



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1100
Detroit, Michigan 48226

Phone 313•628•2535
Fax 313•224•2135
OCFO@detroitmi.gov
www.detroitmi.gov

October 14, 2022

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

Re: Financial Report for the Two Months ended August 31, 2022

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Two Months ended August 31, 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,

John Naglick, Jr.
Chief Deputy CFO / Finance Director

Att: City of Detroit Financial Report for the Two Months ended August 31, 2022

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



FY 2022-2023 Financial Report

For the 2 Months ended August 31, 2022

Office of the Chief Financial Officer

Submitted on October 14, 2022

Table of Contents

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



Executive Summary

- The Office of Budget is holding a series of virtual public meetings throughout October aimed at informing and engaging the public on the budget process and priorities. The Annual Public Budget Meetings were held on October 3 and 10. They are followed by the Budget Priorities Forums in all 7 City Council districts to get resident input for the Mayor's FY2023-24 recommended budget.
- Additional information can be found on the ["Your Budget"](#) webpage.

Budget vs. Actual – General Fund (unaudited)

	AUGUST 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	\$ 22.0	\$ 23.8	\$ 1.8	8.2%	\$ 44.4	\$ 46.8	\$ 2.4	5.4%
Property Taxes	49.9	49.6	(0.3)	(0.6%)	55.9	57.5	1.6	2.9%
Wagering Taxes	19.8	23.3	3.5	17.7%	39.5	35.9	(3.6)	(9.1%)
Utility Users' Tax	1.6	2.5	0.9	56.3%	3.3	5.4	2.1	63.6%
State Revenue Sharing	-	-	-	-	-	-	-	-
Other Revenues	15.1	10.9	(4.2)	(27.8%)	31.7	28.7	(3.0)	(9.5%)
TOTAL (I)	\$ 108.4	\$ 110.1	\$ 1.7	1.6%	\$ 174.8	\$ 174.3	\$ (0.5)	(0.3%)
EXPENDITURES:								
Salaries and Wages	\$ 39.7	\$ 41.2	\$ (1.5)	(3.8%)	\$ 73.4	\$ 72.6	\$ 0.8	1.1%
Employee Benefits	11.1	10.0	1.1	9.9%	20.6	21.4	(0.8)	(3.9%)
Professional and Contractual Services	9.0	6.0	3.0	33.3%	26.6	8.5	18.1	68.0%
Operating Supplies	3.3	3.6	(0.3)	(9.1%)	6.9	4.6	2.3	33.3%
Operating Services	6.1	5.1	1.0	16.4%	15.3	11.5	3.8	24.8%
Capital Outlays	-	-	-	-	0.8	0.1	0.7	87.5%
Debt Service	-	-	-	-	0.7	0.7	-	-
Other Expenses	93.0	94.7	(1.7)	(1.8%)	112.6	104.7	7.9	7.0%
TOTAL (J)	\$ 162.2	\$ 160.6	\$ 1.6	1.0%	\$ 256.9	\$ 224.1	\$ 32.8	12.8%

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

Revenues: Budget excludes Prior Year Surplus resource shown as revenue in adopted budget. On-site wagering taxes are lagging budget. Other revenues includes a \$10.4 million correcting adjustment for municipal service fees, expected to be posted in October.

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. Non-personnel actuals exclude approximately one month of activity due to prior fiscal year closeout actions. These will be adjusted in future reporting periods.



Annualized Budget vs. Projection – General Fund

\$ in millions	ANNUAL			
	BUDGET	PROJECTION	VARIANCE	
	A	B	(\$ C = B - A)	% D= (C/A)
REVENUE:				
Municipal Income Tax	\$ 316.7	\$ 362.2	\$ 45.5	14.4%
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)	\$ 1,146.5	\$ 1,188.8	\$ 42.3	3.7%
EXPENDITURES:				
Salaries and Wages	\$ 518.9	\$ 557.7	\$ (38.8)	(7.5%)
Employee Benefits	165.9	169.4	(3.5)	(2.1%)
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)	\$ 1,205.7	\$ 1,248.0	\$ (42.3)	(3.5%)
REVENUES LESS EXPENDITURES (K= I + J)	\$ (59.2)	\$ (59.2)	\$ -	-
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 below.

