OFFICE OF THE
CHIEF FINANCIAL OFFICER

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September 14, 2023

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

Re: Financial Report for the One Month ended July 31, 2023

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the One Month ended July 31, 2023.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2023-02, which granted the City its waiver of active FRC oversight through June 30, 2024. 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 One Month ended July 31, 2023

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

# FY2023-24 Financial Report

Office of the Chief Financial

For the 1 Month ended July 31, 2023

Submitted on September 14, 2023

OCFO

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**The financial information in this report is unaudited and represents the General Fund only (unless otherwise stated).**
**For audited financial statements, visit the OCFO Financial Reports page.**

- On September 11, the City held its September Revenue Estimating Conference. Conference principals approved new revenue estimates for FY24 and FY25-28, which will serve as the basis for developing the City's FY24 budget and FY 2025-2028 Four-Year Financial Plan. The revised FY24 estimates will be included in next month's financial report. The Conference report is available on the OCFO's Revenue Estimating Conference Reports webpage. The information presented at the conference can also be accessed by reviewing the City's press release.

- The City has begun its annual audit by Plante Moran for the year ended June 30, 2023 and anticipates issuing its financial report in December.

- The City of Detroit issued $100 million Unlimited Tax General Obligation Bonds, consisting of $52.5 million Series 2023A (Tax-Exempt) Neighborhood Improvement Bonds (Social Bonds), $22.5 million Series 2023B (Taxable) Neighborhood Improvement Bonds (Social Bonds) for property rehabilitation, demolition, and remediation, and $25.0 million Series 2023C (Tax-Exempt) for certain transportation and recreation projects.

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Budget vs. Actual

*$ in millions*

| | JULY 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) |
| **REVENUE:** | | | | | | | | |
| Municipal Income Tax | $ 24.4 | $ 36.0 | $ 11.6 | 47.5% | $ 24.4 | $ 36.0 | $ 11.6 | 47.5% |
| Property Taxes | 7.6 | 9.5 | 1.9 | 25.0% | 7.6 | 9.5 | 1.9 | 25.0% |
| Wagering Taxes | 14.1 | 12.8 | (1.3) | (9.2%) | 14.1 | 12.8 | (1.3) | (9.2%) |
| Utility Users' Tax | 1.6 | 3.0 | 1.4 | 87.5% | 1.6 | 3.0 | 1.4 | 87.5% |
| State Revenue Sharing | – | – | – | – | – | – | – | – |
| Other Revenues | 15.2 | 12.1 | (3.1) | (20.4%) | 15.2 | 12.1 | (3.1) | (20.4%) |
| **TOTAL (I)** | **$ 62.9** | **$ 73.4** | **$ 10.5** | **16.7%** | **$ 62.9** | **$ 73.4** | **$ 10.5** | **16.7%** |
| | | | | | | | | |
| **EXPENDITURES:** | | | | | | | | |
| Salaries and Wages | $ 33.2 | $ 34.4 | $ (1.2) | (3.6%) | $ 33.2 | $ 34.4 | $ (1.2) | (3.6%) |
| Employee Benefits | 12.2 | 10.4 | 1.8 | 14.8% | 12.2 | 10.4 | 1.8 | 14.8% |
| Professional and Contractual Services | 27.2 | 2.4 | 24.8 | 91.2% | 27.2 | 2.4 | 24.8 | 91.2% |
| Operating Supplies | 4.0 | 1.6 | 2.4 | 60.0% | 4.0 | 1.6 | 2.4 | 60.0% |
| Operating Services | 10.1 | 8.4 | 1.7 | 16.8% | 10.1 | 8.4 | 1.7 | 16.8% |
| Capital Outlays | 0.3 | – | 0.3 | 100.0% | 0.3 | – | 0.3 | 100.0% |
| Debt Service | 0.7 | 0.7 | – | – | 0.7 | 0.7 | – | – |
| Other Expenses | 34.8 | 12.3 | 22.5 | 64.7% | 34.8 | 12.3 | 22.5 | 64.7% |
| **TOTAL (J)** | **$ 122.5** | **$ 70.2** | **$ 52.3** | **42.7%** | **$ 122.5** | **$ 70.2** | **$ 52.3** | **42.7%** |
| | | | | | | | | |
| **SURPLUS/(DEFICIT) (K= I + J)** | **$ (59.6)** | **$ 3.2** | **$ 62.8** | **105.4%** | **$ (59.6)** | **$ 3.2** | **$ 62.8** | **105.4%** |

