



Revenue Estimating Conference

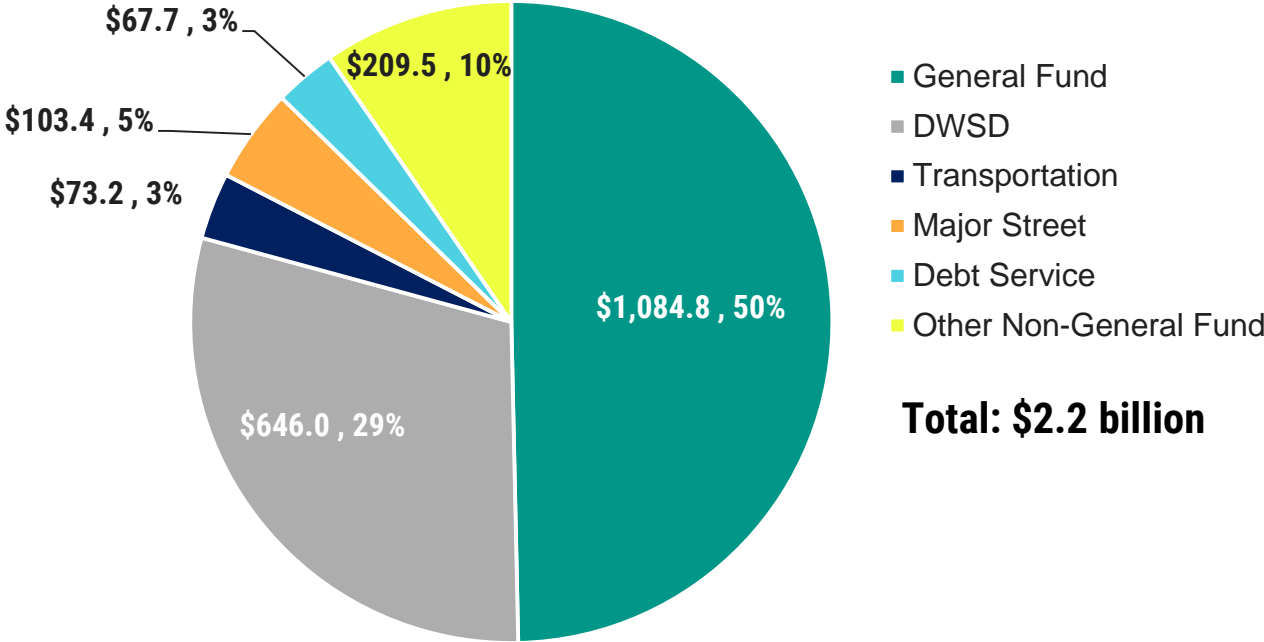
February 19, 2020

Overview

- Michigan PA 279 of 1909, Section 117.4t(1)(d), as amended by PA 182 of 2014, states the City of Detroit shall hold independent biannual revenue estimating conferences (in September and February) that establish the official economic forecast and forecast of anticipated City revenues.
- Revenue estimates must be approved by the voting principals:
 - 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
 - George Fulton, PhD: Director Emeritus, Research Professor Emeritus, Research Seminar In Quantitative Economics (RSQE), Department of Economics, University of Michigan
- The estimates include the current fiscal year (FY 2020) and the next four years (FY 2021 – FY 2024).
- They set the revenues for the City's FY 2021 budget and FY 2021 – FY 2024 Four-Year Financial Plan.