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

Public Safety

	Actual July 2022	Actual August 2022	Change August 2022 vs. July 2022
Police	3,025	3,008	(17)
Fire	1,176	1,188	12
Total Public Safety	4,201	4,196	(5)

Non-Public Safety

Office of the Chief Financial Officer	369	371	2
Public Works - Full Time	352	350	(2)
Health	163	159	(4)
Human Resources	101	101	0
Housing and Revitalization	122	127	5
Innovation and Technology	131	131	0
Law	114	112	(2)
Mayor's Office	81	78	(3)
Municipal Parking	69	66	(3)
Planning and Development	38	39	1
General Services - Full Time	673	659	(14)
Legislative ⁽³⁾	237	236	(1)
36th District Court	308	311	3
Other ⁽⁴⁾	225	238	13
Total Non-Public Safety	2,983	2,978	(5)

Total General City-Full Time

7,184 **7,174** **(10)**

Seasonal / Part Time⁽⁵⁾

110 **113** **3**

ARPA / COVID Response

376 **385** **9**

Enterprise

Airport	4	4	0
BSEED	274	274	0
Transportation	657	662	5
Water and Sewerage	518	529	11
Library	200	202	2

Total Enterprise

1,653 **1,671** **18**

Total City

9,323 **9,343** **20**

MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
Actual July 2022	Actual August 2022	Change August 2022 vs. July 2022	Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. August 2022	
3,448	(440)	(13%)	3,448	(440)	(13%)
1,229	(41)	(3%)	1,229	(41)	(3%)
4,677	(481)	(10%)	4,677	(481)	(10%)
406	(35)		406	(35)	
491	(141)		491	(141)	
187	(28)		187	(28)	
105	(4)		105	(4)	
168	(41)		168	(41)	
144	(13)		144	(13)	
120	(8)		120	(8)	
81	(3)		81	(3)	
95	(29)		95	(29)	
39	0		39	0	
675	(16)		675	(16)	
299	(63)		299	(63)	
325	(14)		325	(14)	
291	(53)		291	(53)	
3,426	(448)	(13%)	3,426	(448)	(13%)
8,103	(929)	(11%)	8,103	(929)	(11%)
490	(377)	(77%)	490	(377)	(77%)
385	0	0%	385	0	0%
11	(7)		11	(7)	
347	(73)		347	(73)	
973	(311)		973	(311)	
620	(91)		620	(91)	
341	(139)		341	(139)	
2,292	(621)	(27%)	2,292	(621)	(27%)
11,270	(1,927)	(17%)	11,270	(1,927)	(17%)

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.



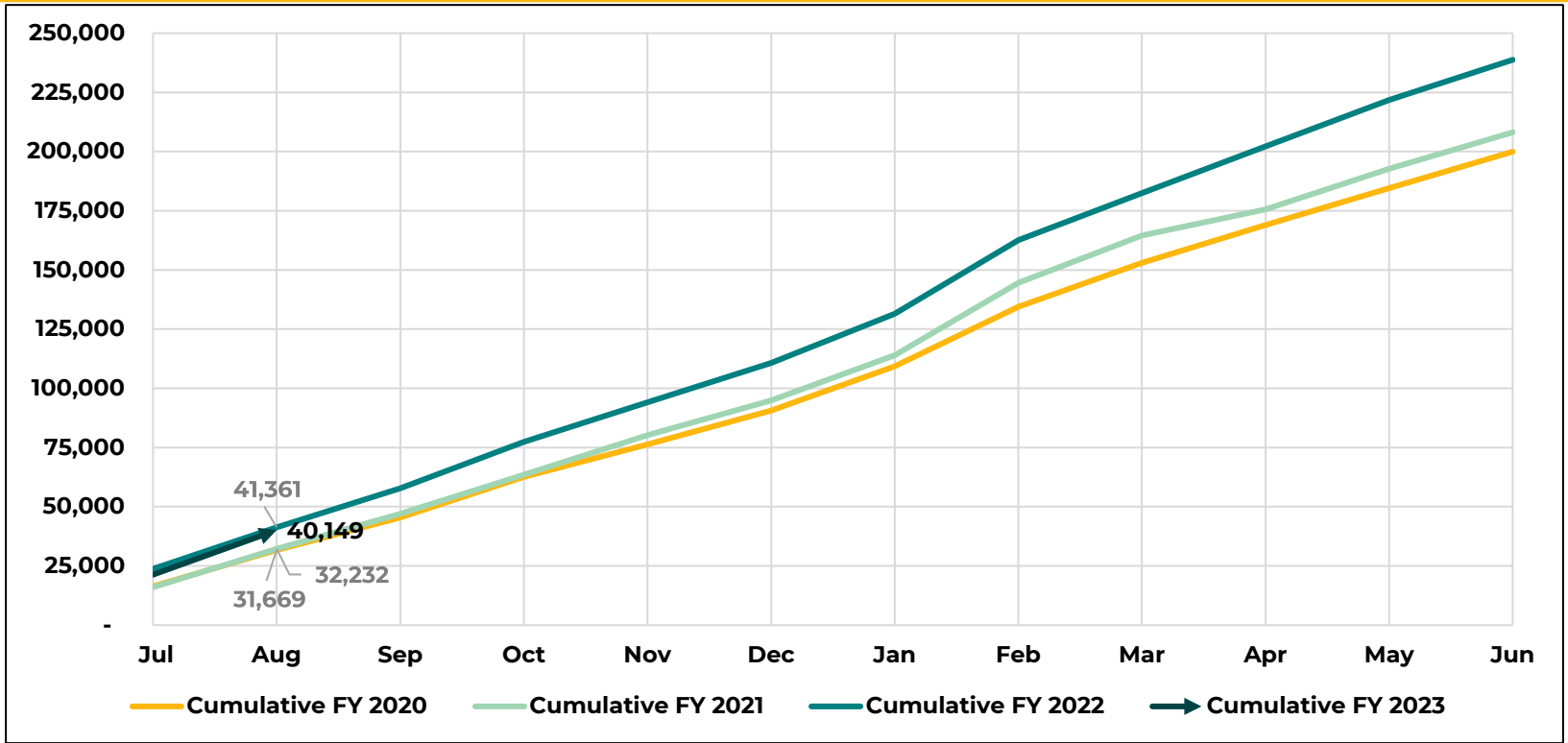
Income Tax – Collections (unaudited)

