



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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April 13, 2023

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

Re: Financial Report for the Eight Months ended February 28, 2023

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its City of Detroit Financial Report for the Eight Months ended February 28, 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 Eight Months ended February 28, 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 8 Months ended February 28, 2023

Office of the Chief Financial Officer

Submitted on April 13, 2023

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Executive Summary

- On April 10, the Detroit City Council approved the City's [FY 2023-2024 Budget and Four-Year Financial Plan](#). Council's changes compared to the Mayor's proposed budget totaled \$13.8 million in one-time expenses and \$3.7 million in recurring expenses. The City will transmit the approved Four-Year Financial Plan to the Financial Review Commission by April 30.
- The Detroit City Council also [approved a resolution](#) to reprogram \$59 million of the \$826.7 million the City received from the American Rescue Plan Act (ARPA).
- Moody's [upgraded Detroit's bond rating](#) to Ba1 from Ba2 with positive outlook. They noted the City's ability to manage rising pension costs, solid budget management, and continued revenue growth as reasons for the upgrade. It is the highest rating from Moody's since January 2009.

Budget vs. Actual – General Fund (unaudited)

	FEBRUARY 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	\$ 27.8	\$ 28.4	\$ 0.6	2.2%	\$ 212.3	\$ 228.6	\$ 16.3	7.7%
Property Taxes	1.3	1.2	(0.1)	(7.7%)	95.2	100.9	5.7	6.0%
Wagering Taxes	19.1	19.8	0.7	3.7%	182.8	165.6	(17.2)	(9.4%)
Utility Users' Tax	3.3	4.4	1.1	33.3%	19.0	24.0	5.0	26.3%
State Revenue Sharing	34.7	37.7	3.0	-	104.2	114.5	10.3	-
Other Revenues	14.1	17.3	3.2	22.7%	123.9	136.9	13.0	10.5%
TOTAL (I)	\$ 100.3	\$ 108.8	\$ 8.5	8.5%	\$ 737.4	\$ 770.5	\$ 33.1	4.5%
EXPENDITURES:								
Salaries and Wages	\$ 42.2	\$ 41.2	\$ 1.0	2.4%	\$ 340.1	\$ 335.5	\$ 4.6	1.4%
Employee Benefits	10.9	11.3	(0.4)	(3.7%)	91.8	94.5	(2.7)	(2.9%)
Professional and Contractual Services	7.1	5.7	1.4	19.7%	75.5	48.8	26.7	35.4%
Operating Supplies	3.2	2.9	0.3	9.4%	26.4	23.2	3.2	12.1%
Operating Services	5.1	4.9	0.2	3.9%	61.1	52.8	8.3	13.6%
Capital Outlays	-	0.8	(0.8)	-	2.2	1.5	0.7	31.8%
Debt Service	-	-	-	-	67.1	67.1	-	-
Other Expenses	1.7	9.8	(8.1)	(476.5%)	178.4	164.3	14.1	7.9%
TOTAL (J)	\$ 70.2	\$ 76.6	\$ (6.4)	(9.1%)	\$ 842.6	\$ 787.7	\$ 54.9	6.5%
SURPLUS/(DEFICIT) (K= I + J)	\$ 30.1	\$ 32.2	\$ 2.1	7.0%	\$ (105.2)	\$ (17.2)	\$ 88.0	83.7%

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 \$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	\$ 374.7	\$ 35.4	10.4%
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	202.7	193.6	(9.1)	(4.5%)
TOTAL (I)	\$ 1,169.1	\$ 1,229.5	\$ 60.4	5.2%
EXPENDITURES:				
Salaries and Wages	\$ 536.3	\$ 554.4	\$ (18.1)	(3.4%)
Employee Benefits	165.1	165.1	-	-
Professional and Contractual Services	105.7	106.7	(1.0)	(0.9%)
Operating Supplies	39.7	39.7	-	-
Operating Services	84.8	85.1	(0.3)	(0.4%)
Capital Outlays	2.3	2.3	-	-
Debt Service	85.9	85.9	-	-
Other Expenses	208.5	208.5	-	-
TOTAL (J)	\$ 1,228.3	\$ 1,247.7	\$ (19.4)	(1.6%)
REVENUES LESS EXPENDITURES (K= I + J)	\$ (59.2)	\$ (18.2)	\$ 41.0	(69.3%)
Budgeted Use of Prior Year Surplus	46.0	46.0	-	-
Prior Year Continuing Appropriations	13.2	13.2	-	-
SURPLUS/(DEFICIT)	\$ -	\$ 41.0	\$ 41.0	-

