



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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January 13, 2023

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

Re: Financial Report for the Five Months ended November 30, 2022

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Five Months ended November 30, 2022.

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 Five Months ended November 30, 2022

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



FY 2022-2023 Financial Report

For the 5 Months ended November 30, 2022

Office of the Chief Financial Officer

Submitted on January 13, 2023

Table of Contents

Topic	Page(s)
Executive Summary	3
Budget vs. Actual	4
Annualized Budget vs. Projections	5
Amended Budget Reconciliation	6
Employee Count Monitoring	7
Income Tax	8-9
Cash	10-11
Accounts Payable	12

Executive Summary

- The City's February Revenue Estimating Conference will be held the week of February 13, 2023. The date, time, and other details will be posted on the [OCFO website](#) in advance.
- The City completed its audit and filing requirements for the Fiscal Year 2022 Single Audit and Annual Comprehensive Financial Report (ACFR) and associated information with the State Department of Treasury and the Municipal Securities Rulemaking Board (MSRB) before December 31, 2022, meeting all required deadlines. Those reports can be found on the [OCFO Financial Report page](#).
- Due to the City's proactive response to the COVID-19 pandemic, maximization of external funding streams, and conservative budget and fiscal management, the City's FY22 results show a \$1.036 billion fund balance in the General Fund, of which approximately \$230 million is unassigned. The City increased its Rainy Day Fund ("Budget Reserve") by \$30.7 million, to a total of \$138 million. During FY22, the City deposited \$135 million into its Retiree Protection Trust Fund and is increasing it by another \$90 million during FY23, for a projected total of \$460 million by the time the City resumes legacy pension contributions in FY24. With these results, FY22 marks the eighth consecutive year the City ended with a surplus and unassigned fund balance since the exit from bankruptcy in December 2014.

Budget vs. Actual – General Fund (unaudited)

	NOVEMBER 2022				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	\$ 22.8	\$ 24.0	\$ 1.2	5.3%	\$ 117.7	\$ 130.3	\$ 12.6	10.7%
Property Taxes	0.6	1.5	0.9	150.0%	62.2	66.6	4.4	7.1%
Wagering Taxes	20.0	24.4	4.4	22.0%	99.4	98.8	(0.6)	(0.6%)
Utility Users' Tax	1.5	2.1	0.6	40.0%	9.5	13.8	4.3	45.3%
State Revenue Sharing	-	-	-	-	34.7	38.8	4.1	-
Other Revenues	14.6	23.0	8.4	57.5%	76.2	69.4	(6.8)	(8.9%)
TOTAL (I)	\$ 59.5	\$ 75.0	\$ 15.5	26.1%	\$ 399.7	\$ 417.7	\$ 18.0	4.5%
EXPENDITURES:								
Salaries and Wages	\$ 37.0	\$ 38.4	\$ (1.4)	(3.8%)	\$ 188.9	\$ 190.5	\$ (1.6)	(0.8%)
Employee Benefits	10.3	9.7	0.6	5.8%	52.9	54.0	(1.1)	(2.1%)
Professional and Contractual Services	11.3	8.1	3.2	28.3%	55.7	31.5	24.2	43.4%
Operating Supplies	3.2	5.3	(2.1)	(65.6%)	16.5	12.6	3.9	23.6%
Operating Services	5.9	5.3	0.6	10.2%	35.8	30.4	5.4	15.1%
Capital Outlays	-	0.3	(0.3)	-	1.0	0.6	0.4	40.0%
Debt Service	29.0	29.0	-	-	67.1	67.1	-	-
Other Expenses	2.3	9.1	(6.8)	(295.7%)	144.4	134.4	10.0	6.9%
TOTAL (J)	\$ 99.0	\$ 105.2	\$ (6.2)	(6.3%)	\$ 562.3	\$ 521.1	\$ 41.2	7.3%
SURPLUS/(DEFICIT) (K= I + J)	\$ (39.5)	\$ (30.2)	\$ 9.3	23.5%	\$ (162.6)	\$ (103.4)	\$ 59.2	36.4%

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

Revenues: Budget excludes Prior Year Surplus resource shown as revenue in adopted budget. Other Revenues variance primarily due to difference in timing for recording actuals vs. budget for casino municipal service fees.