Fiscal Years 2022 - 2023

Income Tax Collections

	FY23 YTD August 2022	FY22 YTD August 2021
Withholding	\$55,882,998	\$49,510,830
Individual	2,869,071	2,414,243
Corporate	525,680	553,272
Partnerships	84,420	553,999
Total Collections	\$59,366,071	\$53,012,344
Refunds claimed, disbursed and accrued	(12,542,176)	(7,704,779)
Collections Net of Refunds/Disbursements	\$ 46,823,895	\$ 45,307,565

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

	Unrestricted	Restricted	August 2022 Total	Prior Year Aug 2021 Total
General Fund				
General Accounts	\$ 344.0	195.5	\$ 539.5	\$ 439.9
Self Insurance	10.0	9.7	19.7	63.8
Quality of Life Fund	2.4	1.8	4.3	5.8
Retiree Protection Trust Fund	-	446.3	446.3	320.2
A/P and Payroll Clearing	2.9	-	2.9	1.2
Other Governmental Funds				
Capital Projects	5.2	220.7	225.9	335.8
Streets	98.9	-	98.9	110.9
Grants	68.4	7.4	75.8	75.6
Covid 19	-	-	-	-
ARPA	780.4	-	780.4	421.3
Solid Waste Management	29.0	-	29.0	41.5
Debt Service	-	59.4	59.4	53.9
Gordie Howe Bridge	11.3	-	11.3	14.8
Other	45.4	-	45.4	25.9
Enterprise Funds				
Enterprise Funds	11.6	-	11.6	9.5
Fiduciary Funds				
Undistributed Property Taxes	133.1	-	133.1	204.4
Fire Insurance Escrow	11.4	-	11.4	11.3
Other	53.8	-	53.8	55.9
Component Units				
Component Units	20.4	-	20.4	26.1
Total General Ledger Cash Balance	\$ 1,628.2	\$ 940.7	\$ 2,568.9	2,217.8

