



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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July 19, 2023

The Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Financial Report for the Eleven Months ended May 31, 2023

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Eleven Months ended May 31, 2023. The OCFO also publishes this report on the City's website.

The OCFO is pleased to brief the City Council on the City's finances and respectfully requests to do so at one of the upcoming regularly scheduled Budget, Finance and Audit (BFA) Standing Committee meetings. The OCFO will also meet with the Legislative Policy Division prior to the BFA Committee meeting to further invite discussion on the report.

Best regards,

Jay B. Rising
CFO

Att: City of Detroit Financial Report for the Eleven Months ended May 31, 2023

Cc: Mayor Michael E. Duggan, City of Detroit
Brad Dick, Chief Operating Officer
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
John Naglick, Jr., Chief Deputy CFO/Finance Director /Interim Treasurer
Eric S. Higgs, Deputy CFO/Chief Accounting Officer – Controller
Steve Watson, Deputy CFO/Budget Director
Malik Washington, City Council Liaison



FY 2022-2023 Financial Report

For the 11 Months ended May 31, 2023

Office of the Chief Financial Officer

Submitted on July 14, 2023

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Executive Summary

- The City issued the remaining \$75 million of the voter-approved \$250 million Proposal N (Neighborhoods) bond along with \$25M previously voter approved for capital. During the pricing, Detroit received nearly \$3 billion of orders for its bonds from 67 unique investors or roughly 30 times as many orders as the City needed for its \$100 million issue.
- The recently [approved FY24 State Budget](#) includes funding for various Detroit projects:
 - \$20 million for the Greektown corridor development
 - \$5 million to help redevelop the historic Fisher Building
 - \$12 million for a Midtown Cultural Center Planning Initiative
 - \$10 million for to redevelop the former Marygrove College
 - \$20 million for the Henry Ford Health Center
 - \$7 million for a housing project at the Pope Francis Center
 - Additionally, the state is providing a 5% increase in statutory revenue sharing plus new dedicated statutory revenue sharing funds, 2% one-time, for public safety initiatives.

Budget vs. Actual – General Fund (unaudited)

	MAY 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	\$ 30.0	\$ 34.2	\$ 4.2	14.0%	\$ 332.0	\$ 367.7	\$ 35.7	10.8%
Property Taxes	0.8	0.7	(0.1)	(12.5%)	97.5	103.3	5.8	5.9%
Wagering Taxes	21.1	20.3	(0.8)	(3.8%)	247.3	229.0	(18.3)	(7.4%)
Utility Users' Tax	3.6	4.8	1.2	33.3%	29.9	38.7	8.8	29.4%
State Revenue Sharing	-	-	-	-	138.9	150.8	11.9	-
Other Revenues	15.2	19.5	4.3	28.3%	169.6	187.8	18.2	10.7%
TOTAL (I)	\$ 70.7	\$ 79.5	\$ 8.8	12.4%	\$ 1,015.2	\$ 1,077.3	\$ 62.1	6.1%
EXPENDITURES:								
Salaries and Wages	\$ 42.3	\$ 41.1	\$ 1.2	2.8%	\$ 482.6	\$ 457.8	\$ 24.8	5.1%
Employee Benefits	11.0	10.5	0.5	4.5%	124.0	125.9	(1.9)	(1.5%)
Professional and Contractual Services	5.7	8.0	(2.3)	(40.4%)	104.7	66.5	38.2	36.5%
Operating Supplies	10.1	2.6	7.5	74.3%	43.9	31.2	12.7	28.9%
Operating Services	0.7	5.4	(4.7)	(671.4%)	133.6	129.5	4.1	3.1%
Capital Outlays	0.1	(0.8)	0.9	-	2.3	1.6	0.7	30.4%
Debt Service	9.0	9.0	-	-	85.9	85.9	-	-
Other Expenses	1.3	5.7	(4.4)	(338.5%)	218.0	196.2	21.8	10.0%
TOTAL (J)	\$ 80.2	\$ 81.5	\$ (1.3)	(1.6%)	\$ 1,195.0	\$ 1,094.6	\$ 100.4	8.4%
SURPLUS/(DEFICIT) (K= I + J)	\$ (9.5)	\$ (2.0)	\$ 7.5	78.9%	\$ (179.8)	\$ (17.3)	\$ 162.5	90.4%

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

Revenues: Budget excludes Prior Year Surplus resource shown as revenue in adopted budget. Wagering tax collections are weaker than original budget, which is incorporated in updated projections. Other revenue variance includes differences in timing of actuals vs. monthly budget spread.