**Note**: Represents General Fund operating (Fund 1000) only.

**Revenues**: Budget excludes Prior Year Surplus resources shown as revenue in adopted budget.

**Expenditures:** Salaries and Wages negative variance due to Police and Fire overtime greater than budget. Contractual Services positive variance due to 1-month lag in invoicing July activity. Other expenses positive variance reflects difference in timing of actual DDOT contributions (monthly) vs. budgeted (quarterly).

Budget excludes $23 million in PLD decommissioning reserve not yet expected to be spent.

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# Annualized Budget vs. Projection

| *$ in millions* | ANNUAL BUDGET A | ANNUAL PROJECTION B | ANNUAL VARIANCE ($) C = B-A | ANNUAL VARIANCE % D= (C/A) |
|---|---|---|---|---|
| **REVENUE:** | | | | |
| Municipal Income Tax | $ 392.7 | $ 392.7 | $ - | – |
| Property Taxes | 137.4 | 137.4 | – | – |
| Wagering Taxes | 258.1 | 258.1 | – | – |
| Utility Users' Tax | 46.3 | 46.3 | – | – |
| State Revenue Sharing | 224.4 | 224.4 | – | – |
| Other Revenues | 194.6 | 194.6 | – | – |
| **TOTAL (I)** | **$ 1,253.5** | **$ 1,253.5** | **$ -** | **–** |
| | | | | |
| **EXPENDITURES:** | | | | |
| Salaries and Wages | $ 563.2 | $ 563.2 | $ - | – |
| Employee Benefits | 283.3 | 283.3 | – | – |
| Professional and Contractual Services | 118.8 | 118.8 | – | – |
| Operating Supplies | 42.5 | 42.5 | – | – |
| Operating Services | 91.2 | 91.2 | – | – |
| Capital Outlays | 0.4 | 0.4 | – | – |
| Debt Service | 81.5 | 81.5 | – | – |
| Other Expenses | 163.1 | 163.1 | – | – |
| **TOTAL (J)** | **$ 1,344.0** | **$ 1,344.0** | **$ -** | **–** |
| | | | | |
| **REVENUES LESS EXPENDITURES (K= I + J)** | **$ (90.5)** | **$ (90.5)** | **$ -** | **–** |
| Budgeted Use of Retiree Protection Fund | 57.2 | 57.2 | – | – |
| Budgeted Use of Prior Year Surplus | 10.0 | 10.0 | – | – |
| Prior Year Continuing Appropriations | 23.3 | 23.3 | – | – |
| **SURPLUS/(DEFICIT)** | **$ -** | **$ -** | **$ -** | **–** |

**Note**: Represents General Fund operating (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 $1.2 million for DHD Prenatal Care Transportation Services program and $0.1 million for Legislative Administration, both approved by City Council in June 2023. Budget excludes $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 FY24 Amended Budget.