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	\$ 362.2	\$ 22.9	6.7%
Property Taxes	121.0	132.8	11.8	9.8%
Wagering Taxes	265.5	250.4	(15.1)	(5.7%)
Utility Users' Tax	32.3	32.3	-	-
State Revenue Sharing	208.3	221.9	13.6	-
Other Revenues	202.7	189.2	(13.5)	(6.7%)
TOTAL (I)	\$ 1,169.1	\$ 1,188.8	\$ 19.7	1.7%
EXPENDITURES:				
Salaries and Wages	\$ 538.0	\$ 557.7	\$ (19.7)	(3.7%)
Employee Benefits	169.4	169.4	-	-
Professional and Contractual Services	91.4	91.4	-	-
Operating Supplies	39.3	39.3	-	-
Operating Services	84.9	84.9	-	-
Capital Outlays	1.2	1.2	-	-
Debt Service	85.9	85.9	-	-
Other Expenses	218.2	218.2	-	-
TOTAL (J)	\$ 1,228.3	\$ 1,248.0	\$ (19.7)	(1.6%)
REVENUES LESS EXPENDITURES (K= I + J)	\$ (59.2)	\$ (59.2)	\$ 0.0	(0.0%)
Budgeted Use of Prior Year Surplus	46.0	46.0	-	-
Prior Year Continuing Appropriations	13.2	13.2	-	-
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	-

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

Revenues: Revenue Projection is updated based on the September 2022 Revenue Estimating Conference results. Excludes Prior Year Surplus resource shown as revenue in adopted budget.

Expenditures: Expenditure projections increased for proposed collective bargaining agreements and overtime. 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 October 2022	Actual November 2022	Change Nov. 2022 vs. Oct. 2022	Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. November 2022			
Public Safety								
Police	2,982	2,998	16	3,456	(458)	(13%)		
Fire	1,135	1,131	(4)	1,237	(106)	(9%)		
Total Public Safety	4,117	4,129	12	4,693	(564)	(12%)		
Non-Public Safety								
Office of the Chief Financial Officer	373	377	4	417	(40)			
Public Works - Full Time	359	353	(6)	491	(138)			
Health	129	131	2	183	(52)			
Human Resources	95	95	0	105	(10)			
Housing and Revitalization	131	127	(4)	168	(41)			
Innovation and Technology	130	129	(1)	144	(15)			
Law	107	107	0	125	(18)			
Mayor's Office	75	77	2	79	(2)			
Municipal Parking	66	68	2	95	(27)			
Planning and Development	39	38	(1)	39	(1)			
General Services - Full Time	504	516	12	675	(159)			
Legislative ⁽³⁾	239	243	4	300	(57)			
36th District Court	321	318	(3)	325	(7)			
Other ⁽⁴⁾	223	225	2	308	(83)			
Total Non-Public Safety	2,791	2,804	13	3,453	(649)	(19%)		
Total General City-Full Time	6,908	6,933	25	8,146	(1,213)	(15%)		
Seasonal / Part Time⁽⁵⁾	82	66	(16)	490	(424)	(87%)		
ARPA / COVID Response	466	496	30	496	0	0%		
Enterprise								
Airport	4	8	4	11	(3)			
BSEED	275	278	3	347	(69)			
Transportation	672	673	1	994	(321)			
Water and Sewerage	549	543	(6)	620	(77)			
Library	213	212	(1)	341	(129)			
Total Enterprise	1,713	1,714	1	2,313	(599)	(26%)		
Total City	9,169	9,209	40	11,445	(2,236)	(20%)		

