

# February 2020 Revenue Estimating Conference Report



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**CFO MEMORANDUM  
NO. 2020-103-001**

**TO:** City of Detroit Revenue Estimating Conference Principals

**FROM:** Tanya Stoudemire, Deputy CFO/Budget Director, City of Detroit 

**SUBJECT:** Proposed FY 2020 – FY 2024 Revenue Estimates Pursuant to State of Michigan Public Act 279 of 1909, Section 4t(1)(d)

**DATE:** February 19, 2020

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1. AUTHORITY

1.1. State of Michigan Public Act 279 of 1909 (PA 279), Section 4t(1)(d), as amended by Public Act 182 of 2014, states the City shall hold a revenue estimating conference in the second week of September and in the third week of February of each year, subject to the following:

1.1.1. A conference shall establish an official economic forecast of major variables of the national, state, and local economies. A conference also shall establish a forecast of anticipated revenues of the city as the conference determines.

1.1.2. The principals of a conference shall be the chief financial officer of the city, the state treasurer or his or her designee from within the department of treasury, and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the chief financial officer of the city and the state treasurer.

1.1.3. The official forecast of economic and revenue variables of the conference shall be determined by consensus among the conference principals and shall be for the fiscal year in which the conference is being held and the succeeding 2 fiscal years. The conference also shall forecast general fund revenue trendline projections for the city for an additional 2 fiscal years. Conference forecasts of revenues and expenditures shall be based upon the assumption that current law and administrative procedures will remain in effect for the forecast period.

1.1.4. The conference may request and shall receive from officers, departments, agencies, and authorities of the city the assistance and data needed to enable the conference to fulfill its duties.

2. OBJECTIVES

2.1. To provide the City of Detroit Revenue Estimating Conference principals the assistance and data needed to fulfill their duties in establishing the City's official economic and revenue forecast.

2.2. To satisfy the Office of Budget's ongoing revenue estimation and economic forecasting responsibilities in accordance with CFO Directive No. 2018-101-002 Comprehensive Financial Planning.

### 3. PURPOSE

- 3.1. To submit proposed revenue estimates to the Revenue Estimating Conference principals for their consideration.

### 4. SCOPE

- 4.1. This Memorandum and the attached report are intended solely to assist the Revenue Estimating Conference principals fulfill their duties pursuant to Section 4t(1)(d) of PA 279.

### 5. STATEMENT

- 5.1. In accordance with Section 4t(1)(d) of PA 279 and CFO Directive No. 2018-101-002, the Office of Budget prepared the attached revenue estimates for FY 2020 through FY 2024 for consideration by the principals of the City of Detroit February 2020 Revenue Estimating Conference.
- 5.2. Revenue estimates were prepared on a conservative basis to minimize the possibility that economic fluctuations could jeopardize ongoing service delivery during the fiscal year.
- 5.3. Revenue estimates were prepared in consultation with the other OCFO divisions responsible for administering their respective revenues, as well as the City Council's Legislative Policy Division and the Auditor General's Office.

**City of Detroit**  
**February 2020 Revenue Estimating Conference Report**

February 19, 2020

**Overview of Revenue Estimating Conference:**

State of Michigan Public Act 279 of 1909, Section 117.4t(1)(d), as amended by Public Act 182 of 2014, states the City of Detroit shall hold biannual revenue estimating conferences, which shall establish the official economic forecast and forecast of anticipated revenues of the City. The City holds its Revenue Estimating Conferences in September and February of each fiscal year. The voting principals are the City's Chief Financial Officer (CFO), the State Treasurer (or designee), and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the CFO and State Treasurer. The voting principals for the February 2020 Revenue Estimating Conference are:

- David P. Massaron, Chief Financial Officer, City of Detroit
- Eric Bussis, Chief Economist and Director, Office of Revenue and Tax Analysis, Michigan Department of Treasury (on behalf of State Treasurer Rachael Eubanks)
- George Fulton, PhD, Director Emeritus, Research Seminar in Quantitative Economics (RSQE), Department of Economics, University of Michigan

The Office of Budget, within the Office of the Chief Financial Officer (OCFO), prepared revenue estimates for consideration by the conference principals. Following their review, the principals approved the revenue estimates without modification. In preparing the revenue estimates, the Office of Budget consulted with the OCFO's Offices of the Assessor, Departmental Financial Services, and the Treasury, as well as the City Council's Legislative Policy Division and the Office of the Auditor General. The Office of Budget thanks its colleagues for their continued support and assistance throughout the revenue estimation process.

The estimates that follow include the current fiscal year (FY 2020) and the four succeeding fiscal years (FY 2021-24). While there is a greater focus on the General Fund, the estimates also cover the City's grant, enterprise, and special revenue funds. The forecast assumes that current law and administrative procedures will remain in effect for the forecast period.

## Summary of Revenue Estimates:

<b>February 2020 Revenue Estimates, General Fund</b>									
<i>\$ in millions</i>									
<b>February 2020 Estimates</b>									
	<u>FY20</u>	<u>FY21</u>	<i>Change</i>	<u>FY22</u>	<i>Change</i>	<u>FY23</u>	<i>Change</i>	<u>FY24</u>	<i>Change</i>
<b>Major Taxes</b>									
<b>Income Tax</b>	<b>\$ 329.8</b>	<b>\$ 340.4</b>	<b>3.2%</b>	<b>\$ 347.6</b>	<b>2.1%</b>	<b>\$ 357.0</b>	<b>2.7%</b>	<b>\$ 366.1</b>	<b>2.5%</b>
Recurring	333.3	340.4	2.1%	347.6	2.1%	357.0	2.7%	366.1	2.5%
Non-recurring	(3.5)	-	-100.0%	-		-		-	
<b>State Revenue Sharing</b>	<b>208.4</b>	<b>205.0</b>	<b>-1.6%</b>	<b>206.6</b>	<b>0.8%</b>	<b>208.3</b>	<b>0.8%</b>	<b>210.0</b>	<b>0.8%</b>
<b>Wagering Tax</b>	<b>186.0</b>	<b>187.8</b>	<b>1.0%</b>	<b>189.7</b>	<b>1.0%</b>	<b>191.6</b>	<b>1.0%</b>	<b>193.5</b>	<b>1.0%</b>
Property Tax	132.6	133.4	0.6%	132.9	-0.4%	132.5	-0.3%	132.8	0.2%
Tax Increment Financing Capture	(14.2)	(14.5)	2.1%	(14.1)	-2.8%	(14.4)	2.1%	(14.6)	1.4%
<b>Net Property Tax</b>	<b>118.4</b>	<b>118.9</b>	<b>0.4%</b>	<b>118.8</b>	<b>-0.1%</b>	<b>118.1</b>	<b>-0.6%</b>	<b>118.2</b>	<b>0.1%</b>
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%
<b>Net Utility Users Tax</b>	<b>28.3</b>	<b>28.5</b>	<b>0.7%</b>	<b>28.7</b>	<b>0.7%</b>	<b>28.9</b>	<b>0.7%</b>	<b>29.1</b>	<b>0.7%</b>
<b>Subtotal, Major Taxes</b>	<b>\$ 870.9</b>	<b>\$ 880.6</b>	<b>1.1%</b>	<b>\$ 891.4</b>	<b>1.2%</b>	<b>\$ 903.9</b>	<b>1.4%</b>	<b>\$ 916.9</b>	<b>1.4%</b>
<b>Major Taxes (Recurring Only)</b>	<b>\$ 874.4</b>	<b>\$ 880.6</b>	<b>0.7%</b>	<b>\$ 891.4</b>	<b>1.2%</b>	<b>\$ 903.9</b>	<b>1.4%</b>	<b>\$ 916.9</b>	<b>1.4%</b>
<b>Other Revenues</b>	<b>\$ 206.0</b>	<b>\$ 204.2</b>	<b>-0.9%</b>	<b>\$ 204.5</b>	<b>0.1%</b>	<b>\$ 205.5</b>	<b>0.5%</b>	<b>\$ 206.6</b>	<b>0.5%</b>
Recurring	198.3	204.2	3.0%	204.5	0.1%	205.5	0.5%	206.6	0.5%
Non-recurring	7.7	-	-100.0%	-		-		-	
<b>Grand Total, General Fund</b>	<b>\$ 1,076.9</b>	<b>\$ 1,084.8</b>	<b>0.7%</b>	<b>\$ 1,095.9</b>	<b>1.0%</b>	<b>\$ 1,109.4</b>	<b>1.2%</b>	<b>\$ 1,123.5</b>	<b>1.3%</b>
<b>General Fund, Recurring Only</b>	<b>\$ 1,072.7</b>	<b>\$ 1,084.8</b>	<b>1.1%</b>	<b>\$ 1,095.9</b>	<b>1.0%</b>	<b>\$ 1,109.4</b>	<b>1.2%</b>	<b>\$ 1,123.5</b>	<b>1.3%</b>

The estimates include updates for FY 2020–24. Recurring General Fund revenues from FY 2020 to FY2021 increase by 1.1% with a similar growth trend projected throughout the forecast period. The Income Tax forecast, which accounts for most of the increase, assumes national economic growth slows in FY 2021 and FY 2022, consistent with independent economic forecasts. Overall, modest increases are projected from FY 2021 through FY 2024 across the City’s major taxes and other revenues. All General Fund fiscal year actuals and estimates have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the proposed FY 2021 budget (see Appendix, “Exhibit 4 – Reimbursement Adjustment Reconciliation” for detailed breakout).