Expenditures: Budget excludes \$35.7 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. Positive variances include appropriation surpluses that will carry forward to FY24 and difference in monthly timing for contributions to DDOT and external agencies vs. budget.

Annualized Budget vs. Projection – General Fund

<i>\$ in millions</i>	ANNUAL			
	BUDGET	PROJECTION	VARIANCE	
	A	B	(\$ C = B-A)	% D= (C/A)
REVENUE:				
Municipal Income Tax	\$ 358.7	\$ 374.7	\$ 16.0	4.5%
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	203.1	194.0	(9.1)	(4.5%)
TOTAL (I)	\$ 1,188.9	\$ 1,229.9	\$ 41.0	3.4%
EXPENDITURES:				
Salaries and Wages	\$ 550.0	\$ 535.0	\$ 15.0	2.7%
Employee Benefits	163.9	163.9	-	-
Professional and Contractual Services	114.5	109.5	5.0	4.4%
Operating Supplies	47.5	47.5	-	-
Operating Services	140.3	140.3	-	-
Capital Outlays	2.3	2.3	-	-
Debt Service	85.9	85.9	-	-
Other Expenses	220.7	220.7	-	-
TOTAL (J)	\$ 1,325.1	\$ 1,305.1	\$ 20.0	1.5%
REVENUES LESS EXPENDITURES (K= I + J)	\$ (136.2)	\$ (75.2)	\$ 61.0	(44.8%)
Budgeted Use of Prior Year Surplus	123.0	123.0	-	-
Prior Year Continuing Appropriations	13.2	13.2	-	-
SURPLUS/(DEFICIT)	\$ -	\$ 61.0	\$ 61.0	-

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

Revenues: Revenue Projection is based on the February 2023 Revenue Estimating Conference results. Excludes Prior Year Surplus resource shown as revenue in adopted budget. YTD variances for Income Tax and Other Revenues are trending more favorable than projection but remain subject to material change from final activity recorded through year-end close.

Expenditures: Amended expenditure budget includes an additional \$119.4 million in approved supplemental appropriations (see next page for list), plus \$13.2 million in carryforward balances. Budget excludes \$35.7 million Budget Reserve deposit, which are funds reserved not expensed, and \$23 million in PLD decommissioning reserve not yet expected to be spent. Expenditure projections include surplus from vacant positions and non-personnel expenditures not expected to be incurred as of June 30. YTD variances are trending more favorable than projection but remain subject to material change from final activity recorded through year-end close. YTD positive variances include appropriation surpluses that will carry forward to FY24 and are excluded from projected surplus here.

Budgeted Use of Prior Year Surplus: Unspent budget resource from prior year used to support one-time expenditures included in the FY23 Amended 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			
Dept	Total Adopted Budget	Revenue	Expense
		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	-
Police	Police Officer Collective Bargaining Agreements	-	22,600,000
Non-Dept	Municipal Income Tax	19,400,000	-
Fire	Merged Role Transition		18,100,000
Elections	2022 Midterm Election		1,000,000
PLD	Utilities		300,000
Non-Dept	Risk Management Fund		60,000,000
Non-Dept	Retiree Protection Fund		10,000,000
Non-Dept	Covid-19 Response		5,000,000
Non-Dept	Detroit Land Bank Authority		2,000,000
GSD	Pistons Basketball Court Improvements	416,667	416,667
	Total Amended Budget per report	\$ 1,188,955,420	\$ 1,325,098,961

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

Police
Fire
Total Public Safety

Non-Public Safety

Office of the Chief Financial Officer
Public Works - Full Time
Health
Human Resources
Housing and Revitalization
Innovation and Technology
Law
Mayor's Office
Municipal Parking
Planning and Development
General Services - Full Time
Legislative⁽³⁾
36th District Court
Other⁽⁴⁾
Total Non-Public Safety

