full Time	535	523	(12)	675	(152)	
Legislative ⁽³⁾	244	245	1	300	(55)	
36th District Court	317	315	(2)	325	(10)	
Other ⁽⁴⁾	219	219	0	311	(92)	
Total Non-Public Safety	2,836	2,824	(12)	3,465	(641)	(19%)
Total General City-Full Time	6,978	6,946	(32)	8,153	(1,207)	(15%)
Seasonal / Part Time⁽⁵⁾	61	64	3	490	(426)	(87%)
ARPA / COVID Response	518	490	(28)	490	0	0%
Enterprise						
Airport	9	9	0	11	(2)	
BSEED	273	272	(1)	347	(75)	
Transportation	739	697	(42)	991	(294)	
Water and Sewerage	541	552	11	620	(68)	
Library	219	228	9	341	(113)	
Total Enterprise	1,781	1,758	(23)	2,310	(552)	(24%)
Total City	9,338	9,258	(80)	11,443	(2,185)	(19%)

Notes:
 (1), (2) Actuals are the headcount of all active employees at month-end. The Budgeted positions have been adjusted to convert full-time equivalents to headcount and to reflect position amendments approved mid-year.
 (3) Includes Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
 (4) Includes Civil Rights Inclusion & Opportunity, Appeals and Hearings, Public Lighting, Demolition, and Non-Departmental
 (5) Includes Public Works, General Services, and Elections.



Income Tax – Collections (unaudited)