## Economic Conditions and Outlook:

The start of 2020 finds us in similar position as the start of 2019 but with slightly different economic factors in play. Fourth quarter gross domestic product (GDP) grew 2.1% over the 3rd quarter, showing that 2019 GDP overall was 2.3% higher than 2018.<sup>1</sup> The recent release of 4th quarter GDP estimates largely told the same story from the previous quarters: personal consumption and government expenditures are the primary drivers in our current economic expansion. Although personal consumption growth slowed in the 4th quarter, the most recent consumer confidence measures remain elevated.<sup>2</sup> Non-residential investment, particularly in structures, continue to be a drag on growth but was offset by recent improvements in residential investment. Unique to 4th quarter activity and a large driver behind the observed growth was an unusually large drop in imported goods. The decrease is speculated to be due to businesses taking a wait-and-see approach to trade policy through the quarter ahead of tariff deadlines as opposed to the start of new trend.<sup>1</sup>

Locally, Detroit resident job growth continues its slow and steady trend. Average employment levels in 2019 were 1.6% higher than 2018 and the average labor force size was 1.2% higher.<sup>3</sup> Although the data for local establishment wages do not yet reflect impacts from the General Motors strike in October due to reporting lag, wage growth in the 2nd quarter of 2019 was faster relative to the same quarter in 2018 and suggests a continuation of trend in spite of weak 1st quarter wage growth.<sup>4</sup> Overall, local labor market trends remain in line with the state and the nation with unemployment rates continuing to decline slightly year over year and wage growth beginning to accelerate.

## Detroit Resident Labor Force and Employment:

Calendar Year	Employed	Unemployed	Labor Force	Unemployment Rate
2009	283,041	94,787	377,828	25.1%
2010	208,289	68,596	276,885	24.8%
2011	206,226	55,117	261,343	21.1%
2012	208,119	49,611	257,730	19.2%
2013	208,943	48,765	257,708	18.9%
2014	210,130	40,187	250,317	16.1%
2015	213,481	28,511	241,992	11.8%
2016	220,368	26,621	246,989	10.8%
2017	224,714	23,740	248,454	9.6%
2018	226,473	22,454	248,927	9.0%
2019	230,163	21,802	251,965	8.7%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

<sup>1</sup> U.S. Bureau of Economic Analysis

<sup>2</sup> Conference Board, January 2020 Consumer Confidence Survey

<sup>3</sup> U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

<sup>4</sup> U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

## **Risks to the Economic Outlook:**

Risks and uncertainty to the local and U.S. economy are still global in nature, but have shifted from trade policy to pandemic effects. Trade tensions have eased with the signing of the U.S.-Mexico-Canada Agreement (USMCA) that will replace North American Free Trade Agreement (NAFTA) and the agreement of terms on a “phase one” trade deal between the U.S. and China that included the reduction of some tariffs. Monetary policy has also shifted out of focus with Chairman Jerome Powell of the Federal Reserve indicating in his semiannual report to Congress that central bank’s current stance “will likely remain appropriate”.<sup>5</sup> Chairman Powell’s remarks at the time suggested no additional reductions in the federal funds rate would be made and no significant changes to any policy stances ahead of the Federal Open Market Committee meeting in March.

The newest challenge to the global economy is COVID-19, the formal name of the novel coronavirus that was first detected in China in December 2019. The spread and the resulting containment efforts have caused disruption to both production and consumption within China, affecting all businesses that have operations in the country. As of this writing, South Korea, Iran, Italy and Japan have experienced some level of “sustained community transmission” according to the Center for Disease Control.<sup>6</sup> Global stock markets suffered as the pandemic became worse, with the S&P 500 and Dow Jones Industrial indices falling more than 10% from their recent highs during the week of February 23rd through the 27th. There is no good recent proxy for estimating the effects of disruption to the global or U.S. economy from the virus, although it is certain that the impacts will become more significant and felt locally the further the virus spreads.

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<sup>5</sup> Federal Reserve, Semiannual Monetary Policy Report to the Congress

<sup>6</sup> Center for Disease Control; National Center for Immunization and Respiratory Diseases, Division of Viral Diseases

**Current Year Revenue Estimates Update:**

<b>FY 2020 Revenue Estimates, General Fund</b>							
<i>\$ in millions</i>							
	FY 2019	FY 2020		Change Since FY 2019		Change Since Adopted Budget	
	Actual	Adopted Budget	Feb 2020 Estimate	\$	%	\$	%
<b>Major Taxes</b>							
<b>Income Tax</b>	<b>\$ 361.0</b>	<b>\$ 324.3</b>	<b>\$ 329.8</b>	<b>\$ (31.2)</b>	<b>-8.6%</b>	<b>\$ 5.5</b>	<b>1.7%</b>
Recurring	329.1	324.3	333.3	4.2	1.3%	9.0	2.8%
Non-recurring	31.9	-	(3.5)	(35.4)	-111.0%	(3.5)	
<b>State Revenue Sharing</b>	<b>202.6</b>	<b>204.5</b>	<b>208.4</b>	<b>5.8</b>	<b>2.9%</b>	<b>3.9</b>	<b>1.9%</b>
<b>Wagering Tax</b>	<b>183.8</b>	<b>184.3</b>	<b>186.0</b>	<b>2.2</b>	<b>1.2%</b>	<b>1.7</b>	<b>0.9%</b>
Property Tax	131.8	128.9	132.6	0.8	0.6%	3.7	2.9%
Tax Increment Financing Capture	(12.3)	(11.2)	(14.2)	(1.9)	15.4%	(3.0)	26.8%
<b>Net Property Tax<sup>1</sup></b>	<b>119.5</b>	<b>117.7</b>	<b>118.4</b>	<b>(1.1)</b>	<b>-0.9%</b>	<b>0.7</b>	<b>0.6%</b>
Utility Users Tax	40.9	43.8	40.8	(0.1)	-0.2%	(3.0)	-6.8%
To Public Lighting Authority	(12.5)	(12.5)	(12.5)	-	0.0%	-	0.0%
<b>Net Utility Users Tax</b>	<b>28.4</b>	<b>31.3</b>	<b>28.3</b>	<b>(0.1)</b>	<b>-0.4%</b>	<b>(3.0)</b>	<b>-9.6%</b>
<b>Subtotal, Major Taxes</b>	<b>\$ 895.3</b>	<b>\$ 862.1</b>	<b>\$ 870.9</b>	<b>\$ (24.4)</b>	<b>-2.7%</b>	<b>\$ 8.8</b>	<b>1.0%</b>
<b>Major Taxes (Recurring Only)</b>	<b>\$ 863.4</b>	<b>\$ 862.1</b>	<b>\$ 874.4</b>	<b>\$ 11.0</b>	<b>1.3%</b>	<b>\$ 12.3</b>	<b>1.4%</b>
<b>Other Revenues</b>							
<b>Other Revenues</b>	<b>\$ 403.3</b>	<b>\$ 197.4</b>	<b>\$ 206.0</b>	<b>\$ (197.3)</b>	<b>-48.9%</b>	<b>\$ 8.6</b>	<b>4.4%</b>
Recurring	179.4	195.8	198.3	18.9	10.5%	2.5	1.3%
Non-recurring	223.9	1.6	7.7	(216.2)	-96.6%	6.1	381.3%
<b>Grand Total, General Fund</b>	<b>\$ 1,298.6</b>	<b>\$ 1,059.5</b>	<b>\$ 1,076.9</b>	<b>\$ (221.7)</b>	<b>-17.1%</b>	<b>\$ 17.4</b>	<b>1.6%</b>
<b>General Fund, Recurring Only</b>	<b>\$ 1,042.8</b>	<b>\$ 1,057.9</b>	<b>\$ 1,072.7</b>	<b>\$ 29.9</b>	<b>2.9%</b>	<b>\$ 14.8</b>	<b>1.4%</b>
<b>Notes:</b>							
All years have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the FY21 budget.							
(1) Property Tax has been adjusted to include Special Acts revenue in order to be consistent with CAFR presentation. Special Acts were previously categorized as Other Revenue.							

Recurring General Fund revenue is projected at \$1.073 billion in FY 2020 after certain fund reclassification shifts and reimbursement adjustments for Other Revenues (see Appendix, “Exhibit 3 - FY 2021 February 2020 Revenue Conference to Adopted Budget Fund Reclassification Reconciliation” and “Exhibit 4 - Reimbursement Adjustment Reconciliation” for detailed breakout). The updated FY 2020 recurring General Fund revenue estimates have been increased by \$14.8 million, representing a 1.4% change from the Adopted Budget. The increase is primarily driven by a larger than expected Income Tax base following the final FY 2019 results and by increases in State Revenue Sharing.

The February 2020 estimates reflect slight upward adjustments to income tax, wagering tax, and property tax based on both FY 2019 collections and revised economic assumptions. FY 2020 State



Revenue Sharing revenue estimates have also been adjusted upward since the Adopted Budget due to a \$3.8 million statutory share increase as enacted in the FY 2020 State budget. Utility Users Tax revenue estimates have been reduced by 9.6% due to lower forecasted natural gas consumption and prices. Other Revenues have been adjusted upward compared to the Adopted Budget largely due to increased investment earnings observed in FY 2019.

Compared to FY 2019 actuals, recurring FY 2020 revenues are expected to increase overall by 2.9%. A large portion of this increase is based on \$9.5 million in Parking Fees shifting from the Parking Fund to the General Fund beginning in FY 2020, and the State Revenue Sharing statutory increase that takes effect beginning in FY 2020.

Non-recurring revenues decrease substantially compared to FY 2019 actuals. FY 2019 includes \$31.9 million in one-time Income Tax collections not expected to continue into FY 2020, and are not factored in the Income Tax forecast. These one-time revenues are comprised of \$23 million in one-time corporate collections, \$6.9 million in prior-year adjustments, and \$2 million in partnerships. The FY 2020 estimate includes a one-time \$3.5 million corporate refund not built into the FY 2021 – FY 2024 forecast.