**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.

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# Amended Budget Reconciliation

| Amended Budget Reconciliation | | | |
|---|---|---|---|
| | | Revenue | Expense |
| **Dept** | **Total Adopted Budget** | **1,319,487,321** | **1,319,487,321** |
| DSLP | Exclude Budgeted Use of Retiree Protection Fund | $ (57,225,000) | |
| Non-Dept | Exclude Budgeted Use of Prior Year Surplus | (8,736,804) | - |
| Various | Continuing Appropriations (see list) | - | 23,285,429 |
| Health | Prenatal Care Transportation Services | - | 1,200,000 |
| City Council | Legislative Administration | - | 125,000 |
| | **Total Amended Budget per report** | **$ 1,253,525,517** | **$ 1,344,097,750** |

| Dept | Continuing Appropriations (Fund 1000) | Amount |
|---|---|---|
| BSEED | Public Health Fund | $ 88,967 |
| CRIO | Homegrown Detroit | 3,260,494 |
| Non-Dept | Covid-19 Response | 5,000,000 |
| Non-Dept | Over-Assessment Program | 2,000,000 |
| Non-Dept | Community Programs Support | 244,216 |
| HRD | Affordable Housing Development and Preservation Fund | 7,175,262 |
| HRD | Senior Home Repair | 2,500,000 |
| HRD | Neighborhood Improvement Fund | 1,468,120 |
| HRD | Economic Development Programs | 537,677 |
| HRD | Workforce Development Programs | 490,268 |
| GSD | Wayne County Park Millage | 244,611 |
| GSD | Pistons Basketball Court Improvements | 275,814 |
| | **Total** | **$ 23,285,429** |

**Note**: Represents General Fund operating (Fund 1000) only. Continuing appropriations (i.e., "balance forwards") represent unexpended balances from certain appropriations authorized to be re-appropriated in the FY24 Adopted Budget resolution. Amounts are subject to change as year-end FY23 accruals, adjustments, and lapses are completed during the close-out period.

| General City (Full-Time) | MONTH-OVER-MONTH ACTUAL[1] Actual June 2023 | Actual July 2023 | Change July 2024 vs. June 2023 | BUDGET VS. ACTUAL Adjusted Budget FY 2024[2] | Variance (Under)/Over Budget vs. July 2023 | |
|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | |
| Police | 3,076 | 3,080 | 4 | 3,440 | (360) | (10%) |
| Fire | 1,159 | 1,220 | 61 | 1,235 | (15) | (1%) |
| Total Public Safety | 4,235 | 4,300 | 65 | 4,675 | (375) | (8%) |
| **Non-Public Safety** | | | | | | |
| Office of the Chief Financial Officer | 379 | 381 | 2 | 418 | (37) | |
| Public Works - Full Time | 398 | 386 | (12) | 506 | (120) | |
| Health | 158 | 214 | 56 | 224 | (10) | |
| Human Resources | 100 | 97 | (3) | 107 | (10) | |
| Housing and Revitalization | 128 | 129 | 1 | 173 | (44) | |
| Innovation and Technology | 131 | 131 | 0 | 145 | (14) | |
| Law | 128 | 118 | (10) | 113 | 5 | |
| Mayor's Office | 81 | 81 | 0 | 85 | (4) | |
| Municipal Parking | 67 | 68 | 1 | 97 | (29) | |
| Planning and Development | 35 | 35 | 0 | 39 | (4) | |
| General Services - Full Time | 530 | 494 | (36) | 704 | (210) | |
| Legislative[3] | 259 | 263 | 4 | 315 | (52) | |
| 36th District Court | 323 | 324 | 1 | 325 | (1) | |
| Other[4] | 234 | 279 | 45 | 349 | (70) | |
| Total Non-Public Safety | 2,951 | 3,000 | 49 | 3,600 | (600) | (17%) |
| **Total General City (Full-Time)** | **7,186** | **7,300** | **114** | **8,275** | **(975)** | **(12%)** |
| **Enterprise (Full-Time)** | | | | | | |
| Airport | 10 | 9 | (1) | 12 | (3) | |
| BSEED | 290 | 289 | (1) | 355 | (66) | |
| Transportation | 731 | 740 | 9 | 975 | (235) | |
| Water and Sewerage | 565 | 595 | 30 | 678 | (83) | |
| Library | 230 | 232 | 2 | 341 | (109) | |
| **Total Enterprise (Full-Time)** | **1,826** | **1,865** | **39** | **2,361** | **(496)** | **(21%)** |
| **Total (Full-Time)** | **9,012** | **9,165** | **153** | **10,636** | **(1,471)** | **(14%)** |
| **ARPA / COVID Response** | **524** | **547** | **23** | **547** | **0** | **0%** |
| **Seasonal / Part-Time[5]** | **277** | **306** | **29** | **570** | **(264)** | **(46%)** |
| **Grand Total** | **9,813** | **10,018** | **205** | **11,753** | **(1,735)** | **(15%)** |