Fiscal Years 2022 - 2023

Income Tax Collections

FY23 YTD

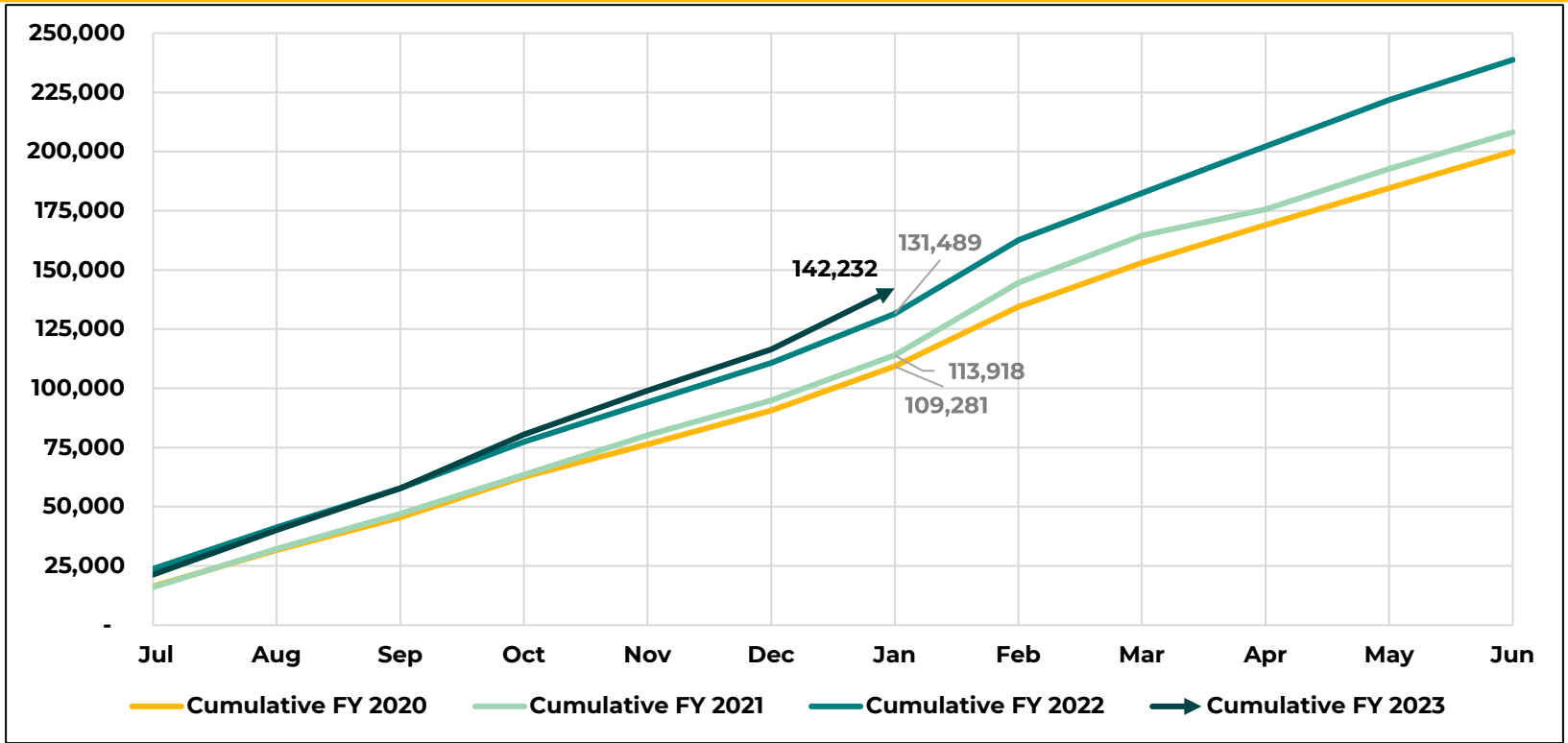
January 2023

FY22 YTD

January 2022

Withholding	\$188,940,298	\$176,164,820
Individual	17,782,837	13,931,693
Corporate	29,285,134	22,049,666
Partnerships	2,120,127	3,298,842
Total Collections	\$238,128,396	\$215,445,021
Refunds claimed, disbursed and accrued	(37,881,517)	(42,093,746)
Collections Net of Refunds/Disbursements	\$ 200,246,879	\$ 173,351,275

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

	Unrestricted	Restricted	January 2023 Total	Prior Year January 2022 Total
General Fund				
General Accounts	\$ 334.6	\$ 190.7	\$ 525.3	\$ 441.1
Self Insurance	10.0	9.8	19.8	56.7
Quality of Life Fund	1.6	1.9	3.5	5.2
Retiree Protection Trust Fund	-	452.0	452.0	369.3
A/P and Payroll Clearing	0.6	-	0.6	7.1
Other Governmental Funds				
Capital Projects	4.3	179.7	184.1	296.8
Streets	77.8	-	77.8	97.9
Grants	55.1	7.5	62.6	73.1
Covid 19	-	-	-	-
ARPA	764.9	-	764.9	415.0
Solid Waste Management	18.4	-	18.4	27.2
Debt Service	-	69.3	69.3	63.1
Gordie Howe Bridge	10.3	-	10.3	12.2
Other	38.7	-	38.7	32.0
Enterprise Funds				
Enterprise Funds	31.5	-	31.5	13.1
Fiduciary Funds				
Undistributed Property Taxes	159.7	-	159.7	151.0
Fire Insurance Escrow	11.4	-	11.4	11.4
Other	53.1	-	53.1	56.2
Component Units				
Component Units	27.7	-	27.7	22.2
Total General Ledger Cash Balance	\$ 1,599.9	\$ 910.8	\$ 2,510.7	\$ 2,150.7

Note: This schedule reports total City of Detroit (excludes DSWD) cash as recorded in the General Ledger. This report does not represent cash available for spending, liabilities and fund balance must be considered when determining excess cash.



Operating Cash Activity: YTD Actual vs. Forecast and 12 Month Forecast (unaudited)

(in millions)