FY 2021 Revenue Summary, All Funds

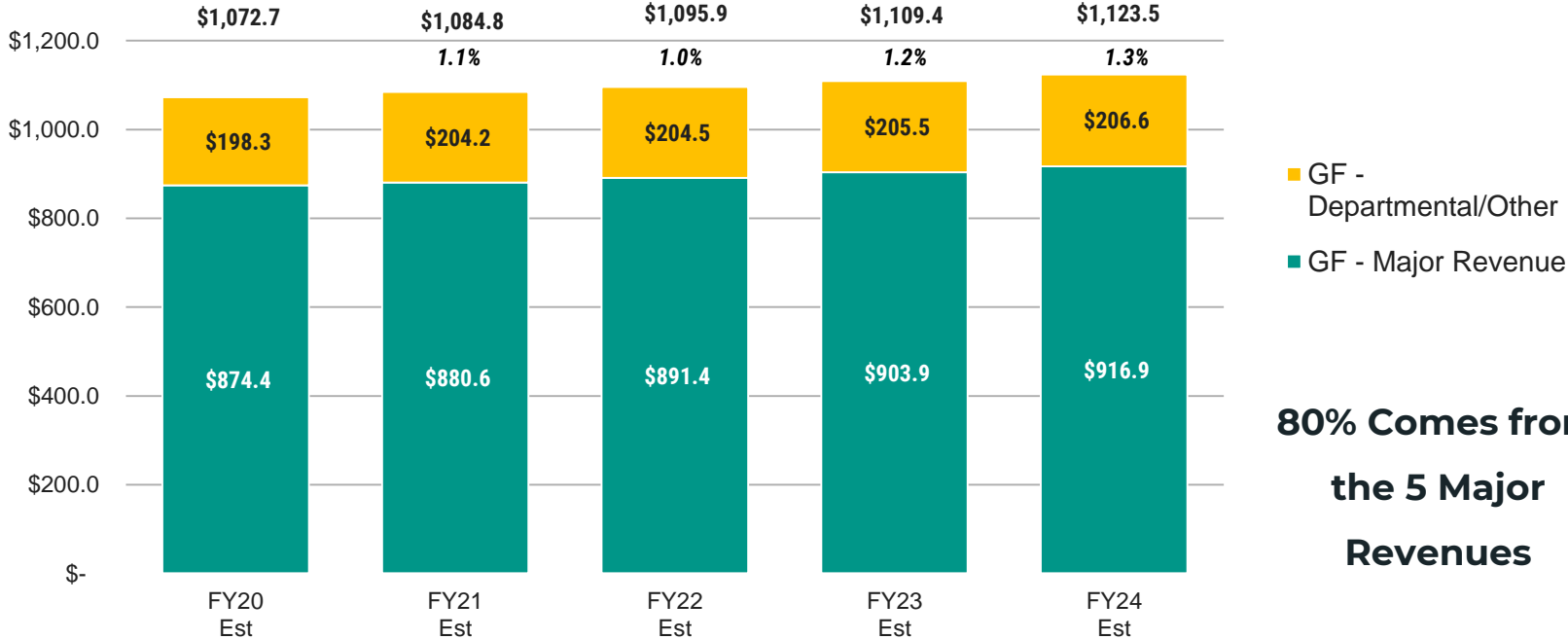
FY 2021 February 2020 Estimates
(in millions)



General Fund Revenues

Total Recurring General Fund Revenue: FY 2020 - FY 2024

(in millions)



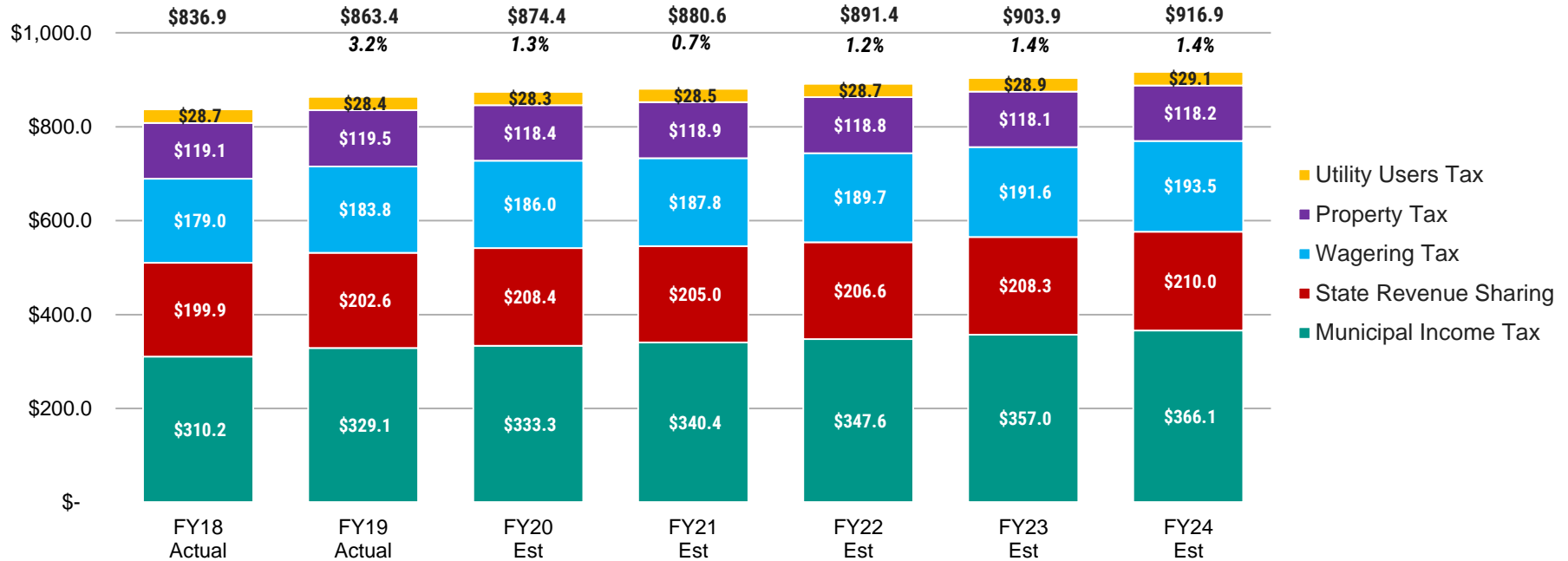
- GF - Departmental/Other
- GF - Major Revenue