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, and summer interns.

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| Fiscal Years 2023 - 2024 | FY24 YTD | FY23 YTD |
|---|---|---|
| **Income Tax Collections** | **July 2023** | **July 2022** |
| Withholding | $ 31,069,655 | $ 25,805,669 |
| Individual | 1,580,729 | 2,214,199 |
| Corporate | 5,722,457 | 789,020 |
| Partnerships | 66,457 | 213,004 |
| **Total Collections** | **$ 38,439,298** | **$ 29,021,893** |
| **Refunds claimed, disbursed and accrued** | **(2,444,466)** | **(5,951,534)** |
| **Collections Net of Refunds/Disbursements** | **$ 35,994,832** | **$ 23,070,359** |

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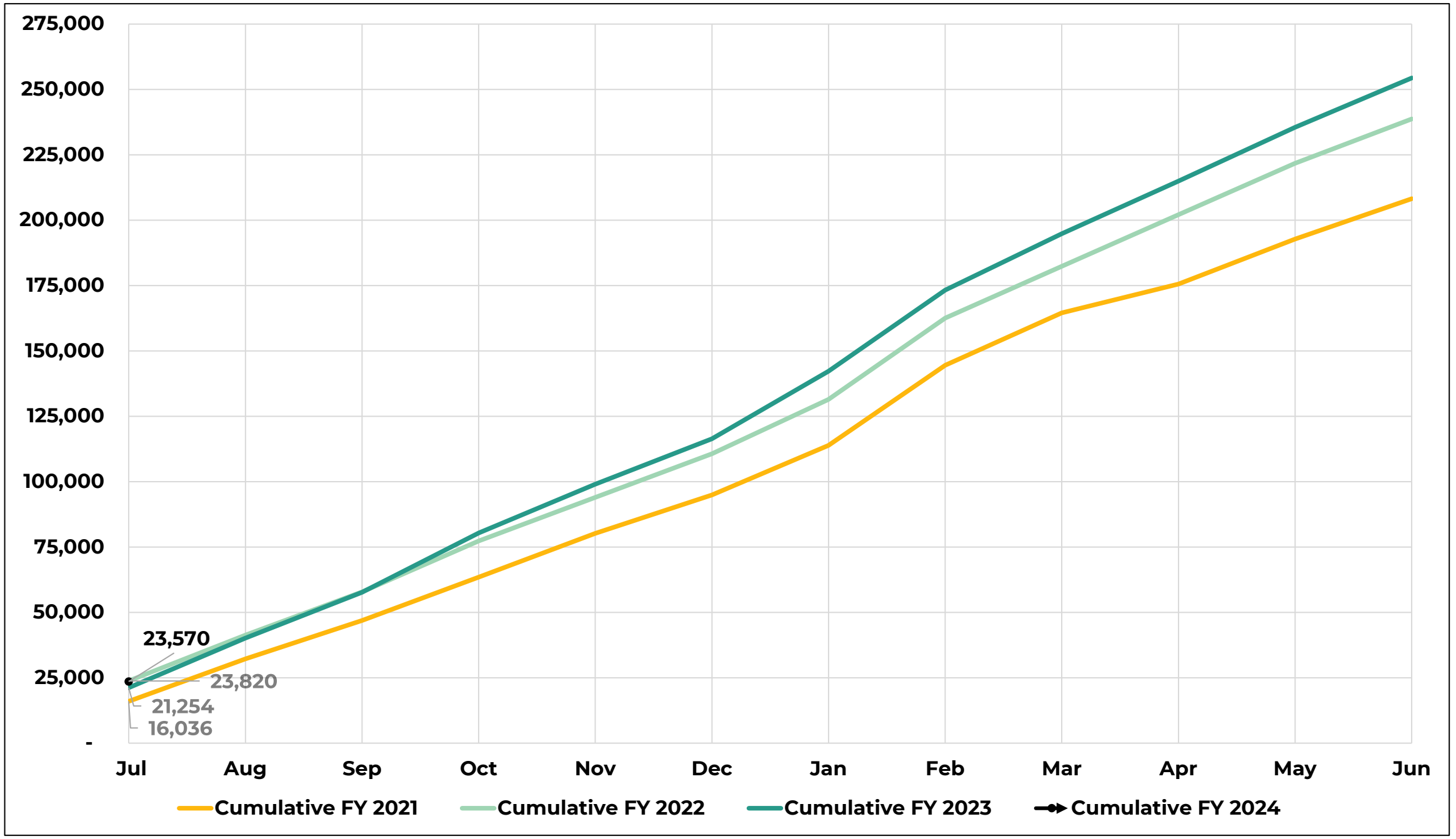
# Income Tax – Withholding Returns



