



**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

December 14, 2022

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

Re: Financial Report for the Four Months ended October 31, 2022

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Four Months ended October 31, 2022. 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 Four Months ended October 31, 2022

Cc: Mayor Michael E. Duggan, City of Detroit
Hakim Berry, 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
Gail Fulton, City Council Liaison



FY 2022-2023 Financial Report

For the 4 Months ended October 31, 2022

Office of the Chief Financial Officer

Submitted on December 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

- Development of the Mayor's Proposed Budget for Fiscal Year 2023-2024 is well underway. The Office of Budget and departments led nine public engagement meetings in October. Departments completed their budget requests in November. The Office of Budget is reviewing requests with departments and will make recommendations for a balanced budget to the CFO and Mayor. The Mayor will present his proposed budget to City Council in March 2023.
- The audit of the City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 is on schedule and will be published before December 31, 2022 and uploaded to the State Department of Treasury.

Budget vs. Actual – General Fund (unaudited)

\$ in millions

	OCTOBER 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)
REVENUE:								
Municipal Income Tax	\$ 24.4	\$ 32.6	\$ 8.2	33.6%	\$ 94.9	\$ 106.2	\$ 11.3	11.9%
Property Taxes	1.5	2.6	1.1	73.3%	61.5	65.1	3.6	5.9%
Wagering Taxes	20.1	19.4	(0.7)	(3.5%)	79.4	74.5	(4.9)	(6.2%)
Utility Users' Tax	2.6	3.4	0.8	30.8%	8.0	11.8	3.8	47.5%
State Revenue Sharing	34.7	38.8	4.1	-	34.7	38.8	4.1	-
Other Revenues	15.2	21.3	6.1	40.1%	61.6	46.4	(15.2)	(24.7%)
TOTAL (I)	\$ 98.5	\$ 118.1	\$ 19.6	19.9%	\$ 340.1	\$ 342.8	\$ 2.7	0.8%
EXPENDITURES:								
Salaries and Wages	\$ 39.4	\$ 38.0	\$ 1.4	3.6%	\$ 151.9	\$ 152.1	\$ (0.2)	(0.1%)
Employee Benefits	11.1	13.0	(1.9)	(17.1%)	42.6	44.2	(1.6)	(3.8%)
Professional and Contractual Services	8.5	7.9	0.6	7.1%	44.4	23.4	21.0	47.3%
Operating Supplies	3.3	1.2	2.1	63.6%	13.3	7.3	6.0	45.1%
Operating Services	8.5	7.0	1.5	17.6%	29.9	25.0	4.9	16.4%
Capital Outlays	-	0.1	(0.1)	-	0.9	0.3	0.6	66.7%
Debt Service	37.5	37.5	-	-	38.1	38.1	-	-
Other Expenses	23.4	15.3	8.1	34.6%	142.0	125.3	16.7	11.8%
TOTAL (J)	\$ 131.7	\$ 120.0	\$ 11.7	8.9%	\$ 463.1	\$ 415.7	\$ 47.4	10.2%
SURPLUS/(DEFICIT) (K= I + J)	\$ (33.2)	\$ (1.9)	\$ 31.3	94.3%	\$ (123.0)	\$ (72.9)	\$ 50.1	40.7%

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

	ANNUAL			
	BUDGET	PROJECTION	VARIANCE	
	A	B	(\$ C = B - A	% D= (C/A)
<i>\$ in millions</i>				
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

Police	2,988	2,982	(6)
Fire	1,142	1,135	(7)
Total Public Safety	4,130	4,117	(13)

Non-Public Safety

Office of the Chief Financial Officer	366	373	7
Public Works - Full Time	351	359	8
Health	129	129	0
Human Resources	95	95	0
Housing and Revitalization	126	131	5
Innovation and Technology	131	130	(1)
Law	108	107	(1)
Mayor's Office	74	75	1
Municipal Parking	66	66	0
Planning and Development	39	39	0
General Services - Full Time	607	504	(103)
Legislative ⁽³⁾	233	239	6
36th District Court	318	321	3
Other ⁽⁴⁾	230	223	(7)
Total Non-Public Safety	2,873	2,791	(82)

Total General City-Full Time

Seasonal / Part Time⁽⁵⁾

ARPA / COVID Response

Enterprise

Airport	4	4	0
BSEED	273	275	2
Transportation	667	672	5
Water and Sewerage	549	549	0
Library	215	213	(2)