80% Comes from the 5 Major Revenues



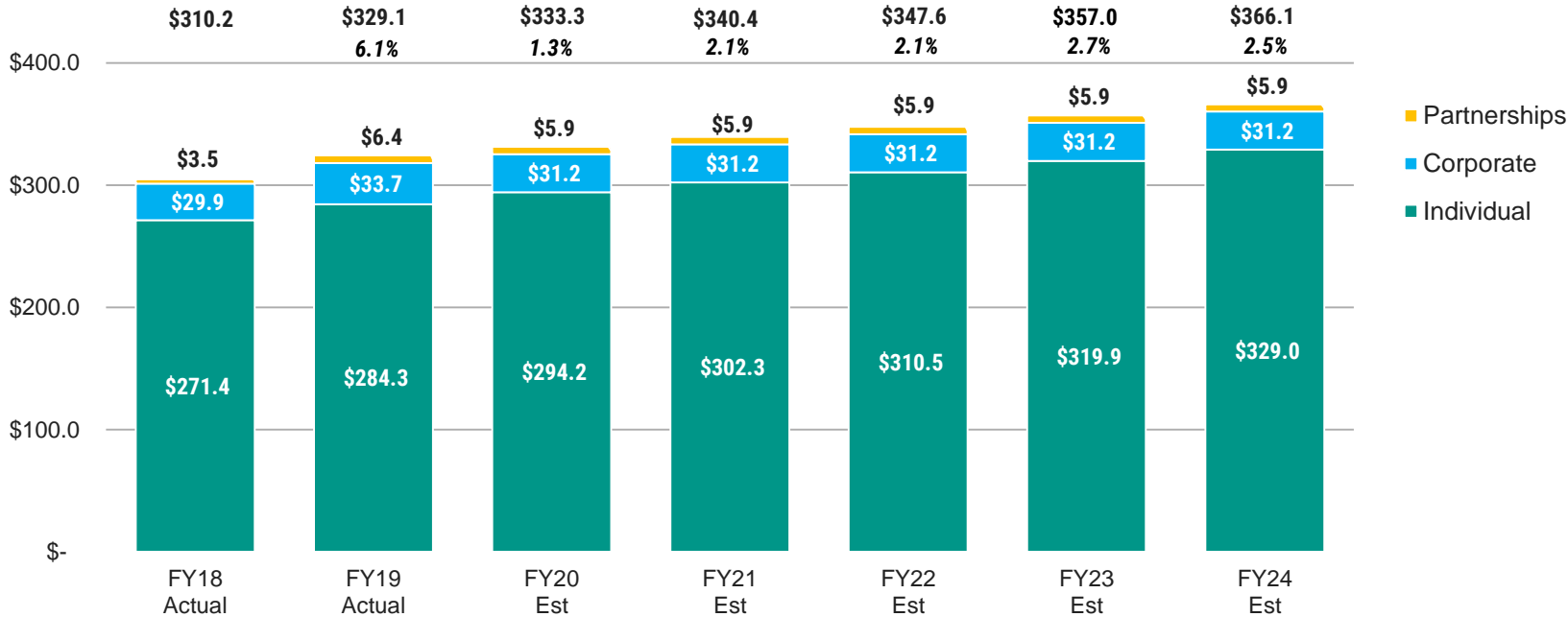
Major Revenues

Recurring Major Tax Revenue History and Projection: FY 2018 - FY 2024
(in millions)