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# Cash Position

(in millions)

| | Unrestricted | Restricted | June 2023 Total | Prior Year June 2022 Total |
|---|---|---|---|---|
| **General Fund** | | | | |
| General Accounts | $ 331.6 | $ 213.1 | $ 544.7 | $ 576.4 |
| Self Insurance | 58.9 | 10.0 | 68.9 | 19.6 |
| Quality of Life Fund | 1.7 | 1.9 | 3.6 | 4.3 |
| Retiree Protection Trust Fund | - | 465.8 | 465.8 | 360.3 |
| A/P and Payroll Clearing | 0.5 | - | 0.5 | 19.7 |
| | | | | |
| **Other Governmental Funds** | | | | |
| Capital Projects | 5.5 | 243.7 | 249.2 | 231.5 |
| Streets | 97.8 | - | 97.8 | 99.8 |
| Grants | 80.3 | 7.4 | 87.6 | 69.3 |
| Covid 19 | - | - | - | - |
| ARPA | 726.4 | - | 726.4 | 786.4 |
| Solid Waste Management | 17.0 | - | 17.0 | 22.8 |
| Debt Service | - | 59.8 | 59.8 | 41.2 |
| Gordie Howe Bridge | 8.5 | - | 8.5 | 11.3 |
| Other | 40.5 | - | 40.5 | 30.2 |
| | | | | |
| **Enterprise Funds** | | | | |
| Enterprise Funds | 33.6 | - | 33.6 | 6.3 |
| | | | | |
| **Fiduciary Funds** | | | | |
| Undistributed Property Taxes | 38.9 | - | 38.9 | 39.1 |
| Fire Insurance Escrow | 12.0 | - | 12.0 | 11.5 |
| Other | 58.1 | - | 58.1 | 54.0 |
| | | | | |
| **Component Units** | | | | |
| Component Units | 23.1 | - | 23.1 | 19.0 |
| | | | | |
| **Total General Ledger Cash Balance** | **$ 1,534.3** | **$ 1,001.7** | **$ 2,535.9** | **$ 2,402.7** |

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.