Total Enterprise

Total City

MONTH-OVER-MONTH ACTUAL⁽¹⁾

Actual September 2022	Actual October 2022	Change Oct. 2022 vs. Sept 2022
2,988	2,982	(6)
1,142	1,135	(7)
4,130	4,117	(13)
366	373	7
351	359	8
129	129	0
95	95	0
126	131	5
131	130	(1)
108	107	(1)
74	75	1
66	66	0
39	39	0
607	504	(103)
233	239	6
318	321	3
230	223	(7)
2,873	2,791	(82)
7,003	6,908	(95)
83	82	(1)
380	466	86
4	4	0
273	275	2
667	672	5
549	549	0
215	213	(2)
1,708	1,713	5
9,174	9,169	(5)

BUDGET VS. ACTUAL

Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. October 2022
3,455	(473) (14%)
1,237	(102) (8%)
4,692	(575) (12%)
415	(42)
491	(132)
183	(54)
105	(10)
168	(37)
144	(14)
119	(12)
81	(6)
95	(29)
39	0
675	(171)
300	(61)
325	(4)
308	(85)
3,447	(656) (19%)
8,139	(1,231) (15%)
490	(408) (83%)
466	0 0%
11	(7)
347	(72)
994	(322)
620	(71)
341	(128)
2,313	(600) (26%)
11,408	(2,239) (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.

* Reduction in GSD employees represents departure of seasonal staff.



Income Tax – Collections (unaudited)

Fiscal Years 2022 - 2023

Income Tax Collections

FY23 YTD

October 2022

FY22 YTD

October 2021

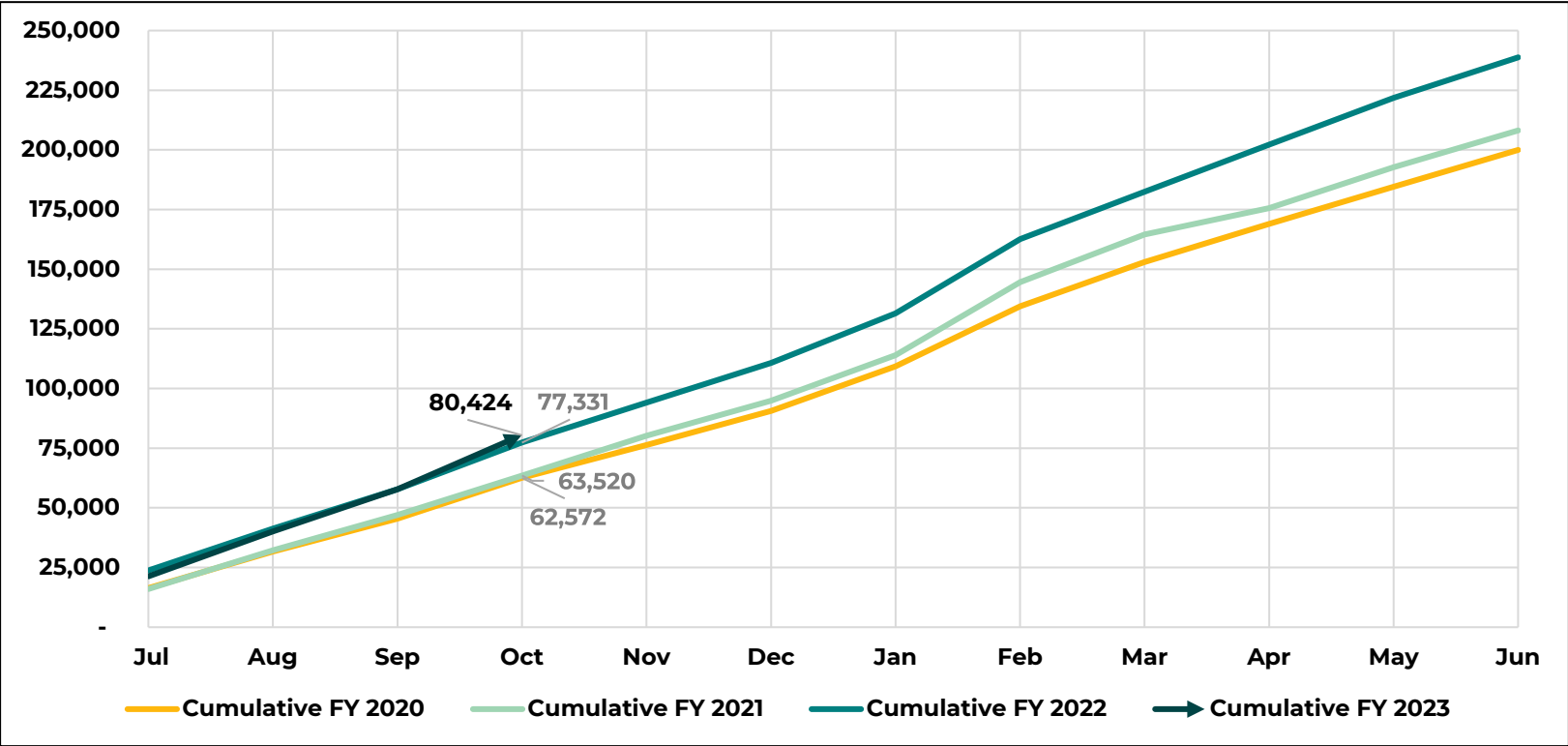
Withholding	\$107,423,706	\$96,770,672
Individual	9,803,917	8,707,422
Corporate	8,728,472	7,176,018
Partnerships	965,568	1,676,017