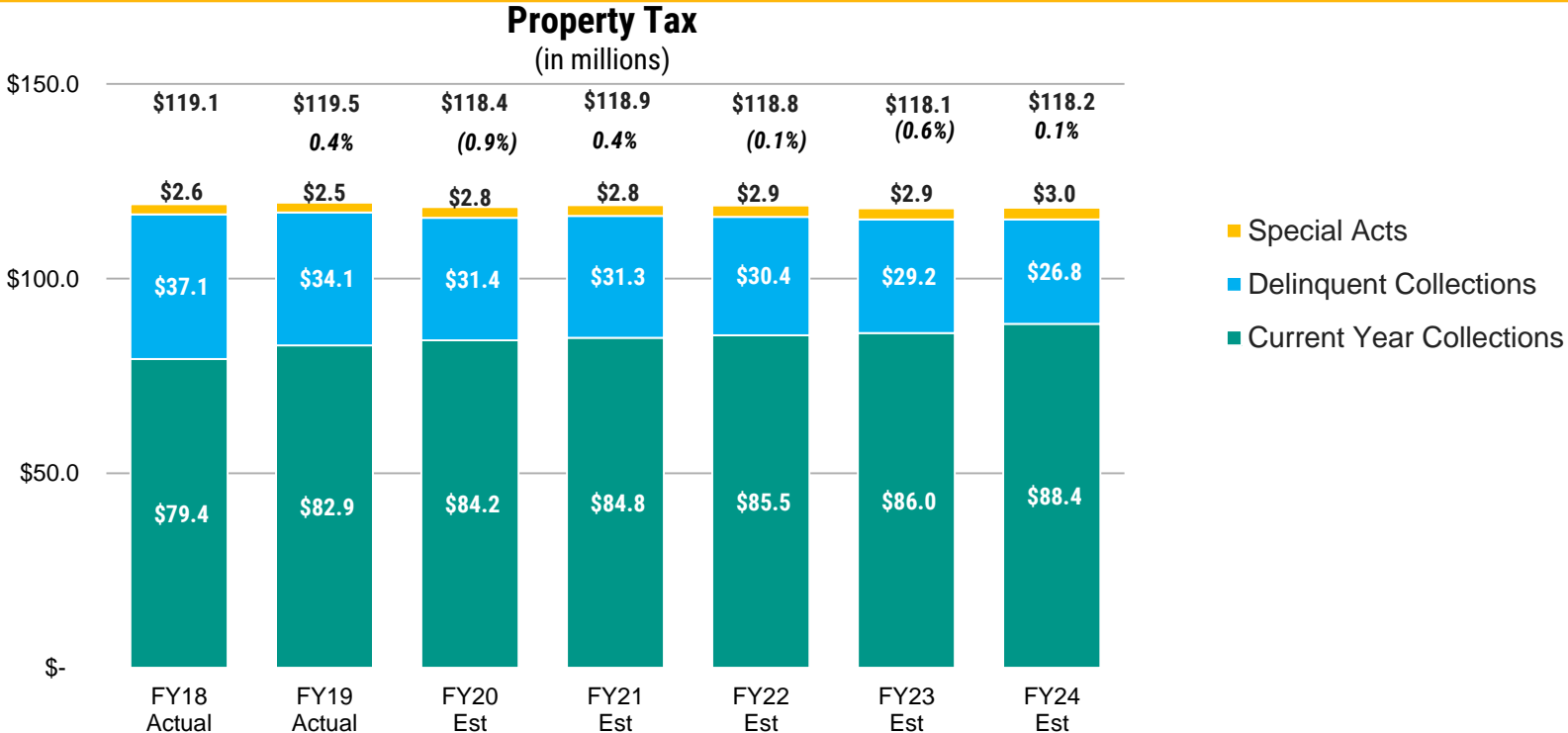


Income Tax