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# Operating Cash Activity

(Millions of Dollars)

Fiscal Year Begins July 1

| | FY23 YTD | FY24 YTD | | | Actual | Forecast | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Actual | Forecast | Variance | JUL 2023 | AUG 2023 | SEP 2023 | OCT 2023 | NOV 2023 | DEC 2023 | JAN 2024 | FEB 24 - JUL 24 |
| **Beginning Common Cash Pool** | **1,365.9** | **1,413.8** | **-** | **-** | **1,413.8** | **1,378.8** | **1,630.0** | **1,442.7** | **1,441.9** | **1,416.3** | **1,393.2** | **1,479.3** |
| **Sources of Cash** | | | | | | | | | | | | |
| Income Taxes | 31.0 | 39.7 | 28.0 | 11.6 | 39.7 | 30.8 | 27.3 | 25.5 | 24.9 | 27.3 | 45.7 | 200.2 |
| Property Taxes | 46.3 | 47.9 | 52.4 | (4.5) | 47.9 | 274.4 | 22.6 | 15.1 | 15.5 | 63.9 | 174.4 | 136.3 |
| Revenue Sharing | - | - | - | - | - | 31.7 | - | 38.7 | - | 25.3 | - | 91.5 |
| Wagering Taxes | 17.5 | 20.1 | 23.3 | (3.2) | 20.1 | 27.5 | 18.1 | 50.6 | 23.1 | 22.5 | 18.9 | 108.9 |
| Utility Users Taxes | 2.9 | 3.0 | 2.8 | 0.2 | 3.0 | 2.9 | 3.0 | 2.9 | 3.1 | 1.9 | 4.9 | 32.0 |
| Other Receipts | 27.8 | 32.2 | 30.8 | 1.4 | 32.2 | 26.1 | 34.5 | 15.2 | 34.9 | 22.6 | 23.7 | 236.3 |
| Net Interpool transfers | 33.7 | 35.0 | 33.3 | 1.8 | 35.0 | 36.1 | 29.7 | 54.6 | 36.8 | 21.2 | 56.9 | 201.7 |
| Bond Proceeds | 8.9 | 12.0 | 7.0 | 5.0 | 12.0 | 5.3 | 4.9 | 9.2 | 11.7 | 10.0 | 8.1 | 70.9 |
| **Total Sources of Cash** | **168.2** | **190.0** | **177.7** | **12.3** | **190.0** | **434.8** | **140.0** | **211.8** | **150.1** | **194.7** | **332.5** | **1,077.6** |
| **Uses of Cash** | | | | | | | | | | | | |
| Wages and Benefits | (85.3) | (85.5) | (83.3) | (2.2) | (85.5) | (61.4) | (67.8) | (92.9) | (77.0) | (85.4) | (82.6) | (454.8) |
| Pension Contribution | (8.0) | (14.9) | (36.8) | 21.9 | (14.9) | (9.1) | (4.0) | (28.0) | (4.9) | (5.1) | (19.1) | (71.6) |
| Debt Service | (4.7) | (4.4) | (7.9) | 3.5 | (4.4) | - | (10.2) | (0.0) | - | - | - | (22.7) |
| Property Tax Distribution | (20.6) | (25.2) | (26.5) | 1.3 | (25.2) | (22.2) | (99.5) | (9.4) | (2.8) | (3.1) | (74.4) | (125.9) |
| TIF Distribution | - | - | - | - | - | - | - | - | - | (38.6) | - | (36.9) |
| Other Disbursements | (64.6) | (95.1) | (63.8) | (31.3) | (95.1) | (90.8) | (145.8) | (75.3) | (91.0) | (85.7) | (70.5) | (531.3) |
| Budget Reserve | - | - | - | - | - | - | - | (7.0) | - | - | - | - |
| Transfers to Retiree Protection Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Uses of Cash** | **(183.2)** | **(225.1)** | **(218.3)** | **(6.7)** | **(225.1)** | **(183.5)** | **(327.3)** | **(212.6)** | **(175.7)** | **(217.8)** | **(246.5)** | **(1,243.2)** |
| **Net Cash Flow** | **(15.0)** | **(35.0)** | **(40.7)** | **5.6** | **(35.0)** | **251.2** | **(187.3)** | **(0.8)** | **(25.6)** | **(23.1)** | **86.0** | **(165.5)** |
| **Ending Common Cash Pool** | **1,350.9** | **1,378.8** | **-** | **-** | **1,378.8** | **1,630.0** | **1,442.7** | **1,441.9** | **1,416.3** | **1,393.2** | **1,479.3** | **1,313.7** |
| **Budget Reserve Fund** | **107.3** | **143.0** | **143.0** | **-** | **143.0** | **143.0** | **143.0** | **150.0** | **150.0** | **150.0** | **150.0** | **150.0** |