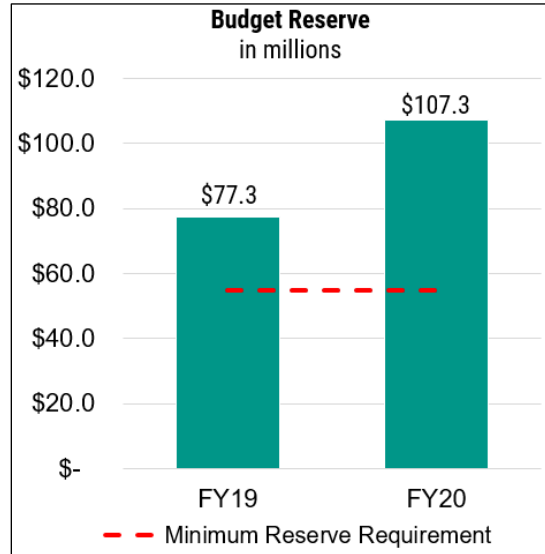
Non-recurring Other Revenues in FY 2019 include a \$176 million bond issuance, \$25 million financing revenue, \$15 million Construction Code Fund (CCF) transfer to budget reserve, \$4.5 million Local Community Stabilization Authority payment, \$1.8 million in Joe Louis Arena (JLA) auction proceeds, \$750k in a London Inter-bank Offered Rate (LIBOR)-related settlement, and (\$4 million) in one-time expenses netted against revenue. These one-time revenues are not factored in the Other Revenue forecast. FY 2020 assumes \$7.7 million in non-recurring resources, comprised of \$3.1 million from the Millennium Garage sale, \$2 million from the JLA Garage sale, and \$2.6 million in sales of City real property that have taken place thus far throughout the fiscal year. The remaining \$13 million from the Millennium Garage sale was deposited into a non-General Fund capital fund, per the resolution approving the sale.

### Budget Reserve:

State of Michigan Public Act 279 of 1909, Sections 117.4t(1)(b)(vi) and 117.4t(1)(c)(vi), as amended by Public Act 182 of 2014, states the City's annual four-year financial plan shall include and comply with the following requirements:

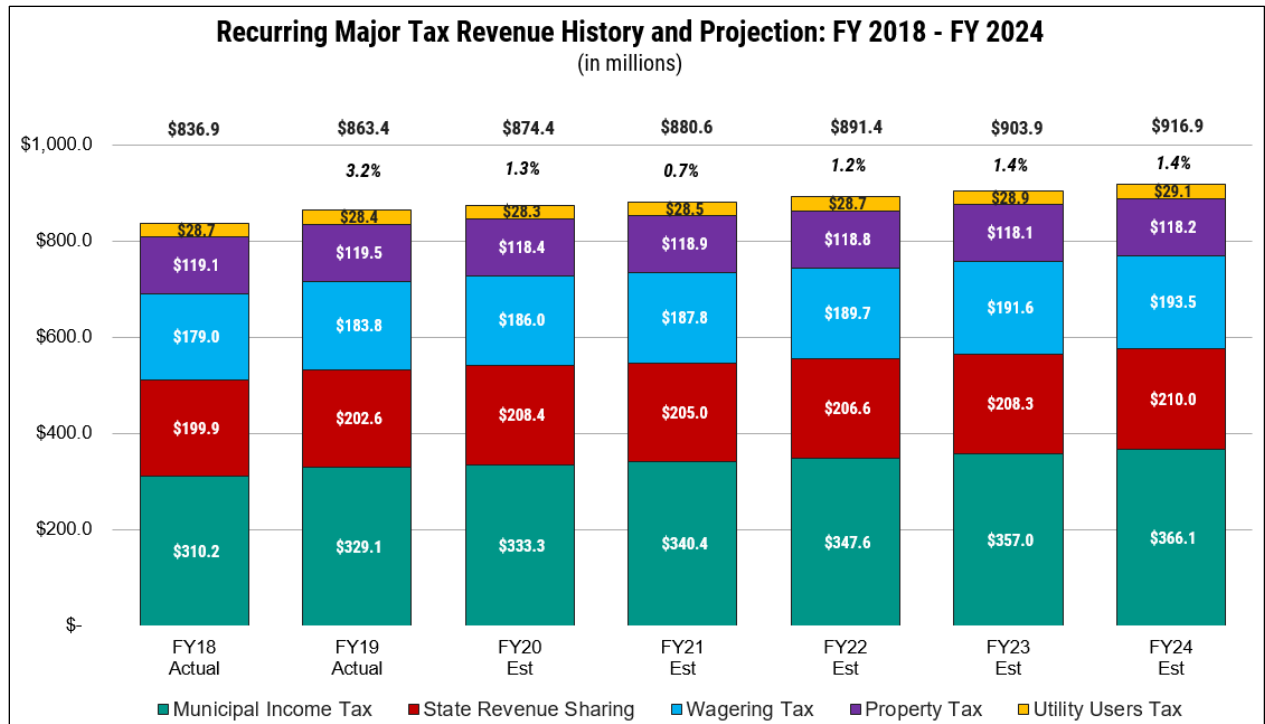
- Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both.
- Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to no less than 5% of the projected expenditures for the fiscal year.

As of June 30, 2019, the City's Budget Reserve totaled \$77.3 million, which exceeded the minimum requirement of 5% of the projected expenditures for FY 2020. The FY 2020 Adopted Budget provided for an ending budget reserve balance of \$107.3 million, or nearly 10% of projected expenditures.



This balance provides additional budget flexibility in the event of unanticipated economic risks. The goal is to increase the budget reserve to 15% of projected expenditures within the next two fiscal years.

**Summary of Major Taxes:**



The FY 2020 and FY 2021–24 four-year forecast assumes a consistent annual growth trend throughout the forecast period. This annual growth trend is conservative compared to recent prior-year actuals, largely due to an assumed GDP growth slowdown of 1.7% in FY 2020 and FY 2021. The forecast also does not include potential upsides from new development projects or recent State law changes to internet gaming and sports betting.

## General Fund Major Revenue Estimates - Detail, FY 2020 - FY 2024

*\$ in millions*

### February 2020 Estimates

	FY20 Est	FY21 Est	% Change	FY22 Est	% Change	FY23 Est	% Change	FY24 Est	% Change
<b>Major Taxes</b>									
<b>Income Tax</b>	<b>\$ 329.8</b>	<b>\$ 340.4</b>	<b>3.2%</b>	<b>\$ 347.6</b>	<b>2.1%</b>	<b>\$ 357.0</b>	<b>2.7%</b>	<b>\$ 366.1</b>	<b>2.5%</b>
Withholding	290.8	299.0	2.8%	306.9	2.6%	316.1	3.0%	325.1	2.8%
Individual	31.9	32.4	1.6%	33.4	3.1%	34.4	3.0%	35.2	2.3%
Corporate	31.2	31.2	0.0%	31.2	0.0%	31.2	0.0%	31.2	0.0%
Partnership	5.9	5.9	0.0%	5.9	0.0%	5.9	0.0%	5.9	0.0%
Assessments	2.0	1.0	-50.0%	-	-100.0%	-	-	-	-
Refunds	(28.5)	(29.1)	2.1%	(29.8)	2.4%	(30.6)	2.7%	(31.3)	2.3%
Non-Recurring <sup>1</sup>	(3.5)	-	-100.0%	-	-	-	-	-	-
<b>State Revenue Sharing</b>	<b>208.4</b>	<b>205.0</b>	<b>-1.6%</b>	<b>206.6</b>	<b>0.8%</b>	<b>208.3</b>	<b>0.8%</b>	<b>210.0</b>	<b>0.8%</b>
Statutory	144.3	144.3	0.0%	144.3	0.0%	144.3	0.0%	144.3	0.0%
Constitutional	64.1	60.7	-5.3%	62.3	2.6%	64.0	2.7%	65.7	2.7%
<b>Wagering Tax</b>	<b>186.0</b>	<b>187.8</b>	<b>1.0%</b>	<b>189.7</b>	<b>1.0%</b>	<b>191.6</b>	<b>1.0%</b>	<b>193.5</b>	<b>1.0%</b>
Property Tax	132.6	133.4	0.6%	132.9	-0.4%	132.5	-0.3%	132.8	0.2%
Tax Increment Financing Capture	(14.2)	(14.5)	2.1%	(14.1)	-2.8%	(14.4)	2.1%	(14.6)	1.4%
<b>Net Property Tax<sup>2</sup></b>	<b>118.4</b>	<b>118.9</b>	<b>0.4%</b>	<b>118.8</b>	<b>-0.1%</b>	<b>118.1</b>	<b>-0.6%</b>	<b>118.2</b>	<b>0.1%</b>
Current	84.2	84.8	0.7%	85.5	0.8%	86.0	0.6%	88.4	2.8%
Delinquent	31.4	31.3	-0.3%	30.4	-2.9%	29.2	-3.9%	26.8	-8.2%
Special Acts	2.8	2.8	0.0%	2.9	3.6%	2.9	0.0%	3.0	3.4%
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%
<b>Net Utility Users Tax</b>	<b>28.3</b>	<b>28.5</b>	<b>0.7%</b>	<b>28.7</b>	<b>0.7%</b>	<b>28.9</b>	<b>0.7%</b>	<b>29.1</b>	<b>0.7%</b>
<b>Total, Major Taxes</b>	<b>\$ 870.9</b>	<b>\$ 880.6</b>	<b>1.1%</b>	<b>\$ 891.4</b>	<b>1.2%</b>	<b>\$ 903.9</b>	<b>1.4%</b>	<b>\$ 916.9</b>	<b>1.4%</b>

**Notes:**

(1) FY20 includes one-time \$3.5m corporate refund.

(2) Property Tax has been adjusted to include Special Acts revenue in order to be consistent with CAFR presentation. Special Acts were previously categorized as Other Revenue.