Note: 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			August	Sept	Oct	Nov	Dec	Jan	Feb 2023 -
	August YTD Actual	August YTD Actual	August YTD Forecast	August YTD Variance	2022 Actual	2022 Forecast	2022 Forecast	2022 Forecast	2022 Forecast	2023 Forecast	June 2023 Forecast
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9	\$ -	\$ -	\$ 1,350.9	\$ 1,412.8	\$ 1,238.3	\$ 1,228.3	\$ 1,230.0	\$ 1,212.4	\$ 1,212.4
Sources of Cash											
Income Taxes	53.5	63.9	52.5	11.4	32.9	21.1	23.0	21.5	20.9	28.7	125.6
Property Taxes	279.1	290.6	267.9	22.7	244.2	32.4	11.7	17.0	47.8	163.2	76.5
Revenue Sharing	30.7	30.5	30.7	(0.3)	30.5	30.7	-	30.9	-	31.3	60.2
Wagering Taxes	50.6	61.3	39.6	21.8	43.8	18.0	19.8	16.9	10.1	19.2	139.1
Utility Users Taxes	4.4	5.5	4.0	1.5	2.6	2.1	2.3	-	3.7	2.1	17.4
Other Receipts	58.0	64.7	63.8	0.9	36.9	30.5	26.7	27.1	48.0	20.8	153.3
Net Interpool transfers	70.7	55.8	83.4	(27.5)	22.1	30.0	60.8	36.0	24.0	62.4	181.2
Bond Proceeds	12.3	19.3	19.6	(0.3)	10.4	4.9	8.1	12.8	10.0	8.1	64.4
Total Sources of Cash	\$ 559.3	\$ 591.6	\$ 561.3	\$ 30.3	\$ 423.4	\$ 169.7	\$ 152.3	\$ 162.3	\$ 164.3	\$ 335.9	\$ 817.7
Uses of Cash											
Wages and Benefits	(126.5)	(149.5)	(114.0)	(35.5)	(64.2)	(48.5)	(47.3)	(53.7)	(64.6)	(48.1)	(306.1)
Pension Contribution	(22.9)	(10.3)	(23.4)	13.1	(2.3)	(2.4)	(16.6)	(2.4)	(3.5)	(11.3)	(25.4)
Debt Service	(6.7)	(4.7)	(5.1)	0.4	-	-	(9.1)	-	(0.1)	(0.6)	(8.7)
Property Tax Distribution	(22.7)	(129.7)	(22.5)	(107.2)	(113.3)	(87.2)	(8.2)	(2.5)	(2.7)	(65.2)	(87.1)
TIF Distribution	-	-	-	-	-	-	(1.6)	(3.6)	(23.9)	-	(29.3)
Other Disbursements	(156.1)	(160.4)	(161.1)	0.7	(91.7)	(206.0)	(79.3)	(98.5)	(87.2)	(74.6)	(534.6)
Transfers to Retiree Protection Fund	(85.0)	(90.0)	(90.0)	-	(90.0)	-	-	-	-	-	-
Total Uses of Cash	\$ (420.0)	\$ (544.7)	\$ (416.1)	\$ (128.6)	\$ (361.5)	\$ (344.2)	\$ (162.2)	\$ (160.6)	\$ (182.0)	\$ (199.8)	\$ (991.2)
Net Cash Flow	\$ 139.3	\$ 46.9	\$ 145.2	\$ (98.3)	\$ 61.9	\$ (174.5)	\$ (9.9)	\$ 1.7	\$ (17.7)	\$ 136.1	\$ (173.5)
Ending Common Cash Pool	\$ 1,139.4	\$ 1,412.8	\$ -	\$ -	\$ 1,412.8	\$ 1,238.3	\$ 1,228.3	\$ 1,230.0	\$ 1,212.4	\$ 1,348.4	\$ 1,038.9
Budget Reserve Fund	\$ 107.0	\$ 107.0	\$ 107.0	\$ -	\$ 107.0	\$ 107.0	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of Aug-22	
Total AP (Jul-22)	\$ 31.7
Plus: Aug-22 invoices processed	\$ 175.2
Less: Aug-22 Payments made	\$ (160.9)
Total AP month end (Aug-22)	\$ 46.0
Less: Invoices on hold ⁽¹⁾	\$ (22.5)
Total AP not on Validation hold (Aug-22)	\$ 23.5
Less: Installments/Retainage Invoices ⁽²⁾	\$ (2.5)
Net AP not on hold	\$ 21.0

Note: Net AP Not on Hold includes \$8.4m of invoices that are due after Aug-22

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Aug-22. Total	\$ 21.2	\$ 9.0	\$ 6.8	\$ 3.3	\$ 2.1
% of total	100%	41%	32%	17%	10%
Change vs. Jul-22	\$ 10.7	\$ 3.6	\$ 3.9	\$ 2.1	\$ 1.1
Total Count of Invoices	2,761	1,023	1,397	128	213
% of total	100%	36%	51%	5%	8%
Change vs. Jul-22	1,583	367	1,064	38	114
Aug-22. Total	\$ 10.5	\$ 5.4	\$ 2.9	\$ 1.2	\$ 1.0
% of total	100%	51%	28%	11%	10%
Total Count of Invoices	1,178	656	333	90	99
% of total	100%	56%	28%	8%	8%

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