## Accounts Payable (AP) as of Jul-23 [Millions]

| | | |
|---|---|---|
| Total AP (Jun-23) | $ | 15.4 |
| Plus: Jul-23 invoices processed | $ | 122.0 |
| Less: Jul-23 Payments made | $ | (97.5) |
| Total AP month end (Jul-23) | $ | 39.9 |
| Less: Invoices on hold (1) | $ | (23.5) |
| Total AP not on Validation hold (Jul-23) | $ | 16.4 |
| Less: Installments/Retainage Invoices (2) | $ | (0.2) |
| Net AP not on hold | $ | 16.2 |

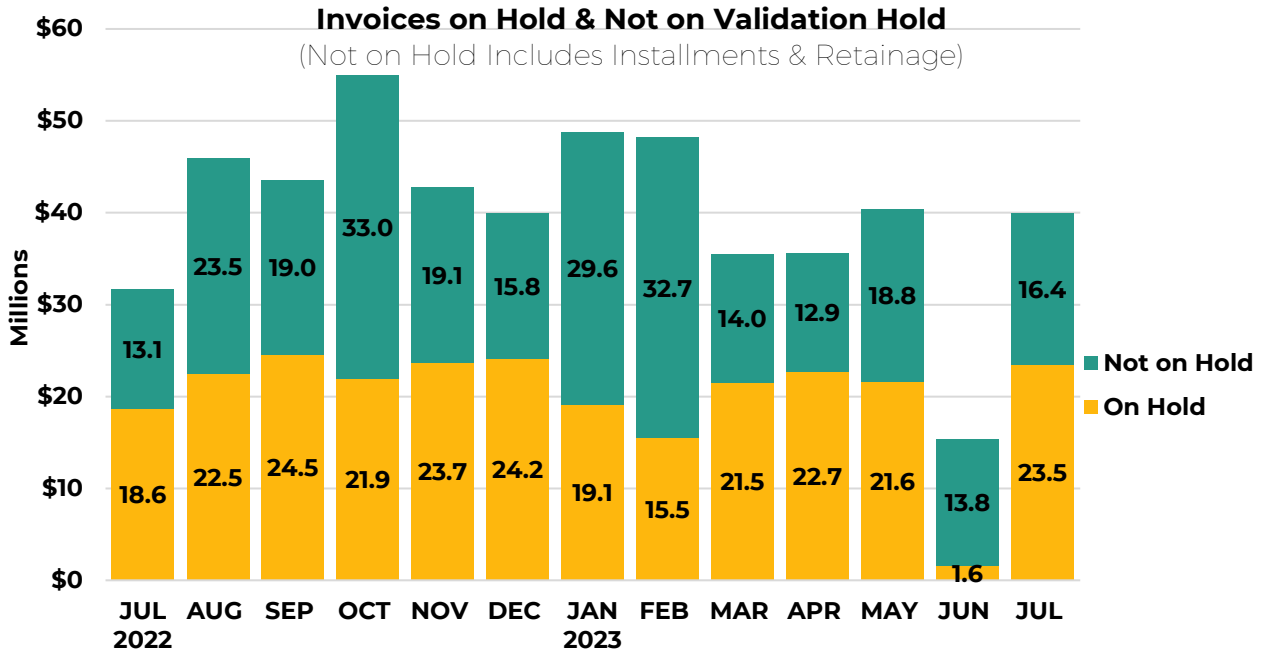
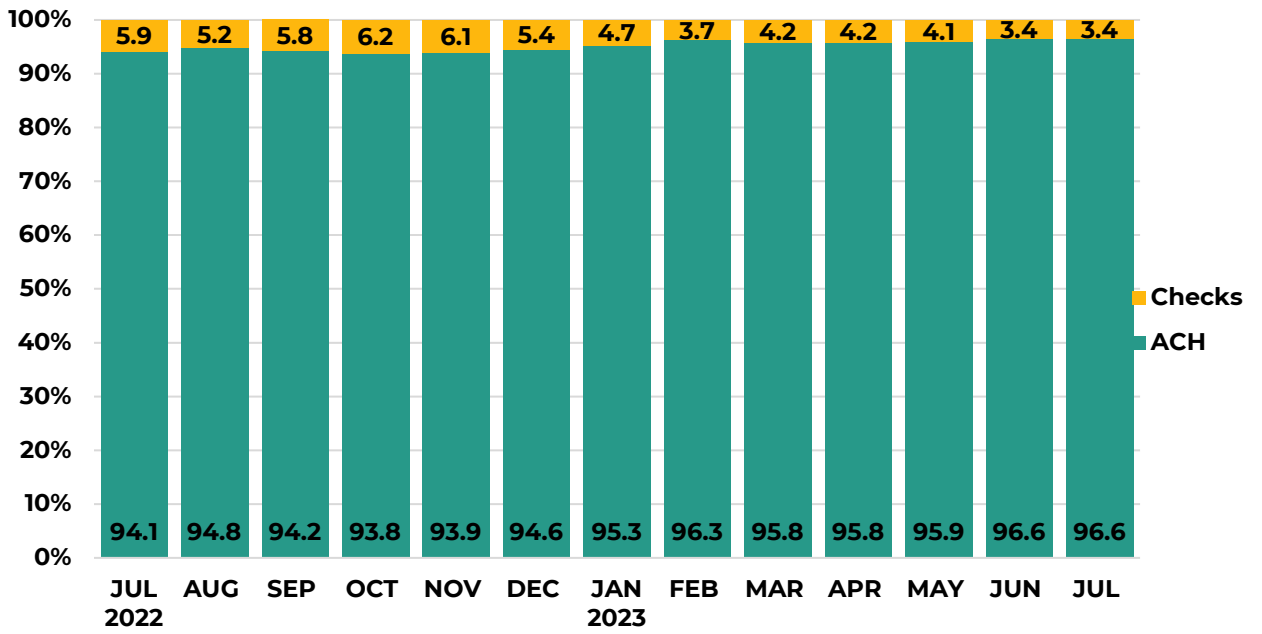
Net AP not on hold includes $8.3m of invoices that are due after Jul-23

(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

## AP Aging [Millions]

(excludes invoices on hold & retainage)

| | | Net AP | Current | Days Past Due | | |
|---|---|---|---|---|---|---|
| | | | | 1-30 | 31-60 | 61+ |
| Invoice $ Value | Current Month | $16.2 | 8.5 | 2.3 | 0.4 | 5.0 |
| | % of Total | 100% | 52% | 14% | 2% | 31% |
| | Previous Month | $11.5 | 10.4 | 0.3 | 0.1 | 0.7 |
| | % of Total | 100% | 90% | 3% | 1% | 6% |
| | Vs Previous Month | $4.7 | (1.9) | 2.0 | 0.3 | 4.3 |
| Invoice Count | Current Month | 957 | 581 | 186 | 50 | 140 |
| | % of Total | 100% | 61% | 19% | 5% | 15% |
| | Previous Month | 1,324 | 1,128 | 118 | 17 | 61 |
| | % of Total | 100% | 85% | 9% | 1% | 5% |
| | Vs Previous Month | (367) | (547) | 68 | 33 | 79 |