## Summary of Economic Drivers:

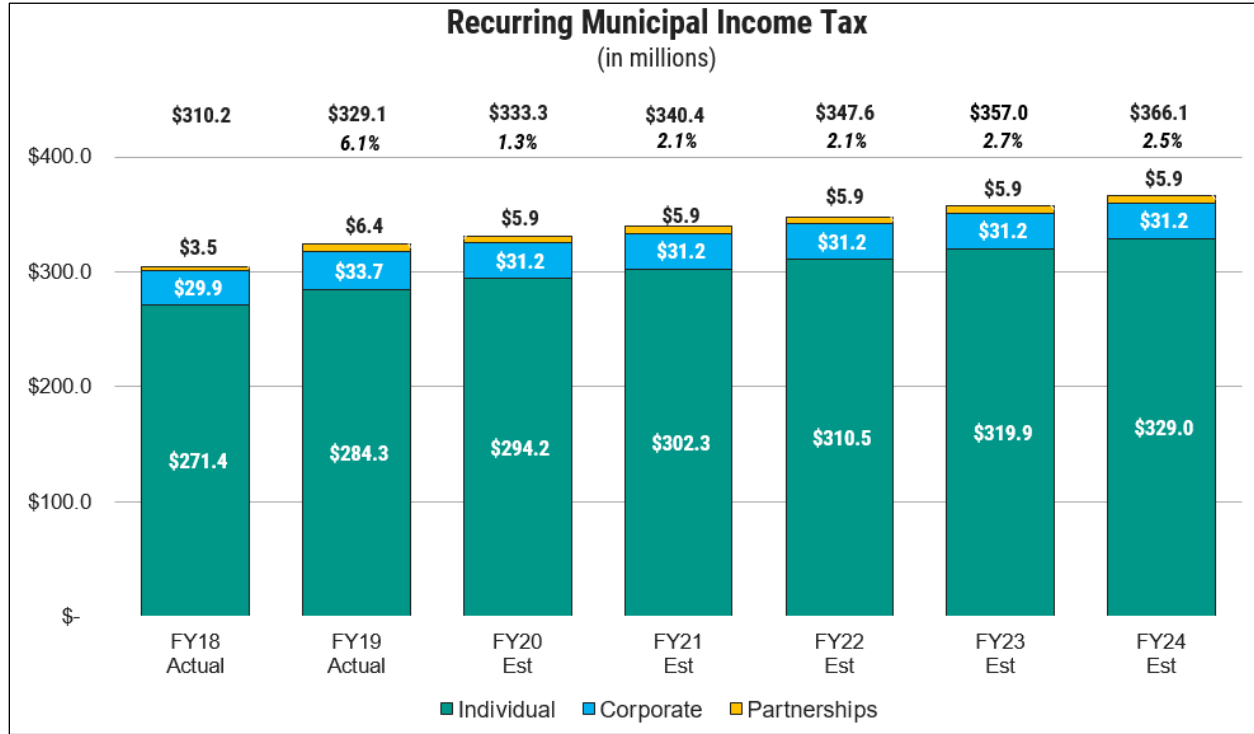
### Forecasted Economic Inputs by Fiscal Year

Major Revenue	Economic Input	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Municipal Income Tax</b>	Resident Employment Growth <sup>1</sup>	1.4%	0.9%	1.1%	1.2%	1.1%
	Non-Resident Employment Growth <sup>1</sup>	1.6%	1.6%	1.6%	1.5%	1.5%
	Annual Wage Growth <sup>2</sup>	2.1%	1.8%	1.5%	1.8%	1.7%
	Corporate Income Growth	-7.6%	0.0%	0.0%	0.0%	0.0%
<b>Property Tax</b>	U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) <sup>3</sup>	2.4%	1.9%	1.8%	1.9%	1.9%
<b>State Revenue Sharing</b>	Sales Tax Forecast <sup>4</sup>	0.4%	1.1%	2.6%	2.6%	2.6%
	City/State Population Ratio <sup>5</sup>	7.2%	6.7%	6.7%	6.7%	6.7%
<b>Wagering Tax</b>	Average Rate of Change 2010-2019 <sup>6</sup>	1.2%	1.0%	1.0%	1.0%	1.0%
<b>Utility Users Tax</b>	Average Household Unit Growth 2010-2018 <sup>7</sup>	-0.2% <sup>8</sup>	0.5%	0.5%	0.5%	0.5%

#### Sources:

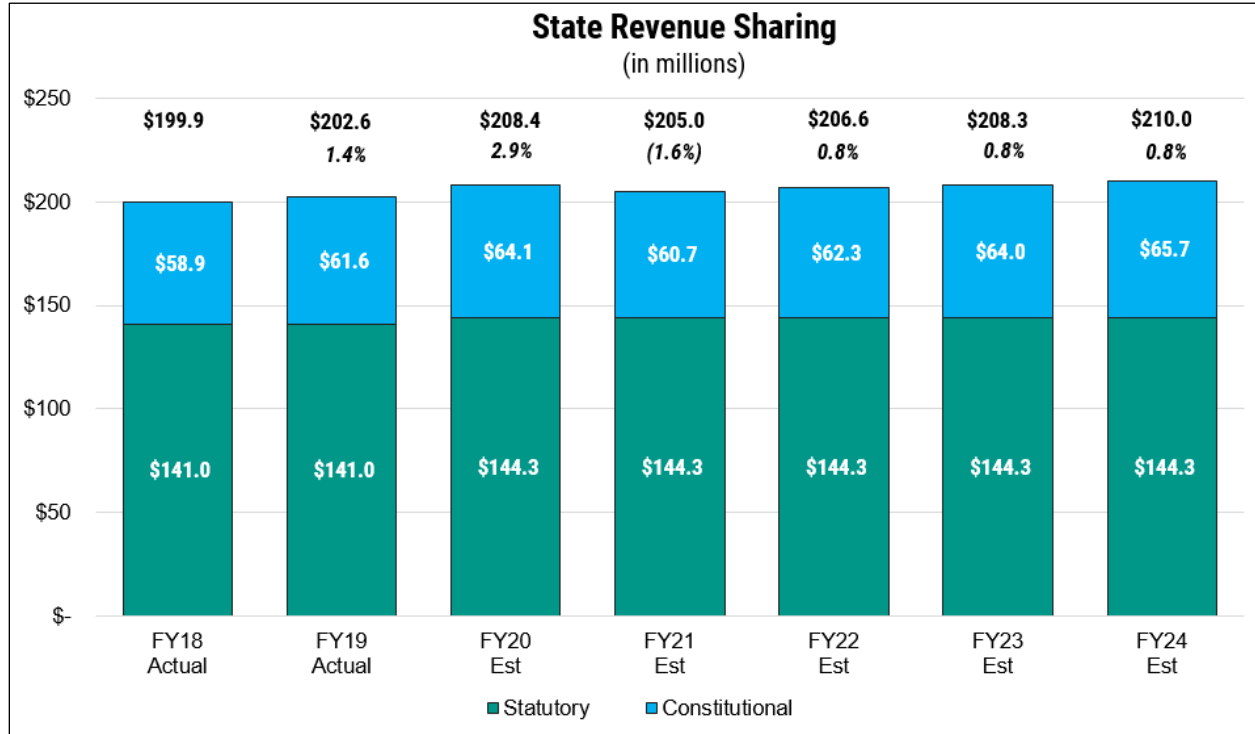
- (1) U.S. Census Bureau and Local Area Unemployment Statistics
- (2) Quarterly Census of Employment and Wages
- (3) FY 2020 and FY 2021 uses the 2018 US CPI-U state by the State Tax Commission, FY 2022-2024 uses the 2020-2021 US CPI-U consensus forecast from the Survey of Professional Forecasters.
- (4) State of Michigan January 2020 Consensus Revenue Estimating Conference
- (5) U.S. Census Bureau, 2010 Decennial Census and 2018 Population Estimates
- (6) Michigan Gaming Control Board
- (7) U.S. Census Bureau, American Community Survey 1-year Estimates
- (8) U.S. Energy Information Administration, 2020 Annual Energy Outlook

**Municipal Income Tax:**



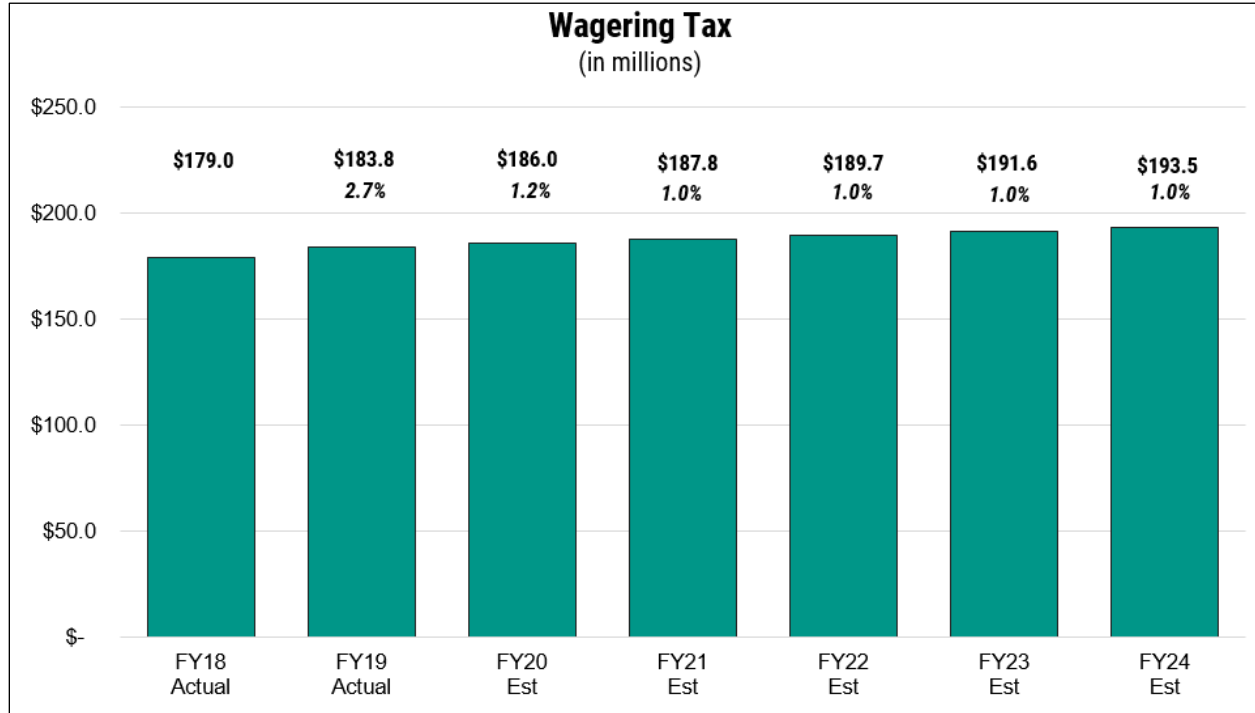
In accordance with the City Income Tax Act (Public Act 284 of 1964, as amended), the City levies a municipal income tax on income from all sources with few exemptions. The current tax rates are 2.4% for residents, 1.2% for non-residents, and 2.0% for corporations, which are the maximum allowed by State law. The primary drivers behind income tax revenue are resident employment levels, non-resident employment levels, and wages. The base year employment estimates are tied to observed local area employment data, and employment growth rates for each employment category are projected independently. Wage growth is projected using observed regional wage data and is assumed to be uniform for each employment category. The FY 2020 estimate represents a 1.3% increase compared to FY 2019. The FY 2020–21 forecast incorporates an anticipated GDP growth slowdown (1.7% in FY 2020 and FY 2021). Year to date corporate tax collections have been weaker than in previous years and suggest the recurring revenue will be 7.6% lower than what was observed in FY 2019. To hedge against volatility, the forecast assumes that corporate tax revenue will remain flat from FY 2021–24. The forecast does not include potential upside from new development projects or improved compliance efforts. Income tax activity that has been identified as non-recurring are not included in the forecasted base.