Total General City-Full Time

Seasonal / Part Time⁽⁵⁾

ARPA / COVID Response

Enterprise

Airport
BSEED
Transportation
Water and Sewerage
Library

Total Enterprise

Total City

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual April 2023	Actual May 2023	Change May 2023 vs. April 2023	Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. May 2023	
	3,054	3,048	(6)	3,448	(400)	(12%)
	1,143	1,129	(14)	1,237	(108)	(9%)
	4,197	4,177	(20)	4,685	(508)	(11%)
	372	374	2	418	(44)	
	413	404	(9)	507	(103)	
	146	151	5	253	(102)	
	97	98	1	161	(63)	
	127	130	3	186	(56)	
	127	127	0	144	(17)	
	120	123	3	125	(2)	
	82	83	1	83	0	
	78	71	(7)	95	(24)	
	38	35	(3)	39	(4)	
	524	527	3	679	(152)	
	262	258	(4)	301	(43)	
	323	324	1	325	(1)	
	230	233	3	329	(96)	
	2,939	2,938	(1)	3,644	(706)	(19%)
	7,136	7,115	(21)	8,329	(1,214)	(15%)
	171	182	11	490	(308)	(63%)
	529	543	14	543	0	0%
	10	10	0	11	(1)	
	288	289	1	347	(58)	
	709	716	7	991	(275)	
	558	549	(9)	620	(71)	
	273	231	(42)	341	(110)	
	1,838	1,795	(43)	2,310	(515)	(22%)
	9,674	9,635	(39)	11,672	(2,037)	(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