Total Collections	\$126,921,663	\$114,330,130
--------------------------	----------------------	----------------------

Refunds claimed, disbursed and accrued	(20,698,721)	(17,147,057)
---	---------------------	---------------------

Collections Net of Refunds/Disbursements	\$ 106,222,942	\$ 97,183,073
---	-----------------------	----------------------

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

General Fund

General Accounts
Self Insurance
Quality of Life Fund
Retiree Protection Trust Fund
A/P and Payroll Clearing

Other Governmental Funds

Capital Projects
Streets
Grants
Covid 19
ARPA
Solid Waste Management
Debt Service
Gordie Howe Bridge
Other

Enterprise Funds

Enterprise Funds

Fiduciary Funds

Undistributed Property Taxes
Fire Insurance Escrow
Other

Component Units

Component Units

Total General Ledger Cash Balance

	Unrestricted	Restricted	October 2022 Total	Prior Year October 2021 Total
General Fund				
General Accounts	\$ 339.0	147.2	\$ 486.2	\$ 444.0
Self Insurance	10.0	9.7	19.7	61.8
Quality of Life Fund	1.9	1.8	3.7	5.8
Retiree Protection Trust Fund	-	438.5	438.5	318.4
A/P and Payroll Clearing	0.7	-	0.7	(0.6)
Other Governmental Funds				
Capital Projects	4.7	201.1	205.8	319.8
Streets	88.9	-	88.9	99.9
Grants	59.2	7.4	66.7	77.0
Covid 19	-	-	-	-
ARPA	781.8	-	781.8	420.7
Solid Waste Management	26.2	-	26.2	35.8
Debt Service	-	59.2	59.2	53.9
Gordie Howe Bridge	10.3	-	10.3	13.2
Other	42.5	-	42.5	34.2
Enterprise Funds				
Enterprise Funds	21.2	-	21.2	15.9
Fiduciary Funds				
Undistributed Property Taxes	72.1	-	72.1	68.2
Fire Insurance Escrow	11.6	-	11.6	11.3
Other	55.9	-	55.9	53.6
Component Units				
Component Units	28.2	-	28.2	25.2
Total General Ledger Cash Balance	\$ 1,554.2	\$ 864.9	\$ 2,419.2	2,057.9