**State Revenue Sharing:**



Revenue sharing payments from the State come from two components: constitutional (30%) and statutory (70%). The State Constitution of 1963, Article IX, Section 10, as amended, requires constitutional revenue sharing payments to municipalities based on 15% of the 4% portion of Michigan’s sales tax collections. The State allocates amounts to municipalities based on population as of the last decennial Census. Statutory revenue sharing payments have an underlying formula distribution. However, they are effectively set annually in the State budget and have been held flat in recent years. The forecast assumes growth in the constitutional share based on forecasted State sales tax growth, and includes increases from online sales tax enforcement based on amounts approved by the State of Michigan’s January 2020 Consensus Revenue Estimating Conference. The \$3.4 million reduction assumed in FY 2021 is due to anticipated population declines from the upcoming 2020 Census when compared to the 2010 Census base. The forecast does not assume changes to the annual statutory allocation of \$144.3 million, nor does it include any potential additional supplemental appropriations, which occurred in FY 2018 and FY 2019.

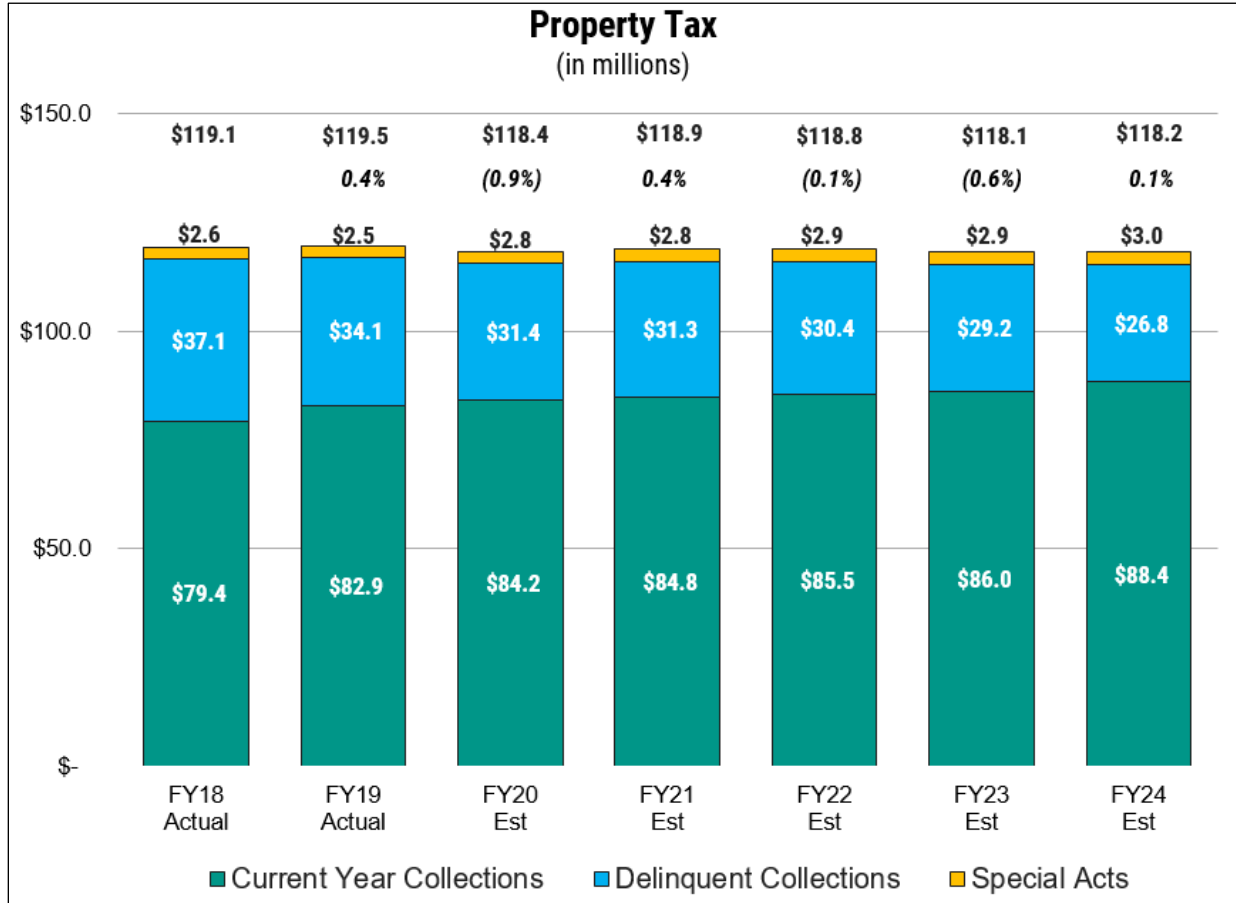
**Wagering Taxes:**



In accordance with the Michigan Gaming Control and Revenue Act (Initiated Law 1 of 1996, as amended), a tax on adjusted gross receipts is applied to the three casinos operating in Detroit. The current City wagering tax rate is 11.9% (10.9% in State law, plus 1% pursuant to the casinos’ development agreements with the City). The casinos also pay the City a supplemental 1% tax if their gross receipts exceed \$400 million in a calendar year. The City also assesses a municipal service fee from each casino of 1.25% of adjusted gross receipts or \$4 million, whichever is greater (included separately in the “Other Revenues” category). Based on year to date adjusted gross receipts, FY 2020 wagering tax revenues are expected to be 1.2% higher than FY 2019. The FY 2021–24 forecast assumes the annual growth for adjusted gross receipts to be constant at 1%. The FY 2019 growth rate of 2.7% compared to FY 2018 is based on gross receipts. The forecast does not reflect potential changes to casino tax rates and state regulations, including any future revenues associated with the recent legalization of online gaming and sports betting.



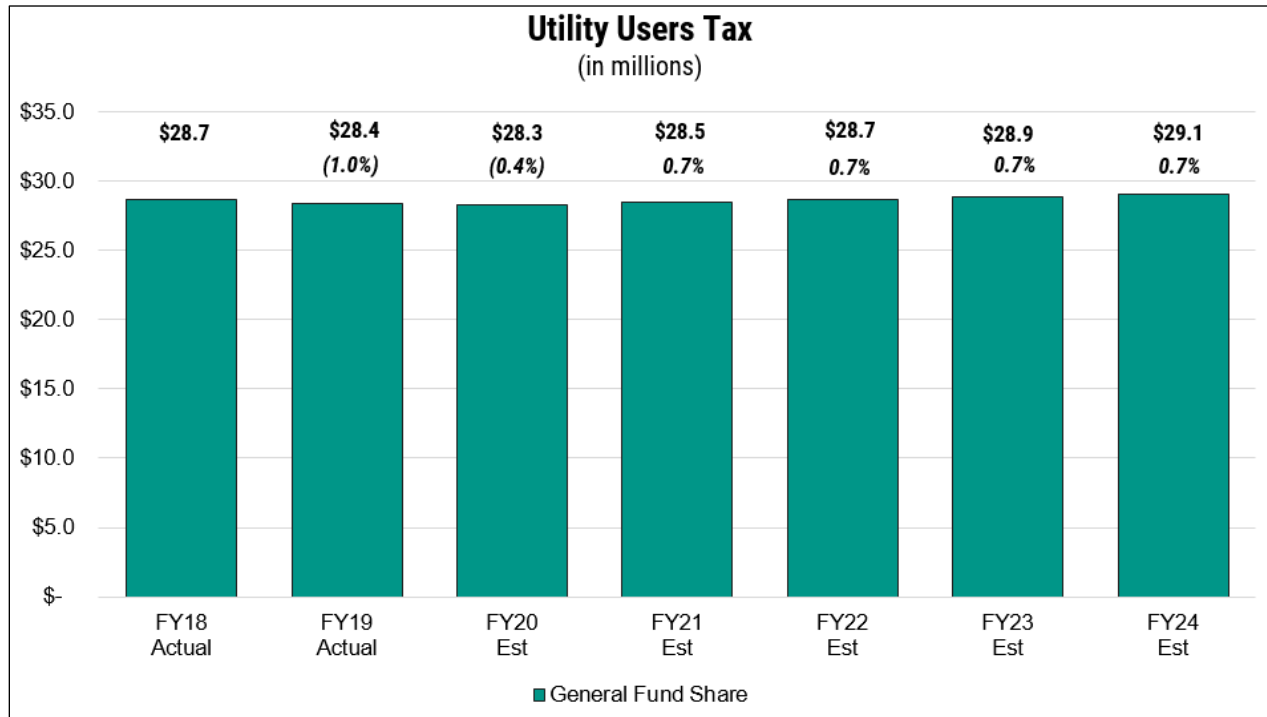
**Property Tax:**



In accordance with the General Property Tax Act (Public Act 206 of 1893, as amended), the City levies taxes on real and personal property. Collections consist of current year taxes, delinquent taxes, and related auction proceeds. The City currently levies 19.952 mills for general operating purposes. However, the millage rate and taxable values are subject to various abatements and exemptions. The actual General Fund collections and revenue estimates are net of captured tax increment financing distributions. The amounts above are primarily Ad Valorem property tax revenue. Special Act property tax revenues from Neighborhood Enterprise Zones, Industrial Facilities Tax, and Obsolete Property Rehabilitation Act parcels are included separately in the “Other Revenues” category.