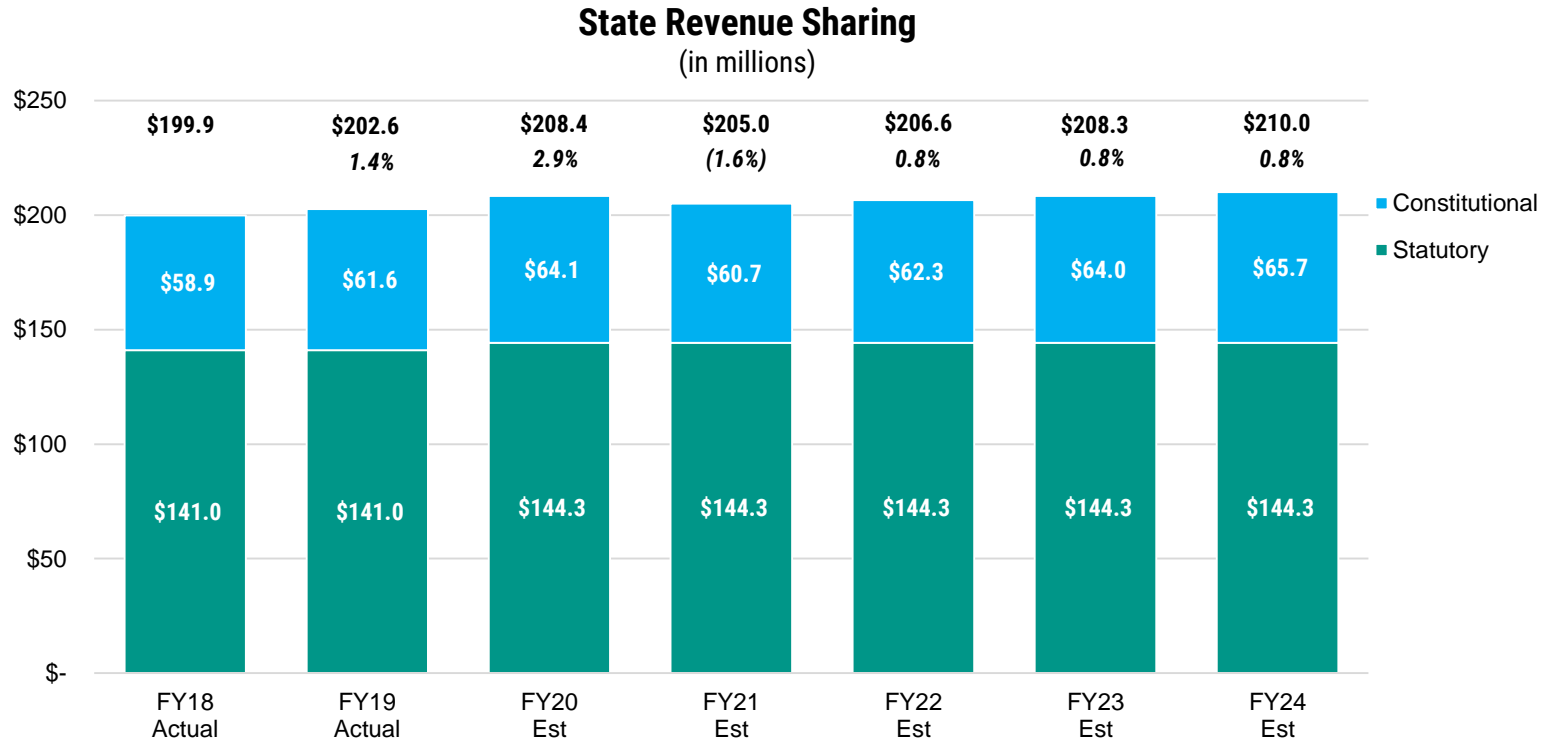
Recurring Municipal Income Tax (in millions)