- 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

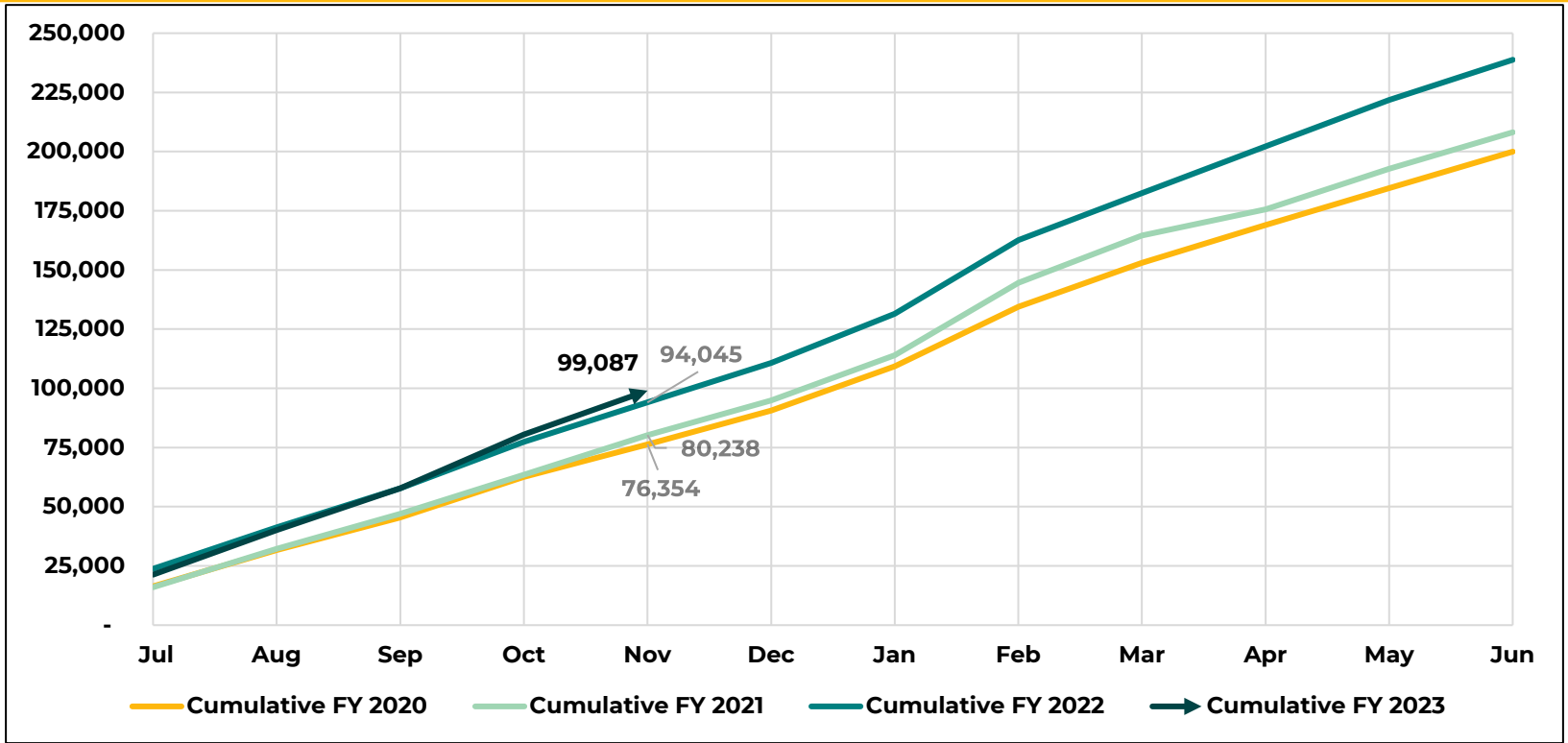
November 2022

FY22 YTD

November 2021

Withholding	\$131,961,104	\$120,374,323
Individual	12,369,867	8,951,261
Corporate	9,993,223	9,742,198
Partnerships	1,024,257	1,800,765
Total Collections	\$155,348,451	\$140,868,547
Refunds claimed, disbursed and accrued	(25,078,241)	(28,038,254)
Collections Net of Refunds/Disbursements	\$ 130,270,210	\$ 112,830,293

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

	Unrestricted	Restricted	November 2022 Total	Prior Year November 2021 Total
General Fund				
General Accounts	\$ 303.1	179.8	\$ 483.0	\$ 443.4
Self Insurance	10.0	9.7	19.7	61.0
Quality of Life Fund	1.9	1.9	3.8	5.3
Retiree Protection Trust Fund	-	445.1	445.1	318.7
A/P and Payroll Clearing	1.4	-	1.4	8.9
Other Governmental Funds				
Capital Projects	4.2	194.1	198.2	314.9
Streets	82.2	-	82.2	99.1
Grants	57.0	7.4	64.5	81.1
Covid 19	-	-	-	-
ARPA	777.6	-	777.6	420.2
Solid Waste Management	23.4	-	23.4	35.2
Debt Service	-	60.2	60.2	54.8
Gordie Howe Bridge	9.8	-	9.8	13.1
Other	38.3	-	38.3	27.1
Enterprise Funds				
Enterprise Funds	20.1	-	20.1	22.3
Fiduciary Funds				
Undistributed Property Taxes	71.4	-	71.4	67.4
Fire Insurance Escrow	11.7	-	11.7	11.4
Other	58.5	-	58.5	52.7
Component Units				
Component Units	28.1	-	28.1	23.9
Total General Ledger Cash Balance	\$ 1,498.8	\$ 898.2	\$ 2,397.0	2,060.5