Declines in revenue from FY 2019–21 are primarily due to reductions in the tax roll from the State-mandated phase-out of industrial personal property, as well as changes in tax increment financing (TIF) capture distributions and one-time audit adjustments. The primary driver for growth during the forecast period is a lagged inflation rate defined by the State Tax Commission (US Consumer Price Index for Urban Consumers lagged by one year) applied to the reported tax year 2019 base, which is defined as the cap for growth in taxable value under the State constitution (i.e., Proposal A). The FY 2019 collection rate of 83.6% is also held constant throughout the forecast period. Other components, such as payments from Wayne County for delinquent real property tax collections and revenue capture by TIF authorities, are also factored into the forecast based on current and historical observations. The forecast does not include prospective gains from additions to the tax base, the uncapping of taxable value, or tentative tax year 2020 values.

**Utility Users Tax:**



In accordance with the City Utility Users Tax Act (Public Act 100 of 1990, as amended), the City levies a 5% tax on consumption of electricity, gas, steam, and telephone services. Annual changes in the revenue forecast are largely based on the average growth rate in household units that is consistent with prior-year trends. The actual General Fund collections and revenue estimates are net of \$12.5 million that are designated to the Public Lighting Authority (PLA).

## Other Departmental General Fund Revenue:

February 2020 Revenue Estimates, Recurring Other Departmental Revenue - General Fund									
<i>\$ in millions</i>									
	<u>FY20 Est</u>	<u>FY21 Est</u>	<u>Change</u>	<u>FY22 Est</u>	<u>Change</u>	<u>FY23 Est</u>	<u>Change</u>	<u>FY24 Est</u>	<u>Change</u>
<b>Other Departmental Revenue</b>									
<b>Major Fees and Assessments</b>									
Municipal Service Fee - Casinos	\$ 18.4	\$ 18.5	0.5%	\$ 18.7	1.1%	\$ 18.9	1.1%	\$ 19.1	1.1%
36th District Court Fines and Fees	16.5	16.5	0.0%	16.5	0.0%	16.5	0.0%	16.5	0.0%
Fire Department EMS Service Fees	14.6	14.8	1.4%	15.1	2.0%	15.3	1.3%	15.5	1.3%
Municipal Parking Fines	12.0	12.0	0.0%	12.0	0.0%	12.0	0.0%	12.0	0.0%
Municipal Parking Fees	9.5	9.5	0.0%	9.5	0.0%	9.5	0.0%	9.5	0.0%
Licenses, Permits and Inspection Charges <sup>1</sup>	11.7	11.9	1.7%	12.0	0.8%	12.1	0.8%	12.2	0.8%
<b>Subtotal, Major Fees and Assessments</b>	<b>\$ 82.7</b>	<b>\$ 83.2</b>	<b>0.6%</b>	<b>\$ 83.8</b>	<b>0.7%</b>	<b>\$ 84.3</b>	<b>0.6%</b>	<b>\$ 84.8</b>	<b>0.6%</b>
<b>Other Recurring Revenue</b>									
Reimbursements and Central Staff	\$ 42.3	\$ 46.8	10.6%	\$ 47.3	1.1%	\$ 48.0	1.5%	\$ 48.6	1.3%
Other Departmental Fees <sup>2</sup>	20.2	20.1	-0.5%	20.9	4.0%	20.9	0.0%	21.0	0.5%
DIA / Grand Bargain Contributions	18.7	18.7	0.0%	18.7	0.0%	18.7	0.0%	18.7	0.0%
Earnings on Investments	9.4	8.9	-5.3%	8.8	-1.1%	8.8	0.0%	8.8	0.0%
Other <sup>3</sup>	25.0	26.5	6.0%	25.0	-5.7%	24.8	-0.8%	24.7	-0.4%
<b>Subtotal, Other Recurring Revenue</b>	<b>\$ 115.6</b>	<b>\$ 121.0</b>	<b>4.7%</b>	<b>\$ 120.7</b>	<b>-0.2%</b>	<b>\$ 121.2</b>	<b>0.4%</b>	<b>\$ 121.8</b>	<b>0.5%</b>
<b>Total, Other Departmental Revenue</b>	<b>\$ 198.3</b>	<b>\$ 204.2</b>	<b>3.0%</b>	<b>\$ 204.5</b>	<b>0.1%</b>	<b>\$ 205.5</b>	<b>0.5%</b>	<b>\$ 206.6</b>	<b>0.5%</b>

**Notes:**

(1) Comprises of various business and regulatory licenses, street use permits, and construction inspection and fire permit charges.

(2) Comprises mostly of departmental service charges, such as various Health, Admin Hearing (late blight ticket fees), Cable Franchise, and Recreation fees.

(3) Comprises of miscellaneous revenues and assessments. All budgeted columns reflect the removal of \$12m DDOT Risk Management Fund contribution pass-through previously classified as revenue.

The Other Departmental Revenue category includes various revenues administered by individual departments related to their activities. The table above breaks out Other Departmental Revenues into two categories: major fees and assessments and other recurring revenue. The major fees and assessments make up roughly 40% of all recurring Other Departmental Revenue, and the forecast assumes modest growth throughout the forecast period. The estimates above are based off current activity, and do not include potential upside from initiatives recently underway or in development, such as EMS billing improvements, new parking initiatives, and other revenue optimization efforts.

The other recurring revenue category represents the remaining 60% of Other Departmental Revenue. The forecast assumes a 4.7% increase from FY 2020 to FY 2021. A major driver for this year-over-year growth is related to a \$3.9 million central staff indirect cost recoveries increase and \$500k Detroit Building Authority (DBA) reimbursement adjustment. This increase is also driven by a \$1.3 million March 2020 presidential primary reimbursement that is anticipated to be received in FY 2021. The slight FY 2022 reduction of (0.2%) is also driven by the removal of the FY 2021 presidential primary reimbursement.

Other Departmental Revenue estimates for FY 2020–24 are adjusted to exclude roughly \$27 million in annual interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the proposed FY 2021 budget. Moving forward, these adjustments will help better align budgeted revenues to actuals (see Appendix, “Exhibit 4 – Reimbursement Adjustment Reconciliation” for detailed breakout).

## Non-General Fund Revenues:

February 2020 Revenue Estimates, Non-General Fund									
\$ in thousands									
	FY20	FY21		FY22		FY23		FY24	
	Est	Est	% Change	Est	% Change	Est	% Change	Est	% Change
<b>Non-General Fund<sup>1</sup></b>									
City of Detroit Capital Projects	\$ 13,600	\$ -	-100.0%	\$ -		\$ -		\$ -	
Civil Rights, Inclusion and Opportunity Fund	2,000	2,000	0.0%	2,000	0.0%	2,000	0.0%	2,000	0.0%
Community Development Block Grant	32,829	32,829	0.0%	32,829	0.0%	32,829	0.0%	32,829	0.0%
Construction Code Fund	25,042	25,042	0.0%	25,042	0.0%	25,042	0.0%	25,042	0.0%
Drug Law Enforcement Fund	1,229	1,229	0.0%	1,229	0.0%	1,229	0.0%	1,229	0.0%
Elections Voter's Education Donations	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%
Fire Grants Fund	597	597	0.0%	597	0.0%	597	0.0%	597	0.0%
Health Grants Fund	27,274	28,117	3.1%	28,961	3.0%	29,830	3.0%	30,725	3.0%
Homeland Security Grants Fund	740	740	0.0%	740	0.0%	740	0.0%	740	0.0%
Library	31,346	32,425	3.4%	33,122	2.1%	33,835	2.2%	34,566	2.2%
Major Street	98,950	103,350	4.4%	105,650	2.2%	106,150	0.5%	106,150	0.0%
Mayor's Office Grants Fund	174	174	0.0%	174	0.0%	174	0.0%	174	0.0%
Police Grants Fund	6,065	6,065	0.0%	6,065	0.0%	6,065	0.0%	6,065	0.0%
Public Act 48 of 2002 Fund	3,000	3,000	0.0%	3,000	0.0%	3,000	0.0%	3,000	0.0%
Public Lighting Decommissioning Reserve Fund	312	312	0.0%	312	0.0%	312	0.0%	312	0.0%
Recreation/General Services Grants Fund	1,725	750	-56.5%	750	0.0%	750	0.0%	750	0.0%
Sinking Interest & Redemption <sup>2</sup>	64,466	67,657	5.0%	52,816	-21.9%	48,991	-7.2%	45,532	-7.1%
Solid Waste Management	51,725	54,125	4.6%	53,825	-0.6%	53,425	-0.7%	52,125	-2.4%
Special Housing Rehab Programs	9,651	9,651	0.0%	9,651	0.0%	9,651	0.0%	9,651	0.0%
Special Revenue Fund	8,905	8,905	0.0%	8,905	0.0%	8,905	0.0%	8,905	0.0%
Urban Development Action and Discretionary Grants	2,771	2,771	0.0%	2,771	0.0%	2,771	0.0%	2,771	0.0%
<b>Enterprise Fund</b>									
Airport Operation and Maintenance <sup>3</sup>	742	742	0.0%	742	0.0%	742	0.0%	742	0.0%
Detroit Water and Sewerage Department	578,507	646,042	11.7%	646,042	0.0%	646,042	0.0%	646,042	0.0%
Transportation <sup>3</sup>	72,301	73,244	1.3%	73,659	0.6%	74,083	0.6%	74,515	0.6%
<b>Total, Non-General Fund Revenue</b>	<b>\$ 1,033,953</b>	<b>\$ 1,099,770</b>	<b>6.4%</b>	<b>\$ 1,088,884</b>	<b>-1.0%</b>	<b>\$ 1,087,166</b>	<b>-0.2%</b>	<b>\$ 1,084,464</b>	<b>-0.2%</b>
<b>Notes:</b>									
(1) Non-General Fund grouping represents all funds excluding Enterprise and fund 1000.									
(2) Forecast based on current debt service schedule. FY21-24 includes \$5m for payments on planned \$80m borrowing.									
(3) Adjusted to exclude General Fund contributions (\$1.6m Airport and \$63.5m DDOT as of the FY20 Adopted Budget).									