Note: Represents General Fund/General Purpose (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 \$22.6 million approved by City Council in November 2022 for new police officer collective bargaining agreements. Additional projected expenditure variances include Fire Department transition costs to new dual certification staffing structure and Elections Department poll worker expenses from 2022 election. City Council approved supplemental appropriations for those needs in February 2023, which will be reflected in next month's report when the budget adjustments were entered in the financial system. 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 January 2023	Actual February 2023	Change Feb. 2023 vs. Jan. 2023	Adjusted Budget FY 2023 ⁽²⁾	Variance (Under)/Over Budget vs. February 2023			
Public Safety								
Police	2,973	2,976	3	3,449	(473)	(14%)		
Fire	1,149	1,135	(14)	1,237	(102)	(8%)		
Total Public Safety	4,122	4,111	(11)	4,686	(575)	(12%)		
Non-Public Safety								
Office of the Chief Financial Officer	377	373	(4)	417	(44)			
Public Works - Full Time	353	356	3	492	(136)			
Health	143	139	(4)	185	(46)			
Human Resources	96	96	0	104	(8)			
Housing and Revitalization	126	126	0	173	(47)			
Innovation and Technology	127	126	(1)	144	(18)			
Law	113	116	3	125	(9)			
Mayor's Office	81	81	0	81	0			
Municipal Parking	70	71	1	95	(24)			
Planning and Development	36	37	1	39	(2)			
General Services - Full Time	523	520	(3)	675	(155)			
Legislative ⁽³⁾	245	246	1	300	(54)			
36th District Court	315	313	(2)	325	(12)			
Other ⁽⁴⁾	219	216	(3)	312	(96)			
Total Non-Public Safety	2,824	2,816	(8)	3,466	(650)	(19%)		
Total General City-Full Time	6,946	6,927	(19)	8,152	(1,225)	(15%)		
Seasonal / Part Time⁽⁵⁾	64	67	3	490	(423)	(86%)		
ARPA / COVID Response	490	474	(16)	474	0	0%		
Enterprise								
Airport	9	10	1	11	(1)			
BSEED	272	276	4	347	(71)			
Transportation	697	687	(10)	991	(304)			
Water and Sewerage	552	557	5	620	(63)			
Library	228	227	(1)	341	(114)			
Total Enterprise	1,758	1,757	(1)	2,310	(553)	(24%)		
Total City	9,258	9,225	(33)	11,426	(2,201)	(19%)		