Property Tax

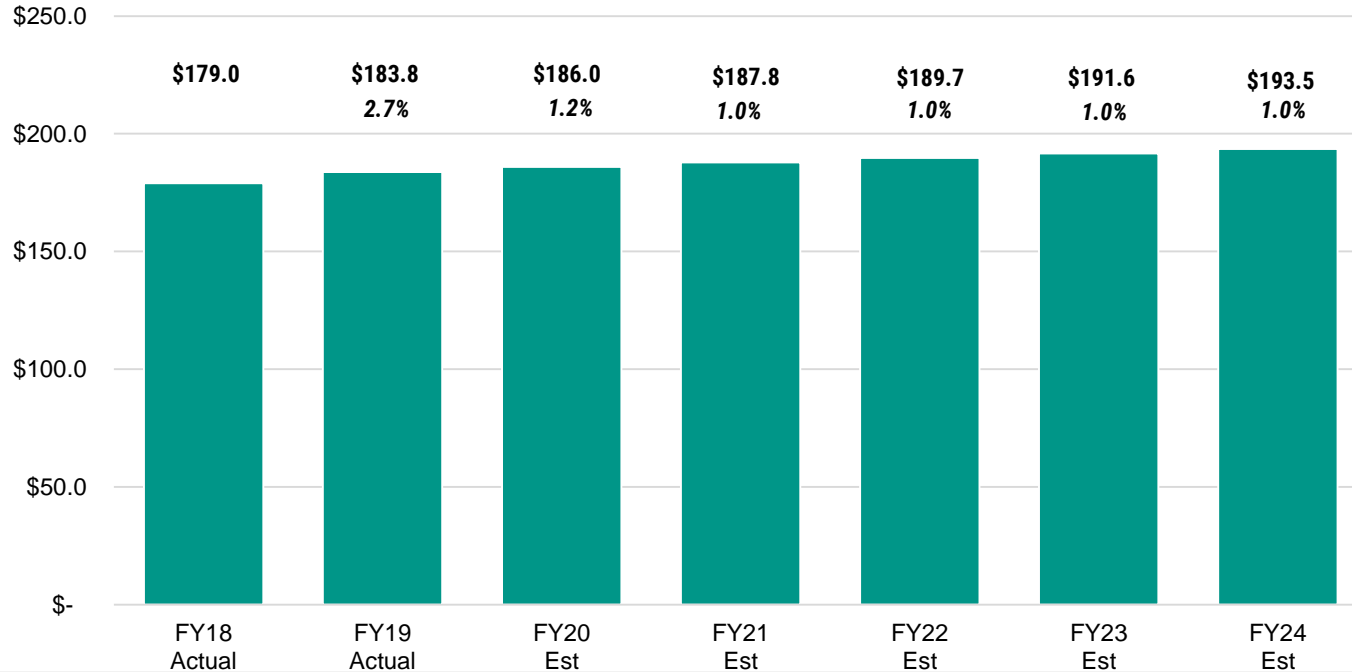


State Revenue Sharing



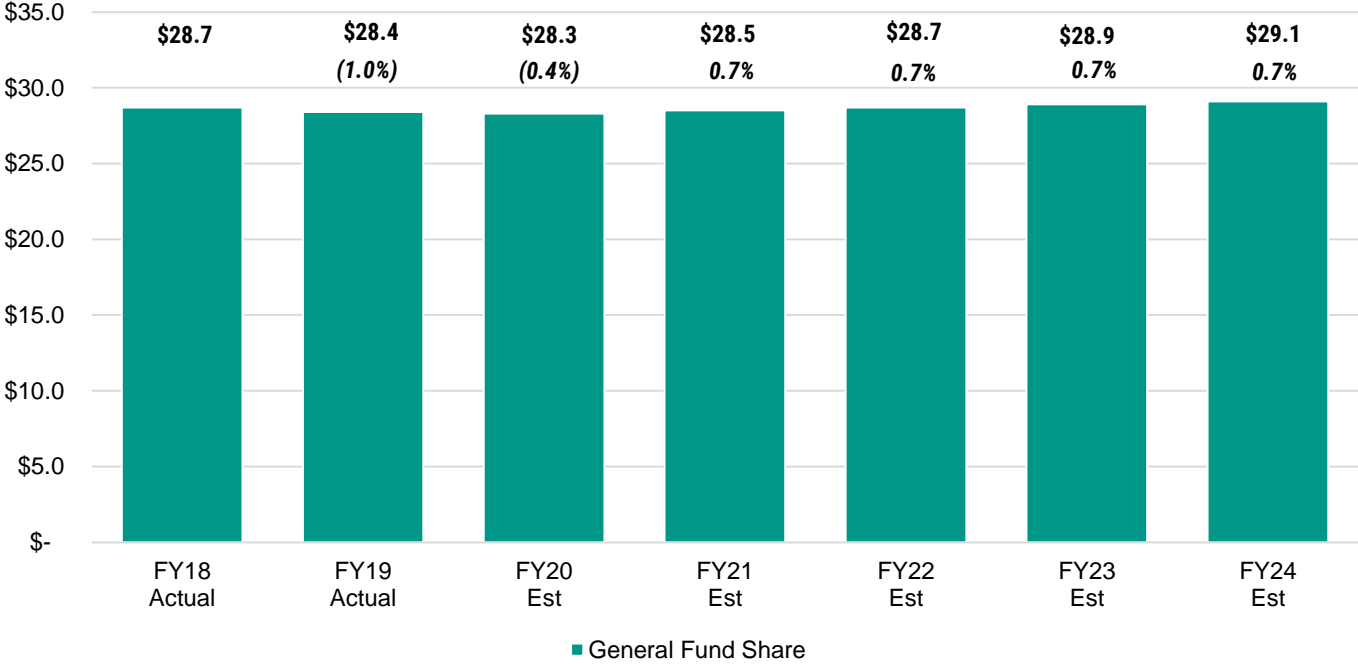
Wagering Tax

Wagering Tax
(in millions)