Non-General Fund revenues include enterprise, grant and special revenue funds. Major examples include water and sewer bills, bus fares, solid waste fees, intergovernmental aid for roads and transit, library taxes, and other dedicated revenues. The Detroit Water and Sewerage Department (DWSD) estimates represent placeholder amounts until the Department submits their FY 2021 budget recommendation with updated rates. The FY 2020 City of Detroit Capital Projects revenue of \$13.6 million represents the Millennium Garage proceeds per the final sale agreement.

### **Potential Risks to the Revenue Forecast:**

In addition to the economic outlook risks discussed earlier in this report, the following represent additional fiscal risks to the proposed revenue forecast:

- Adverse federal and state policy actions (tax and budget policy, local limitations).
- Increased competition in gaming and risks of current activity trends not continuing.

### **Potential Revenue Improvements:**

The February 2020 revenue estimates do not take into consideration potential changes to existing tax law or proposed State and local policies that have an impact on City revenues. The following potential statewide policy initiatives could yield additional revenue for the City.

- Increased State-shared revenues from recreational marijuana sales.
- Potential increases in the statutory share of State Revenue sharing.
- State-shared revenues from internet gaming and sports betting.

Additionally, the following City initiatives could provide further improved revenues:

- Revenue gains from continued economic development projects throughout the city.
- Property tax collection rate improvements from the City's Plan Ahead Property Tax Savings Program.
- Tentative increase in tax year 2020 taxable property values (pending March Board of Review).
- Potential increases in property tax revenue from additional increases in taxable value from uncapping as property sales occur and as abatements expire.
- Income tax collection rate improvements from new withholding legislation for employers outside the city.
- Departmental revenue gains from initiatives in early stages, such as EMS billing improvements, new parking initiatives, and other revenue optimization efforts.
- Revenues collected from one-time sales of City-owned real property and other non-recurring revenues that are not anticipated in these estimates.

**Appendix:**

**Exhibit 1 - Changes from the September 2019 Revenue Conference,  
FY 2020 – FY 2024:**

February 2020 Revenue Estimates vs. September 2019 Revenue Estimates															
(in millions)															
	FY20			FY21			FY22			FY23			FY24		
	Sept	Feb	% Change	Sept	Feb	% Change	Sept	Feb	% Change	Sept	Feb	% Change	Sept	Feb	% Change
<b>Major Taxes</b>															
Income Tax	\$ 325.0	\$ 329.8	1.5%	\$ 333.5	\$ 340.4	2.1%	\$ 344.0	\$ 347.6	1.0%	\$ 354.1	\$ 357.0	0.8%	\$ 364.2	\$ 366.1	0.5%
Recurring	325.0	333.3	2.6%	333.5	340.4	2.1%	344.0	347.6	1.0%	354.1	357.0	0.8%	364.2	366.1	0.5%
Non-Recurring	-	(3.5)		-	-		-	-		-	-		-	-	
State Revenue Sharing	203.1	208.4	2.6%	199.9	205.0	2.6%	201.1	206.6	2.7%	202.3	208.3	3.0%	203.5	210.0	3.2%
Wagering Tax	185.8	186.0	0.1%	187.6	187.8	0.1%	189.4	189.7	0.2%	191.3	191.6	0.2%	193.3	193.5	0.1%
Property Tax	133.7	132.6	-0.8%	135.2	133.4	-1.3%	135.7	132.9	-2.1%	136.0	132.5	-2.6%	137.2	132.8	-3.2%
Tax Increment Financing Capture	(14.0)	(14.2)	1.4%	(14.3)	(14.5)	1.4%	(13.9)	(14.1)	1.4%	(14.2)	(14.4)	1.4%	(14.6)	(14.6)	0.0%
<b>Net Property Tax<sup>1</sup></b>	<b>119.7</b>	<b>118.4</b>	<b>-1.1%</b>	<b>120.9</b>	<b>118.9</b>	<b>-1.7%</b>	<b>121.8</b>	<b>118.8</b>	<b>-2.5%</b>	<b>121.8</b>	<b>118.1</b>	<b>-3.0%</b>	<b>122.6</b>	<b>118.2</b>	<b>-3.6%</b>
Utility Users Tax	42.4	40.8	-3.8%	43.2	41.0	-5.1%	44.6	41.2	-7.6%	46.5	41.4	-11.0%	48.8	41.6	-14.8%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	(12.5)	0.0%	(12.5)	(12.5)	0.0%	(12.5)	(12.5)	0.0%	(12.5)	(12.5)	0.0%
<b>Net Utility Users Tax</b>	<b>29.9</b>	<b>28.3</b>	<b>-5.4%</b>	<b>30.7</b>	<b>28.5</b>	<b>-7.2%</b>	<b>32.1</b>	<b>28.7</b>	<b>-10.6%</b>	<b>34.0</b>	<b>28.9</b>	<b>-15.0%</b>	<b>36.3</b>	<b>29.1</b>	<b>-19.8%</b>
<b>Subtotal, Major Taxes</b>	<b>\$ 863.5</b>	<b>\$ 870.9</b>	<b>0.9%</b>	<b>\$ 872.6</b>	<b>\$ 880.6</b>	<b>0.9%</b>	<b>\$ 888.4</b>	<b>\$ 891.4</b>	<b>0.3%</b>	<b>\$ 903.5</b>	<b>\$ 903.9</b>	<b>0.0%</b>	<b>\$ 919.9</b>	<b>\$ 916.9</b>	<b>-0.3%</b>
<b>Major Taxes, Recurring Only</b>	<b>\$ 863.5</b>	<b>\$ 874.4</b>	<b>1.3%</b>	<b>\$ 872.6</b>	<b>\$ 880.6</b>	<b>0.9%</b>	<b>\$ 888.4</b>	<b>\$ 891.4</b>	<b>0.3%</b>	<b>\$ 903.5</b>	<b>\$ 903.9</b>	<b>0.0%</b>	<b>\$ 919.9</b>	<b>\$ 916.9</b>	<b>-0.3%</b>
<b>Other Revenues</b>	<b>\$ 219.9</b>	<b>\$ 206.0</b>	<b>-6.3%</b>	<b>\$ 204.1</b>	<b>\$ 204.2</b>	<b>0.0%</b>	<b>\$ 203.9</b>	<b>\$ 204.5</b>	<b>0.3%</b>	<b>\$ 204.7</b>	<b>\$ 205.5</b>	<b>0.4%</b>	<b>\$ 205.9</b>	<b>\$ 206.6</b>	<b>0.3%</b>
Recurring	200.8	198.3	-1.2%	204.1	204.2	0.0%	203.9	204.5	0.3%	204.7	205.5	0.4%	205.9	206.6	0.3%
Non-Recurring	19.1	7.7	-59.7%	-	-		-	-		-	-		-	-	
<b>Grand Total, General Fund</b>	<b>\$ 1,083.4</b>	<b>\$ 1,076.9</b>	<b>-0.6%</b>	<b>\$ 1,076.7</b>	<b>\$ 1,084.8</b>	<b>0.8%</b>	<b>\$ 1,092.3</b>	<b>\$ 1,095.9</b>	<b>0.3%</b>	<b>\$ 1,108.2</b>	<b>\$ 1,109.4</b>	<b>0.1%</b>	<b>\$ 1,125.8</b>	<b>\$ 1,123.5</b>	<b>-0.2%</b>
<b>General Fund, Recurring Only</b>	<b>\$ 1,064.3</b>	<b>\$ 1,072.7</b>	<b>0.8%</b>	<b>\$ 1,076.7</b>	<b>\$ 1,084.8</b>	<b>0.8%</b>	<b>\$ 1,092.3</b>	<b>\$ 1,095.9</b>	<b>0.3%</b>	<b>\$ 1,108.2</b>	<b>\$ 1,109.4</b>	<b>0.1%</b>	<b>\$ 1,125.8</b>	<b>\$ 1,123.5</b>	<b>-0.2%</b>
<b>Notes:</b>	All years have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the FY21 budget.														
	(1) Property Tax has been adjusted to include Special Acts revenue in order to be consistent with CAFR presentation. Special Acts were previously categorized as Other Revenue.														