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			Nov	Dec	Jan	Feb	Mar	Apr	May 2023 -
	Nov YTD Actual	Nov YTD Actual	Nov YTD Forecast	Nov YTD Variance	2022 Actual	2022 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	Jun 2023 Forecast
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9	\$ -	\$ -	\$ 1,344.6	\$ 1,320.8	\$ 1,313.5	\$ 1,431.2	\$ 1,393.4	\$ 1,319.5	\$ 1,339.8
Sources of Cash											
Income Taxes	124.1	147.1	139.0	8.0	22.7	25.8	43.2	22.1	28.2	39.2	72.9
Property Taxes	335.4	353.6	357.9	(4.3)	12.1	60.7	163.7	13.1	8.4	4.2	65.0
Revenue Sharing	68.3	62.9	61.6	1.4	-	31.8	-	30.5	-	31.8	30.8
Wagering Taxes	155.9	129.2	126.0	3.2	29.4	25.6	18.2	13.9	16.7	16.2	32.5
Utility Users Taxes	11.5	13.9	12.9	1.0	2.1	1.2	3.1	3.6	3.7	-	5.1
Other Receipts	139.5	155.7	150.3	5.4	30.9	25.2	22.2	32.3	26.2	46.9	93.4
Net Interpool transfers	191.9	146.2	158.8	(12.5)	33.1	22.5	58.2	32.7	35.5	44.3	66.7
Bond Proceeds	38.1	60.8	45.3	15.5	12.3	10.0	8.1	14.9	14.0	8.9	26.7
Total Sources of Cash	\$ 1,064.7	\$ 1,069.4	\$ 1,051.8	\$ 17.6	\$ 142.6	\$ 202.8	\$ 316.7	\$ 163.2	\$ 132.6	\$ 191.5	\$ 393.2
Uses of Cash											
Wages and Benefits	(299.8)	(336.7)	(292.6)	(44.1)	(58.3)	(64.6)	(48.1)	(57.9)	(63.1)	(58.6)	(132.7)
Pension Contribution	(43.9)	(22.0)	(44.8)	22.8	(1.7)	(3.5)	(11.3)	(2.2)	(2.2)	(12.4)	(8.7)
Debt Service	(15.4)	(13.4)	(15.4)	2.0	-	-	-	-	(8.7)	-	(1.4)
Property Tax Distribution	(121.6)	(208.7)	(170.4)	(38.3)	(4.2)	(2.7)	(65.2)	(60.8)	(3.8)	(1.6)	(20.9)
TIF Distribution	-	-	-	-	-	(26.1)	-	-	-	-	(24.9)
Other Disbursements	(465.7)	(443.8)	(486.7)	42.9	(102.1)	(113.2)	(74.4)	(80.0)	(128.8)	(98.6)	(224.5)
Transfers to Retiree Protection Fund	(85.0)	(90.0)	(90.0)	-	-	-	-	-	-	-	-
Total Uses of Cash	\$ (1,031.4)	\$ (1,114.5)	\$ (1,099.9)	\$ (14.7)	\$ (166.4)	\$ (210.1)	\$ (199.0)	\$ (200.9)	\$ (206.6)	\$ (171.2)	\$ (413.0)
Net Cash Flow	\$ 33.2	\$ (45.1)	\$ (48.1)	\$ 3.0	\$ (23.8)	\$ (7.2)	\$ 117.6	\$ (37.7)	\$ (73.9)	\$ 20.3	\$ (19.8)
Ending Common Cash Pool	\$ 1,033.2	\$ 1,320.8	\$ -	\$ -	\$ 1,320.8	\$ 1,313.5	\$ 1,431.2	\$ 1,393.4	\$ 1,319.5	\$ 1,339.8	\$ 1,320.0
Budget Reserve Fund	\$ 107.0	\$ 107.0	\$ 107.0	\$ -	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of Nov-22	
Total AP (Oct-22)	\$ 54.9
Plus: Nov-22 invoices processed	\$ 92.3
Less: Nov-22 Payments made	\$ (104.4)
Total AP month end (Nov-22)	\$ 42.8
Less: Invoices on hold ⁽¹⁾	\$ (23.7)
Total AP not on Validation hold (Nov-22)	\$ 19.1
Less: Installments/Retainage Invoices ⁽²⁾	\$ (2.9)
Net AP not on hold	\$ 16.2

Note: Net AP Not on Hold includes \$10.1m of invoices that are due after Nov-22

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Nov-22 Total	\$ 16.2	\$ 10.5	\$ 3.2	\$ 0.7	\$ 1.8
% of total	100%	64%	20%	5%	11%
Change vs. Oct-22	\$ (12.4)	\$ (0.7)	\$ (4.5)	\$ (6.5)	\$ (0.7)
Total Count of Invoices	2,293	1,035	961	107	190
% of total	100%	45%	42%	5%	8%
Change vs. Oct-22	769	77	619	(5)	78
Oct-22 Total	\$ 28.6	\$ 11.2	\$ 7.7	\$ 7.2	\$ 2.5
% of total	100%	39%	27%	25%	9%
Total Count of Invoices	1,524	958	342	112	112
% of total	100%	63%	23%	7%	7%

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