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

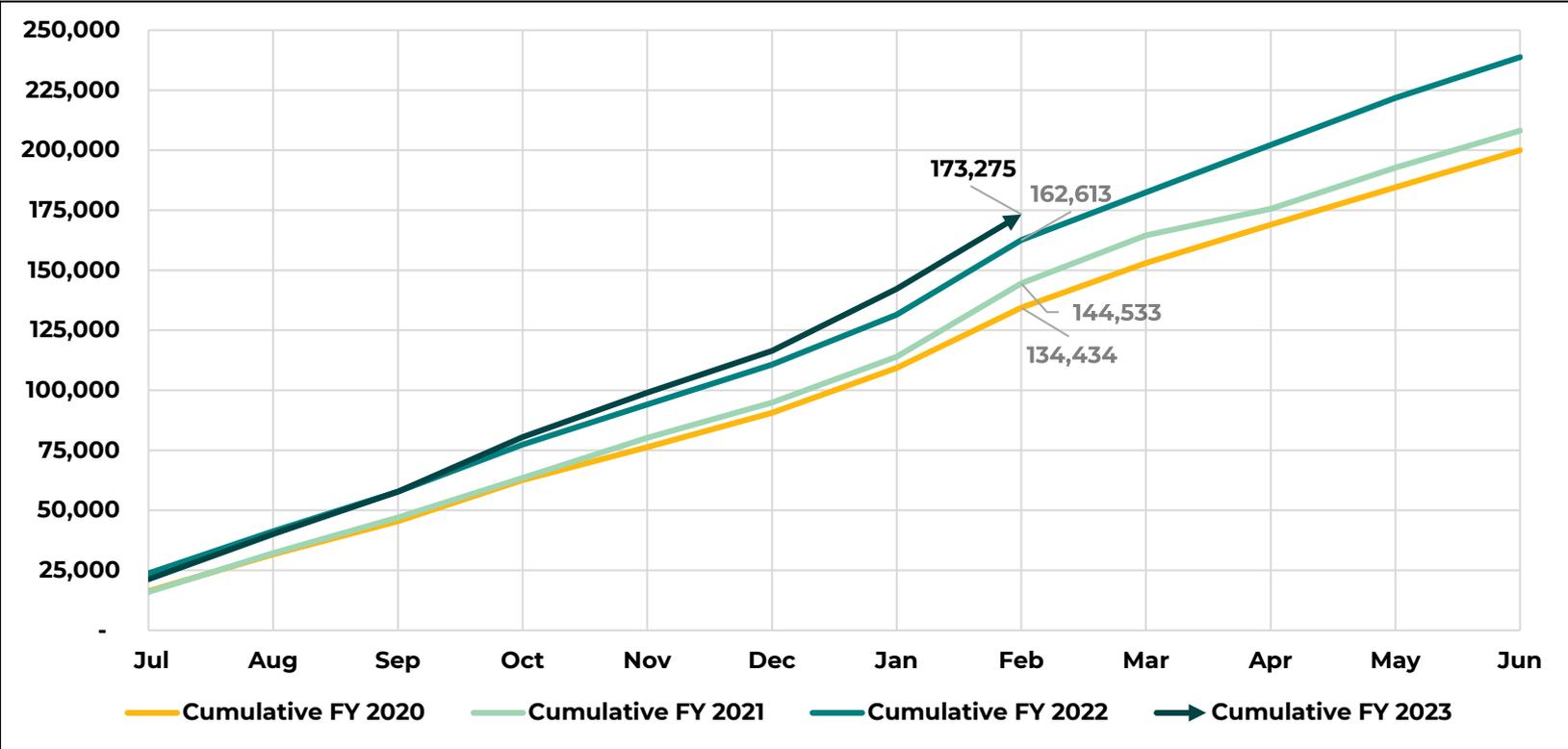
February 2023

FY22 YTD

February 2022

Withholding	\$213,594,700	\$204,489,317
Individual	26,367,639	18,730,814
Corporate	28,698,160	24,321,562
Partnerships	2,148,519	3,753,907
Total Collections	\$270,809,018	\$251,295,600
Refunds claimed, disbursed and accrued	(42,209,895)	(50,111,376)
Collections Net of Refunds/Disbursements	\$ 228,599,123	\$ 201,184,224

Income Tax – Number of Withholding Returns



Cash Position (unaudited)

(in millions)

	Unrestricted	Restricted	February 2023 Total	Prior Year February 2022 Total
General Fund				
General Accounts	\$ 376.6	\$ 198.9	\$ 575.5	\$ 503.9
Self Insurance	10.0	9.8	19.8	21.8
Quality of Life Fund	1.6	1.9	3.5	5.2
Retiree Protection Trust Fund	-	447.2	447.2	365.7
A/P and Payroll Clearing	0.6	-	0.6	9.0
Other Governmental Funds				
Capital Projects	4.2	173.4	177.6	285.4
Streets	83.6	-	83.6	104.4
Grants	53.8	7.5	61.3	78.1
Covid 19	-	-	-	-
ARPA	766.2	-	766.2	413.3
Solid Waste Management	16.5	-	16.5	23.4
Debt Service	-	77.0	77.0	69.7
Gordie Howe Bridge	8.9	-	8.9	12.3
Other	40.0	-	40.0	30.9
Enterprise Funds				
Enterprise Funds	32.3	-	32.3	15.0
Fiduciary Funds				
Undistributed Property Taxes	93.4	-	93.4	91.9
Fire Insurance Escrow	11.4	-	11.4	11.8
Other	52.4	-	52.4	55.4
Component Units				
Component Units	28.9	-	28.9	24.0
Total General Ledger Cash Balance	\$ 1,580.2	\$ 915.6	\$ 2,495.8	\$ 2,121.3