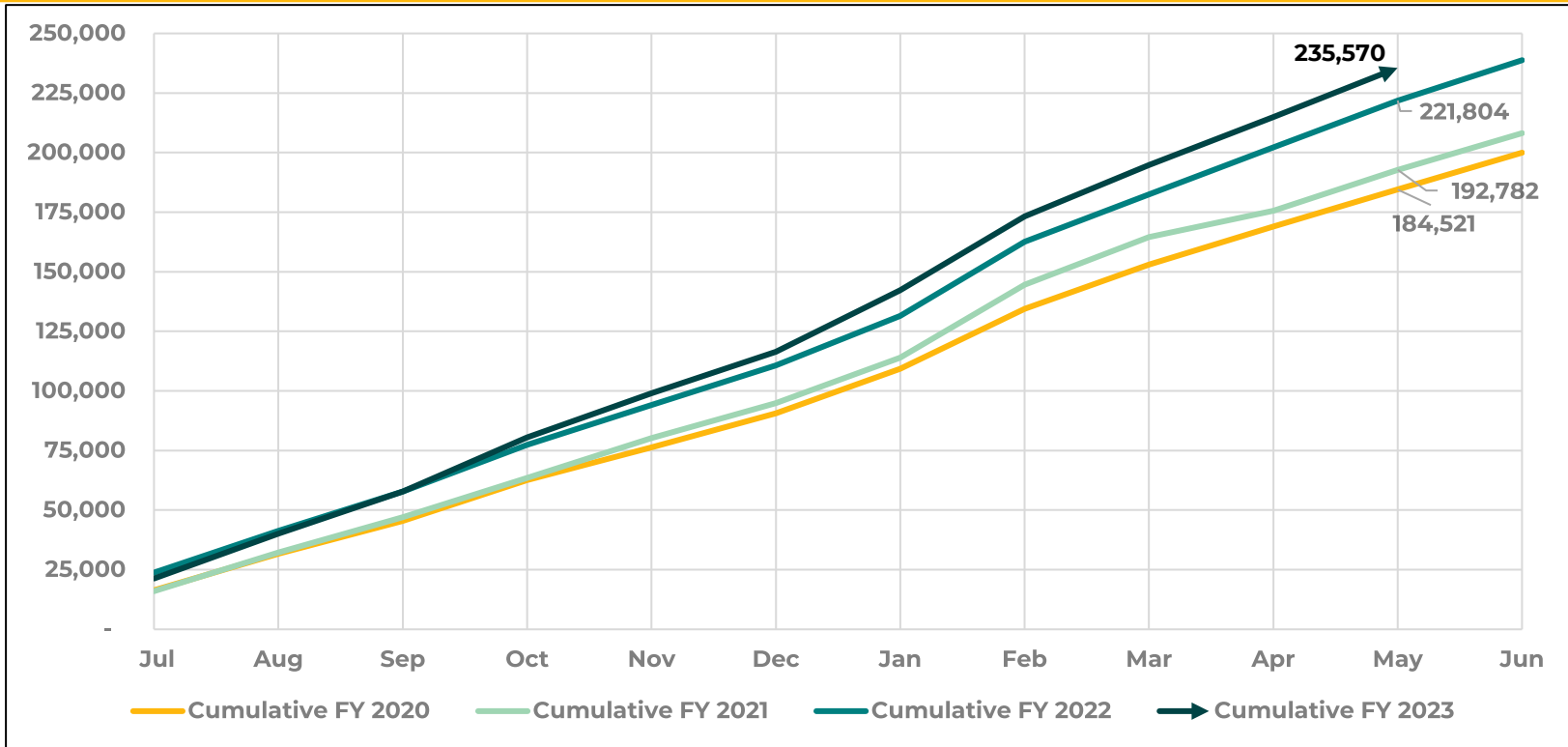
May 2023

FY22 YTD

May 2022

Withholding	\$300,166,232	\$284,727,060
Individual	63,087,074	55,434,343
Corporate	54,660,970	63,201,870
Partnerships	8,220,954	6,950,044
Total Collections	\$426,135,230	\$410,113,843
Refunds claimed, disbursed and accrued	(58,428,680)	(80,076,078)
Collections Net of Refunds/Disbursements	\$ 367,706,550	\$ 330,037,765

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

General Fund

	Unrestricted	Restricted	May 2023 Total	Prior Year May 2022 Total
General Accounts	\$ 327.4	\$ 205.4	\$ 532.8	\$ 562.2
Self Insurance	65.9	9.9	75.8	21.3
Quality of Life Fund	1.7	1.9	3.6	4.6
Retiree Protection Trust Fund	-	464.5	464.5	358.9
A/P and Payroll Clearing	0.5	-	0.5	3.7

Other Governmental Funds

Capital Projects	5.6	156.7	162.3	248.5
Streets	91.6	-	91.6	95.0
Grants	82.6	7.3	89.9	66.9
Covid 19	-	-	-	-
ARPA	758.4	-	758.4	394.4
Solid Waste Management	1.5	-	1.5	14.0
Debt Service	-	37.0	37.0	20.9
Gordie Howe Bridge	9.0	-	9.0	11.0
Other	42.1	-	42.1	39.1

Enterprise Funds

Enterprise Funds	28.1	-	28.1	10.6
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Fiduciary Funds

Undistributed Property Taxes	89.0	-	89.0	46.6
Fire Insurance Escrow	11.3	-	11.3	11.4
Other	57.2	-	57.2	52.9