**Exhibit 2 - General Fund Revenues by Major Use:**

<b>February 2020 Revenue Estimates, General Fund</b>									
(in millions)									
	FY20	FY21		FY22		FY23		FY24	
	Est	Est	% Change	Est	% Change	Est	% Change	Est	% Change
<b>Major Taxes</b>									
<b>Income Tax</b>	\$ 329.8	\$ 340.4	3.2%	\$ 347.6	2.1%	\$ 357.0	2.7%	\$ 366.1	2.5%
<b>State Revenue Sharing</b>	208.4	205.0	-1.6%	206.6	0.8%	208.3	0.8%	210.0	0.8%
<b>Wagering Tax</b>	186.0	187.8	1.0%	189.7	1.0%	191.6	1.0%	193.5	1.0%
Property Tax	132.6	133.4	0.6%	132.9	-0.4%	132.5	-0.3%	132.8	0.2%
Tax Increment Financing Capture	(14.2)	(14.5)	2.1%	(14.1)	-2.8%	(14.4)	2.1%	(14.6)	1.4%
<b>Net Property Tax</b>	<b>118.4</b>	<b>118.9</b>	<b>0.4%</b>	<b>118.8</b>	<b>-0.1%</b>	<b>118.1</b>	<b>-0.6%</b>	<b>118.2</b>	<b>0.1%</b>
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%
<b>Net Utility Users Tax</b>	<b>28.3</b>	<b>28.5</b>	<b>0.7%</b>	<b>28.7</b>	<b>0.7%</b>	<b>28.9</b>	<b>0.7%</b>	<b>29.1</b>	<b>0.7%</b>
<b>Subtotal, Major Taxes</b>	<b>\$ 870.9</b>	<b>\$ 880.6</b>	<b>1.1%</b>	<b>\$ 891.4</b>	<b>1.2%</b>	<b>\$ 903.9</b>	<b>1.4%</b>	<b>\$ 916.9</b>	<b>1.4%</b>
<b>Other Revenue</b>									
Contributions and Transfers	\$ 5.1	\$ 5.1	0.0%	\$ 5.1	0.0%	\$ 5.1	0.0%	\$ 5.1	0.0%
Fines, Forfeits and Penalties	20.7	20.7	0.0%	20.7	0.0%	20.7	0.0%	20.7	0.0%
Interest and Penalties on Taxes	0.3	0.3	0.0%	0.3	0.0%	0.3	0.0%	0.3	0.0%
Intergovernmental Revenues	3.1	3.2	3.2%	3.2	0.0%	3.2	0.0%	3.3	3.1%
Licenses, Permits and Inspection Charges	11.7	11.9	1.7%	12.0	0.8%	12.1	0.8%	12.2	0.8%
Miscellaneous	0.3	0.3	0.0%	0.3	0.0%	0.3	0.0%	0.3	0.0%
Other Revenue	7.7	9.4	22.1%	8.6	-8.5%	9.0	4.7%	9.5	5.6%
Other Taxes, Assessments, and Interest	23.8	23.4	-1.7%	22.9	-2.1%	22.4	-2.2%	21.9	-2.2%
Revenues from Use of Assets	11.5	10.9	-5.2%	10.9	0.0%	10.9	0.0%	10.9	0.0%
Sales & Charges for Services	114.1	119.0	4.3%	120.5	1.3%	121.5	0.8%	122.4	0.7%
Sales of Assets and Compensation for Losses	7.7	-	-100.0%	-	0.0%	-	-	-	-
<b>Subtotal, Other Revenue</b>	<b>\$ 206.0</b>	<b>\$ 204.2</b>	<b>-0.9%</b>	<b>\$ 204.5</b>	<b>0.1%</b>	<b>\$ 205.5</b>	<b>0.5%</b>	<b>\$ 206.6</b>	<b>0.5%</b>
<b>Grand Total, General Fund</b>	<b>\$ 1,076.9</b>	<b>\$ 1,084.8</b>	<b>0.7%</b>	<b>\$ 1,095.9</b>	<b>1.0%</b>	<b>\$ 1,109.4</b>	<b>1.2%</b>	<b>\$ 1,123.5</b>	<b>1.3%</b>

**Exhibit 3 - FY 2020 February 2019 Revenue Conference to Adopted Budget Fund  
Reclassification Reconciliation:**

<b>FY 2020 Adopted Budget vs. February 2019 Revenue Conference Reconciliation</b>	
<i>\$ in thousands</i>	
<b>General Fund</b>	<b>FY 2020</b>
<b>February 2019 Revenue Estimating Conference</b>	<b>\$ 1,077,711</b>
Municipal Parking - Fee Shift to General Fund	9,238
Police - Towing Shift to Special Revenue Fund	(765)
<b>FY 2020 Adopted Budget*</b>	<b>\$ 1,086,184</b>
<b>Other Funds</b>	<b>FY 2020</b>
<b>February 2019 Revenue Estimating Conference</b>	<b>\$ 1,121,127</b>
Special Revenue Fund - Shift Police Towing from General Fund	765
Parking Fund - Shift Parking Fee Revenue to General Fund	(9,238)
DWSD - Budget Submission Adjustments	(34,025)
<b>FY 2020 Adopted Budget</b>	<b>\$ 1,078,629</b>
* Includes recurring revenues only and excludes use of prior-year fund balance.	

**Exhibit 4 - Reimbursement Adjustment Reconciliation**

<b>Reimbursements Adjustment Reconciliation</b>							
<i>\$ in thousands</i>							
	FY 2019	FY 2020	February 2020 Estimates				
	Actual	Adopted	FY20	FY21	FY22	FY23	FY24
<b>General Fund Baseline</b>	<b>\$1,310,265</b>	<b>\$1,086,184</b>	<b>\$ 1,103,671</b>	<b>\$ 1,111,694</b>	<b>\$ 1,122,918</b>	<b>\$ 1,136,484</b>	<b>\$ 1,150,750</b>
<b>Contra Expenses</b>							
Street Fund Reimbursement - General Services	(10,326)	(12,537)	(12,537)	(12,662)	(12,789)	(12,917)	(13,046)
BSEED - Environmental Inspectors Reimbursement	(1,375)	(2,205)	(2,205)	(2,205)	(2,205)	(2,205)	(2,205)
<b>Contributions and Transfers</b>							
Risk Management DDOT Contribution pass-through	-	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
<b>Grand Total, Reimbursement Adjustments</b>	<b>\$ (11,701)</b>	<b>\$ (26,742)</b>	<b>\$ (26,742)</b>	<b>\$ (26,867)</b>	<b>\$ (26,994)</b>	<b>\$ (27,122)</b>	<b>\$ (27,251)</b>
<b>Adjusted General Fund Baseline</b>	<b>\$1,298,564</b>	<b>\$1,059,442</b>	<b>\$ 1,076,929</b>	<b>\$ 1,084,827</b>	<b>\$ 1,095,924</b>	<b>\$ 1,109,362</b>	<b>\$ 1,123,499</b>
All revenue amounts have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the proposed FY 2021 budget.							



## Exhibit 5 – February Other General Fund Revenue by Department

February 2020 Revenue Estimates, Recurring Other Revenue - General Fund									
(in thousands)									
Department	FY20	FY21	% Change	FY22	% Change	FY23	% Change	FY24	% Change
	Est	Est		Est		Est		Est	
Buildings, Safety Engineering and Environmental	\$ 2,338	\$ 2,387	2.1%	\$ 2,387	0.0%	\$ 2,387	0.0%	\$ 2,387	0.0%
Public Works	4,241	4,241	0.0%	4,241	0.0%	4,241	0.0%	4,241	0.0%
Office of the Chief Financial Officer	5,664	4,949	-12.6%	5,060	2.2%	5,174	2.3%	5,291	2.3%
Fire	19,155	19,457	1.6%	19,766	1.6%	20,080	1.6%	20,400	1.6%
Health	2,548	2,571	0.9%	2,595	0.9%	2,619	0.9%	2,643	0.9%
Human Resources	1,161	1,331	14.6%	1,358	2.0%	1,385	2.0%	1,413	2.0%
Civil Rights, Inclusion and Opportunity	402	402	0.0%	402	0.0%	402	0.0%	402	0.0%
Law	1,977	2,039	3.1%	2,079	2.0%	2,120	2.0%	2,161	1.9%
Mayor's Office	50	50	0.0%	50	0.0%	50	0.0%	50	0.0%
Municipal Parking	21,555	21,555	0.0%	21,555	0.0%	21,555	0.0%	21,555	0.0%
Non-Departmental	100,142	104,459	4.3%	105,764	1.2%	106,487	0.7%	107,220	0.7%
Housing & Revitalization	2,518	3,015	19.7%	3,015	0.0%	3,015	0.0%	3,015	0.0%
Police	5,768	5,768	0.0%	5,768	0.0%	5,768	0.0%	5,768	0.0%
Public Lighting	1,800	1,600	-11.1%	1,400	-12.5%	1,200	-14.3%	1,000	-16.7%
Appeals and Hearings	2,557	2,557	0.0%	2,557	0.0%	2,557	0.0%	2,557	0.0%
General Services	8,103	8,123	0.2%	8,146	0.3%	8,169	0.3%	8,192	0.3%
Board of Zoning Appeals	90	90	0.0%	90	0.0%	90	0.0%	90	0.0%
City Council	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
36th District Court	18,205	18,205	0.0%	18,205	0.0%	18,205	0.0%	18,205	0.0%
City Clerk	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%
Elections	5	1,300	25900.0%	5	-100%	5	0.0%	5	0.0%
<b>Total, Other Revenue - General Fund</b>	<b>\$ 198,302</b>	<b>\$ 204,122</b>	<b>2.9%</b>	<b>\$ 204,466</b>	<b>0.2%</b>	<b>\$ 205,532</b>	<b>0.5%</b>	<b>\$ 206,618</b>	<b>0.5%</b>

Excludes \$7.7m in FY20 Housing and Revitalization non-recurring revenue items pertaining to sales and use of assets that are not based on trend.

**Exhibit 6 – FY 2019 Actuals Reconciliation**

<b>2019 Revenue Actuals - CAFR to Budget Display Reconciliation</b>	
<i>\$ in thousands</i>	
<b>General Fund</b>	<b>FY 2019</b>
<b>CAFR Revenue</b>	<b>\$ 1,120,295</b>
Other Financing Sources - Face amount of bonds and notes issued	175,985
Other Financing Sources - Transfers In	15,014
Other Financing Sources - Sale of Capital Assets	<u>4,080</u>
<b>Grand Total, CAFR Resources</b>	<b>\$ 1,315,374</b>
Reclassifying of revenues coded as expenditures in CAFR	3,967
Remove non-fund 1000 CAFR General Fund revenues	(9,076)
Reimbursement adjustment <sup>1</sup>	<u>(11,701)</u>
<b>Total, FY 2019 Revenue Actuals</b>	<b>\$ 1,298,564</b>
<b>Non-Recurring Items</b>	
<b>Major Taxes</b>	
Income Tax - Corporate	23,000
Income Tax - Prior-year adjustments	6,900
Income Tax - Partnership	<u>2,000</u>
<b>Subtotal, Major Taxes</b>	<b>\$ 31,900</b>
<b>Other Revenue</b>	
Face amount of bonds and notes issued	175,985
Financing Revenue	25,803
CCF Transfer to Budget Reserve	15,014
Local Community Stabilization Authority	4,578
Sale of City Real Property and Equipment	4,080
JLA Auction Proceeds and State of Michigan LIBOR settlement	2,499
Adjustment period expenses reclassified as revenue	<u>(4,057)</u>
<b>Subtotal, Other Revenue</b>	<b>\$ 223,902</b>
<b>Total, FY 2019 Non-Recurring Items</b>	<b>\$ 255,802</b>
<b>Total, FY 2019 Recurring Revenue</b>	<b><u>\$ 1,042,762</u></b>
Major Taxes	863,475
Other Revenue	179,287
<b>Notes:</b>	
(1) All revenue amounts have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in the proposed FY 2021 budget.	