	FY22 YTD	FY23 YTD			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug 2023 -
	Jan YTD Actual	Jan YTD Actual	Jan YTD Forecast	Jan YTD Variance	2023 Actual	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	Jan 2024 Forecast
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9			\$ 1,374.9	\$ 1,442.7	\$ 1,405.0	\$ 1,321.1	\$ 1,341.4	\$ 1,305.2	\$ 1,309.5	\$ 1,308.1
Sources of Cash												
Income Taxes	190.5	223.2	219.1	4.1	41.1	22.1	28.2	39.2	44.3	28.6	28.0	181.5
Property Taxes	543.9	626.2	582.3	44.0	163.3	13.1	8.4	4.2	14.0	51.0	49.5	534.0
Revenue Sharing	92.9	94.7	92.3	2.4	-	30.5	-	31.8	-	30.8	-	113.3
Wagering Taxes	209.2	201.2	203.8	(2.7)	35.0	13.9	16.7	16.2	17.4	15.1	23.1	158.7
Utility Users Taxes	16.0	20.9	13.7	7.2	4.3	3.6	3.7	-	3.4	1.7	1.8	12.0
Other Receipts	187.9	230.9	222.7	8.2	45.9	32.3	26.2	46.9	36.8	56.7	30.3	154.3
Net Interpool transfers	277.2	226.7	270.8	(44.1)	33.2	32.7	35.5	44.3	47.4	19.3	33.3	235.3
Bond Proceeds	53.0	81.6	63.4	18.3	12.5	14.9	14.0	8.9	13.7	12.9	7.0	49.1
Total Sources of Cash	\$ 1,570.6	\$ 1,705.5	\$ 1,668.0	\$ 37.5	\$ 335.3	\$ 163.2	\$ 132.6	\$ 191.5	\$ 177.1	\$ 216.1	\$ 173.1	\$ 1,438.1
Uses of Cash												
Wages and Benefits	(438.3)	(504.5)	(491.3)	(13.2)	(74.1)	(57.9)	(63.1)	(58.6)	(62.5)	(70.2)	(67.0)	(381.1)
Pension Contribution	(58.5)	(33.9)	(59.6)	25.8	(8.2)	(2.2)	(2.2)	(12.4)	(2.2)	(6.4)	(16.7)	(42.5)
Debt Service	(15.4)	(13.4)	(15.4)	2.0	-	-	(8.7)	-	(1.4)	-	(6.7)	(8.7)
Property Tax Distribution	(190.1)	(287.9)	(265.2)	(22.7)	(71.7)	(60.8)	(3.8)	(1.6)	(18.7)	(2.1)	(3.2)	(190.8)
TIF Distribution	(26.6)	(32.3)	(26.1)	(6.2)	-	-	-	-	(24.9)	-	-	(27.1)
Other Disbursements	(628.9)	(636.0)	(654.2)	18.3	(113.5)	(80.0)	(128.8)	(98.6)	(91.5)	(133.0)	(81.0)	(620.6)
Budget Reserve	-	(30.7)	(30.7)	-	-	-	-	-	(12.0)	-	-	-
Transfers to Retiree Protection Fund	(135.0)	(90.0)	(90.0)	-	-	-	(10.0)	-	-	-	-	-
Total Uses of Cash	\$ (1,492.9)	\$ (1,628.6)	\$ (1,632.6)	\$ 4.0	\$ (267.5)	\$ (200.9)	\$ (216.6)	\$ (171.2)	\$ (213.3)	\$ (211.8)	\$ (174.6)	\$ (1,270.7)
Net Cash Flow	\$ 77.7	\$ 76.9	\$ 35.3	\$ 41.5	\$ 67.8	\$ (37.7)	\$ (83.9)	\$ 20.3	\$ (36.2)	\$ 4.3	\$ (1.5)	\$ 167.4
Ending Common Cash Pool	\$ 1,077.7	\$ 1,442.7	\$ -	\$ -	\$ 1,442.7	\$ 1,405.0	\$ 1,321.1	\$ 1,341.4	\$ 1,305.2	\$ 1,309.5	\$ 1,308.1	\$ 1,475.5
Budget Reserve Fund	\$ 107.0	\$ 107.0	\$ 107.0	\$ -	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 149.7	\$ 149.7	\$ 149.7	\$ 149.7



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of Jan-23	
Total AP (Dec-22)	\$ 40.0
Plus: Jan-23 invoices processed	\$ 142.8
Less: Jan-23 Payments made	\$ (134.1)
Total AP month end (Dec-22)	\$ 48.7
Less: Invoices on hold ⁽¹⁾	\$ (19.1)
Total AP not on Validation hold (Jan-23)	\$ 29.6
Less: Installments/Retainage Invoices ⁽²⁾	\$ (2.8)
Net AP not on hold	\$ 26.8

Note: Net AP Not on Hold includes \$10.9m of invoices that are due after Jan-23

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Jan-23. Total	\$ 26.8	\$ 10.9	\$ 11.7	\$ 0.4	\$ 3.8
% of total	100%	40%	44%	2%	14%
Change vs. Dec-22	\$ 13.7	\$ 0.4	\$ 10.2	\$ (0.1)	\$ 3.2
Total Count of Invoices	2,210	999	811	96	304
% of total	100%	45%	37%	4%	14%
Change vs. Dec-22	1,236	424	544	47	221
Dec-22. Total	\$ 13.1	\$ 10.5	\$ 1.5	\$ 0.5	\$ 0.6
% of total	100%	80%	11%	4%	5%
Total Count of Invoices	974	575	267	49	83
% of total	100%	59%	27%	5%	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