Component Units

Component Units	22.7	-	22.7	20.0
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Total General Ledger Cash Balance	\$ 1,594.5	\$ 882.8	\$ 2,477.3	\$ 1,982.0
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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			May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 2023 -
	May YTD Actual	May YTD Actual	May YTD Forecast	May YTD Variance	2023 Actual	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	May 2024 Forecast
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9	\$ -	\$ -	\$ 1,420.4	\$ 1,437.7	\$ 1,381.7	\$ 1,385.8	\$ 1,637.1	\$ 1,446.7	\$ 1,446.0	\$ 1,420.3
Sources of Cash												
Income Taxes	318.1	364.6	351.1	13.4	37.5	30.2	28.0	30.8	27.3	25.5	24.9	214.7
Property Taxes	584.3	652.6	660.3	(7.7)	2.9	57.7	52.4	274.4	22.6	15.1	15.5	280.4
Revenue Sharing	158.7	156.1	161.5	(5.4)	-	23.4	-	31.7	-	38.7	-	93.0
Wagering Taxes	287.7	284.3	255.9	28.4	21.7	15.3	23.3	27.5	18.1	50.6	23.1	107.4
Utility Users Taxes	36.8	40.0	48.2	(8.2)	4.8	2.7	2.8	2.9	3.0	2.9	3.1	33.4
Other Receipts	331.0	375.7	336.8	39.0	39.8	58.0	30.8	26.1	34.5	15.2	34.9	208.9
Net Interpool transfers	430.7	405.2	430.6	(25.4)	78.8	19.3	33.3	36.1	29.7	54.6	36.8	237.8
Bond Proceeds	107.6	123.6	114.9	8.8	10.6	12.9	7.0	5.3	4.9	9.2	11.7	69.5
Total Sources of Cash	\$ 2,254.8	\$ 2,402.2	\$ 2,359.3	\$ 42.8	\$ 196.1	\$ 219.6	\$ 177.7	\$ 434.8	\$ 140.0	\$ 211.8	\$ 150.1	\$ 1,245.2
Uses of Cash												
Wages and Benefits	(673.3)	(796.0)	(742.1)	(53.9)	(78.6)	(71.8)	(83.3)	(61.4)	(67.8)	(92.9)	(77.0)	(477.5)
Pension Contribution	(77.1)	(48.9)	(87.8)	39.0	(2.5)	(8.1)	(27.6)	(9.1)	(4.0)	(28.0)	(4.9)	(57.8)
Debt Service	(25.5)	(22.1)	(25.8)	3.7	-	-	(10.3)	-	(13.2)	(0.0)	-	(15.3)
Property Tax Distribution	(275.9)	(357.5)	(317.3)	(40.2)	(0.5)	(30.3)	(3.5)	(22.2)	(99.5)	(9.4)	(2.8)	(174.4)
TIF Distribution	(52.1)	(32.6)	(37.0)	4.4	(0.3)	(39.0)	-	-	-	-	-	(75.4)
Other Disbursements	(984.1)	(937.5)	(1,043.4)	105.9	(96.9)	(126.5)	(48.8)	(90.8)	(145.8)	(75.3)	(91.0)	(541.8)
Budget Reserve	-	(35.7)	(35.7)	-	-	-	-	-	-	(7.0)	-	-
Transfers to Retiree Protection Fund	(135.0)	(100.0)	(100.0)	-	-	-	-	-	-	-	-	-
Total Uses of Cash	\$ (2,222.9)	\$ (2,330.3)	\$ (2,389.1)	\$ 58.8	\$ (178.7)	\$ (275.7)	\$ (173.5)	\$ (183.5)	\$ (330.3)	\$ (212.6)	\$ (175.7)	\$ (1,342.3)
Net Cash Flow	\$ 31.9	\$ 71.9	\$ (29.7)	\$ 101.6	\$ 17.3	\$ (56.1)	\$ 4.2	\$ 251.2	\$ (190.3)	\$ (0.8)	\$ (25.6)	\$ (97.1)
Ending Common Cash Pool	\$ 1,031.9	\$ 1,437.7	\$ -	\$ -	\$ 1,437.7	\$ 1,381.7	\$ 1,385.8	\$ 1,637.1	\$ 1,446.7	\$ 1,446.0	\$ 1,420.3	\$ 1,323.2
Budget Reserve Fund	\$ 107.3	\$ 143.0	\$ 143.0	\$ -	\$ 143.0	\$ 143.0	\$ 143.0	\$ 143.0	\$ 143.0	\$ 150.0	\$ 150.0	\$ 150.0



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of May-23	
Total AP (Apr-23)	\$ 35.6
Plus: May-23 invoices processed	\$ 96.6
Less: May-23 Payments made	\$ (91.8)
Total AP month end (May-23)	\$ 40.4
Less: Invoices on hold ⁽¹⁾	\$ (21.6)
Total AP not on Validation hold (May-23)	\$ 18.8
Less: Installments/Retainage Invoices ⁽²⁾	\$ (0.0)
Net AP not on hold	\$ 18.8

Note: Net AP Not on Hold includes \$9.8m of invoices that are due after May-23

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
May-23. Total	\$ 18.7	\$ 10.3	\$ 4.0	\$ 0.9	\$ 3.5
% of total	100%	54%	21%	6%	19%
Change vs. Apr-23	\$ 5.8	\$ 1.1	\$ 3.3	\$ 0.8	\$ 0.6
Total Count of Invoices	2,139	1,141	608	83	307
% of total	100%	54%	28%	4%	14%
Change vs. Apr-23	1,076	304	492	75	205
Apr-23. Total	\$ 12.9	\$ 9.2	\$ 0.7	\$ 0.1	\$ 2.9
% of total	100%	72%	5%	1%	22%
Total Count of Invoices	1,063	837	116	8	102
% of total	100%	78%	11%	1%	10%

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