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			Oct	Nov	Dec	Jan	Feb	Mar	Apr 2023 -
	Oct YTD Actual	Oct YTD Actual	Oct YTD Forecast	Oct YTD Variance	2022 Actual	2022 Forecast	2022 Forecast	2023 Forecast	2023 Forecast	2023 Forecast	Jun 2023 Forecast
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9	\$ -	\$ -	\$ 1,326.4	\$ 1,344.6	\$ 1,346.2	\$ 1,328.6	\$ 1,464.6	\$ 1,403.4	\$ 1,382.5
Sources of Cash											
Income Taxes	101.4	124.4	116.5	7.9	31.7	21.5	20.9	28.7	21.1	27.9	76.6
Property Taxes	321.9	341.5	326.9	14.6	17.6	17.0	47.8	163.2	14.3	6.2	56.0
Revenue Sharing	68.3	62.9	61.4	1.5	32.5	30.9	-	31.3	-	30.3	29.9
Wagering Taxes	131.1	99.8	97.3	2.5	19.6	16.9	10.1	19.2	19.6	29.6	89.9
Utility Users Taxes	9.2	11.8	8.5	3.4	3.4	-	3.7	2.1	3.7	4.3	9.4
Other Receipts	107.7	124.8	121.0	3.8	26.4	27.1	48.0	20.8	34.6	29.0	89.6
Net Interpool transfers	146.2	113.1	125.6	(12.5)	39.8	36.0	24.0	62.4	31.1	37.1	113.0
Bond Proceeds	25.2	48.5	32.5	16.0	14.0	12.8	10.0	8.1	14.9	14.0	35.6
Total Sources of Cash	\$ 911.0	\$ 926.9	\$ 889.7	\$ 37.2	\$ 185.0	\$ 162.3	\$ 164.3	\$ 335.9	\$ 139.4	\$ 178.2	\$ 500.1
Uses of Cash											
Wages and Benefits	(247.6)	(278.4)	(238.9)	(39.5)	(69.0)	(53.7)	(64.6)	(48.1)	(57.9)	(63.1)	(185.1)
Pension Contribution	(41.6)	(20.3)	(42.4)	22.1	(7.7)	(2.4)	(3.5)	(11.3)	(2.2)	(2.2)	(21.0)
Debt Service	(15.4)	(13.4)	(14.2)	0.8	-	-	(0.1)	(0.6)	-	-	(8.7)
Property Tax Distribution	(119.1)	(204.4)	(167.9)	(36.5)	(11.9)	(2.5)	(2.7)	(65.2)	(60.8)	(3.8)	(22.5)
TIF Distribution	-	-	(1.6)	1.6	-	(3.6)	(23.9)	-	-	-	(29.3)
Other Disbursements	(379.2)	(341.7)	(376.5)	34.8	(78.3)	(98.5)	(87.2)	(74.6)	(79.7)	(130.0)	(324.8)
Transfers to Retiree Protection Fund	(85.0)	(90.0)	(90.0)	-	-	-	-	-	-	-	-
Total Uses of Cash	\$ (887.9)	\$ (948.2)	\$ (931.5)	\$ (16.7)	\$ (166.9)	\$ (160.6)	\$ (182.0)	\$ (199.8)	\$ (200.7)	\$ (199.1)	\$ (591.4)
Net Cash Flow	\$ 23.1	\$ (21.3)	\$ (41.8)	\$ 20.5	\$ 18.1	\$ 1.7	\$ (17.7)	\$ 136.1	\$ (61.3)	\$ (20.8)	\$ (91.3)
Ending Common Cash Pool	\$ 1,023.1	\$ 1,344.6	\$ -	\$ -	\$ 1,344.6	\$ 1,346.2	\$ 1,328.6	\$ 1,464.6	\$ 1,403.4	\$ 1,382.5	\$ 1,291.2
Budget Reserve Fund	\$ 107.0	\$ 107.0	\$ 107.0	\$ -	\$ 107.0	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7	\$ 137.7



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of Oct-22	
Total AP (Sep-22)	\$ 43.5
Plus: Oct-22 invoices processed	\$ 89.3
Less: Oct-22 Payments made	\$ (77.9)
Total AP month end (Oct-22)	\$ 54.9
Less: Invoices on hold ⁽¹⁾	\$ (21.9)
Total AP not on Validation hold (Oct-22)	\$ 33.0
Less: Installments/Retainage Invoices ⁽²⁾	\$ (4.1)
Net AP not on hold	\$ 28.9

Note: Net AP Not on Hold includes \$11m of invoices that are due after Oct-22

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Oct-22 Total	\$ 28.8	\$ 11.2	\$ 7.9	\$ 7.2	\$ 2.5
% of total	100%	38%	37%	26%	9%
Change vs. Aug-22	\$ 12.9	\$ (0.6)	\$ 4.4	\$ 6.8	\$ 2.3
Total Count of Invoices	1,528	958	346	112	112
% of total	100%	63%	23%	7%	7%
Change vs. Aug-22	44	90	(136)	49	41
Sep-22 Total	\$ 15.9	\$ 11.8	\$ 3.5	\$ 0.4	\$ 0.2
% of total	100%	74%	22%	3%	1%
Total Count of Invoices	1,484	868	482	63	71
% of total	100%	59%	32%	4%	5%

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