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			Feb	Mar	Apr	May	Jun	Jul	Aug	Sep 2023 -
	Feb YTD Actual	Feb YTD Actual	Feb YTD Forecast	Feb YTD Variance	2023 Actual	2023 Forecast	Feb 2024 Forecast					
Beginning Common Cash Pool	\$ 1,000.0	\$ 1,365.9			\$ 1,473.4	\$ 1,446.9	\$ 1,361.4	\$ 1,390.2	\$ 1,338.8	\$ 1,321.7	\$ 1,325.9	\$ 1,577.1
Sources of Cash												
Income Taxes	211.7	286.6	232.9	53.7	63.4	29.9	41.5	46.9	30.2	28.0	30.8	174.1
Property Taxes	557.7	640.1	630.9	9.2	13.8	9.0	4.7	15.7	57.7	52.4	274.4	306.1
Revenue Sharing	123.6	126.1	125.8	0.4	31.4	-	35.8	-	23.4	-	31.7	95.7
Wagering Taxes	226.1	216.8	205.0	11.8	19.6	16.9	16.4	17.6	15.3	23.3	27.5	147.8
Utility Users Taxes	19.5	25.3	27.4	(2.1)	4.4	5.9	7.4	7.4	2.7	2.8	2.9	21.6
Other Receipts	220.4	276.0	223.5	52.5	41.1	27.1	48.4	37.8	58.0	30.8	26.1	175.1
Net Interpool transfers	305.3	259.6	303.5	(43.9)	32.9	35.5	44.3	47.4	19.3	33.3	36.1	232.6
Bond Proceeds	71.0	91.7	78.2	13.5	10.1	14.0	8.9	13.7	12.9	7.0	5.3	58.7
Total Sources of Cash	\$ 1,735.4	\$ 1,922.2	\$ 1,827.1	\$ 95.0	\$ 216.7	\$ 138.2	\$ 207.3	\$ 186.6	\$ 219.6	\$ 177.7	\$ 434.8	\$ 1,211.7
Uses of Cash												
Wages and Benefits	(494.7)	(573.4)	(520.7)	(52.7)	(69.0)	(75.9)	(70.6)	(75.0)	(71.8)	(83.3)	(61.4)	(486.8)
Pension Contribution	(60.6)	(36.3)	(69.1)	32.8	(2.4)	(2.4)	(13.8)	(2.5)	(8.1)	(27.6)	(9.1)	(64.8)
Debt Service	(15.4)	(13.4)	(15.6)	2.2	-	(8.8)	-	(1.4)	-	(10.3)	-	(13.2)
Property Tax Distribution	(251.6)	(349.5)	(289.3)	(60.2)	(61.6)	(4.4)	(1.9)	(21.8)	(30.3)	(3.5)	(22.2)	(258.6)
TIF Distribution	(26.6)	(32.6)	(32.6)	-	-	-	-	(39.6)	-	-	-	(27.1)
Other Disbursements	(704.5)	(715.2)	(743.0)	27.7	(110.3)	(122.3)	(92.3)	(85.8)	(126.5)	(48.8)	(90.8)	(544.0)
Budget Reserve	-	(30.7)	(30.7)	-	-	-	(5.0)	-	-	(7.0)	-	-
Transfers to Retiree Protection Fund	(135.0)	(90.0)	(90.0)	-	-	(10.0)	-	-	-	-	-	-
Total Uses of Cash	\$ (1,688.5)	\$ (1,841.1)	\$ (1,791.0)	\$ (50.1)	\$ (243.2)	\$ (223.7)	\$ (183.5)	\$ (226.0)	\$ (236.7)	\$ (180.5)	\$ (183.5)	\$ (1,394.6)
Net Cash Flow	\$ 46.9	\$ 81.0	\$ 36.1	\$ 44.9	\$ (26.5)	\$ (85.5)	\$ 23.8	\$ (39.4)	\$ (17.1)	\$ (2.8)	\$ 251.2	\$ (182.9)
Ending Common Cash Pool	\$ 1,046.9	\$ 1,446.9	\$ -	\$ -	\$ 1,446.9	\$ 1,361.4	\$ 1,385.2	\$ 1,345.8	\$ 1,328.7	\$ 1,325.9	\$ 1,577.1	\$ 1,394.2
Budget Reserve Fund	\$ 107.3	\$ 138.0	\$ 138.0	\$ -	\$ 138.0	\$ 138.0	\$ 143.0	\$ 143.0	\$ 143.0	\$ 150.0	\$ 150.0	\$ 150.0



Accounts Payable and Supplier Payments (unaudited)

Accounts Payable (AP) as of Feb-23	
Total AP (Jan-23)	\$ 48.7
Plus: Feb-23 invoices processed	\$ 125.6
Less: Feb-23 Payments made	\$ (126.1)
Total AP month end (Feb-23)	\$ 48.2
Less: Invoices on hold ⁽¹⁾	\$ (15.5)
Total AP not on Validation hold (Feb-23)	\$ 32.7
Less: Installments/Retainage Invoices ⁽²⁾	\$ (3.1)
Net AP not on hold	\$ 29.6

Note: Net AP Not on Hold includes \$17m of invoices that are due after Feb-23

AP Aging

(excluding invoices on hold & Retainage)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Feb-23. Total	\$ 29.7	\$ 11.7	\$ 12.8	\$ 1.9	\$ 3.3
% of total	100%	39%	43%	7%	11%
Change vs. Jan-23	\$ 3.5	\$ 0.8	\$ 1.2	\$ 1.5	-
Total Count of Invoices	2,027	1,201	597	57	172
% of total	100%	60%	29%	3%	8%
Change vs. Jan-23	(169)	202	(213)	(39)	(119)
Jan-23. Total	\$ 26.2	\$ 10.9	\$ 11.6	\$ 0.4	\$ 3.3
% of total	100%	41%	44%	2%	13%
Total Count of Invoices	2,196	999	810	96	291
% of total	100%	46%	37%	4%	13%

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

¹²All invoices are processed and aged based on the invoice date