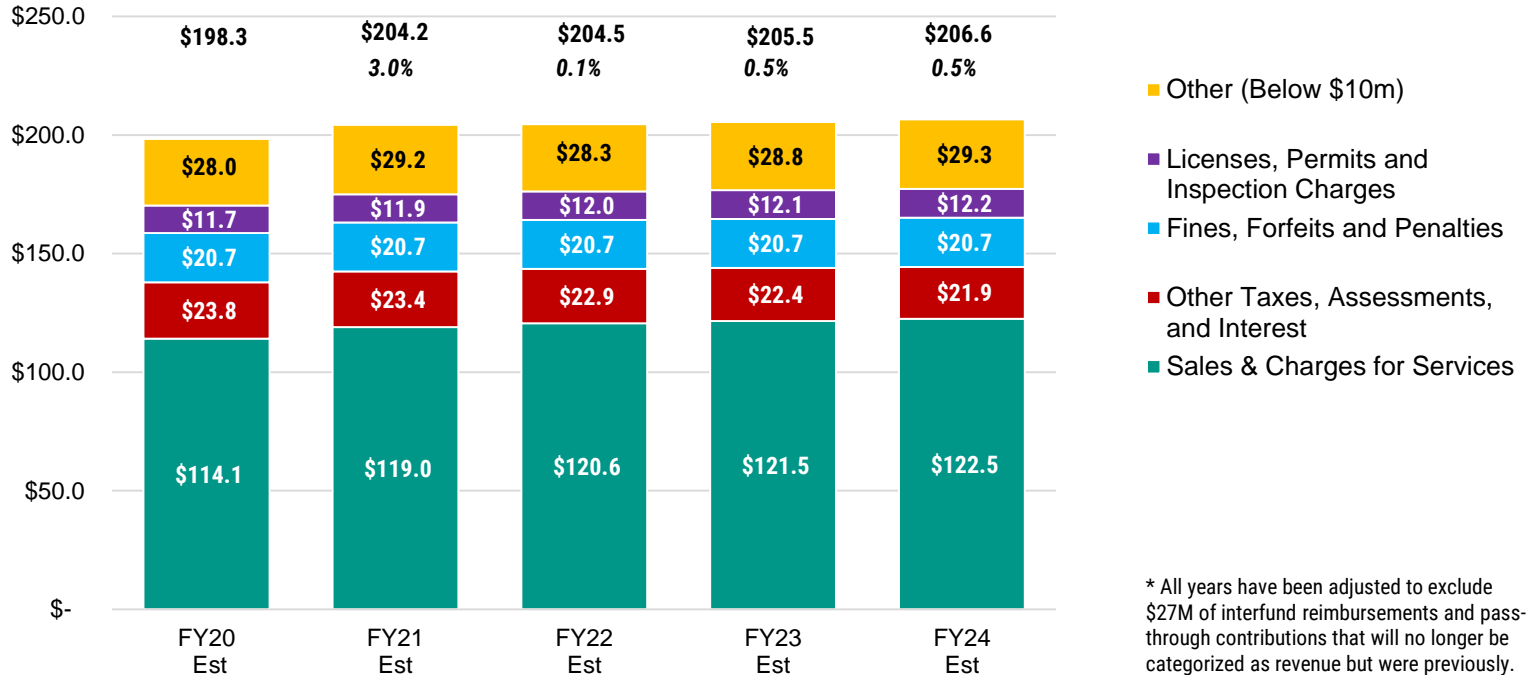
Utility Users Tax

Utility Users Tax
(in millions)



Departmental & Other Revenues

Recurring Departmental/Other General Fund Revenues
(in millions)



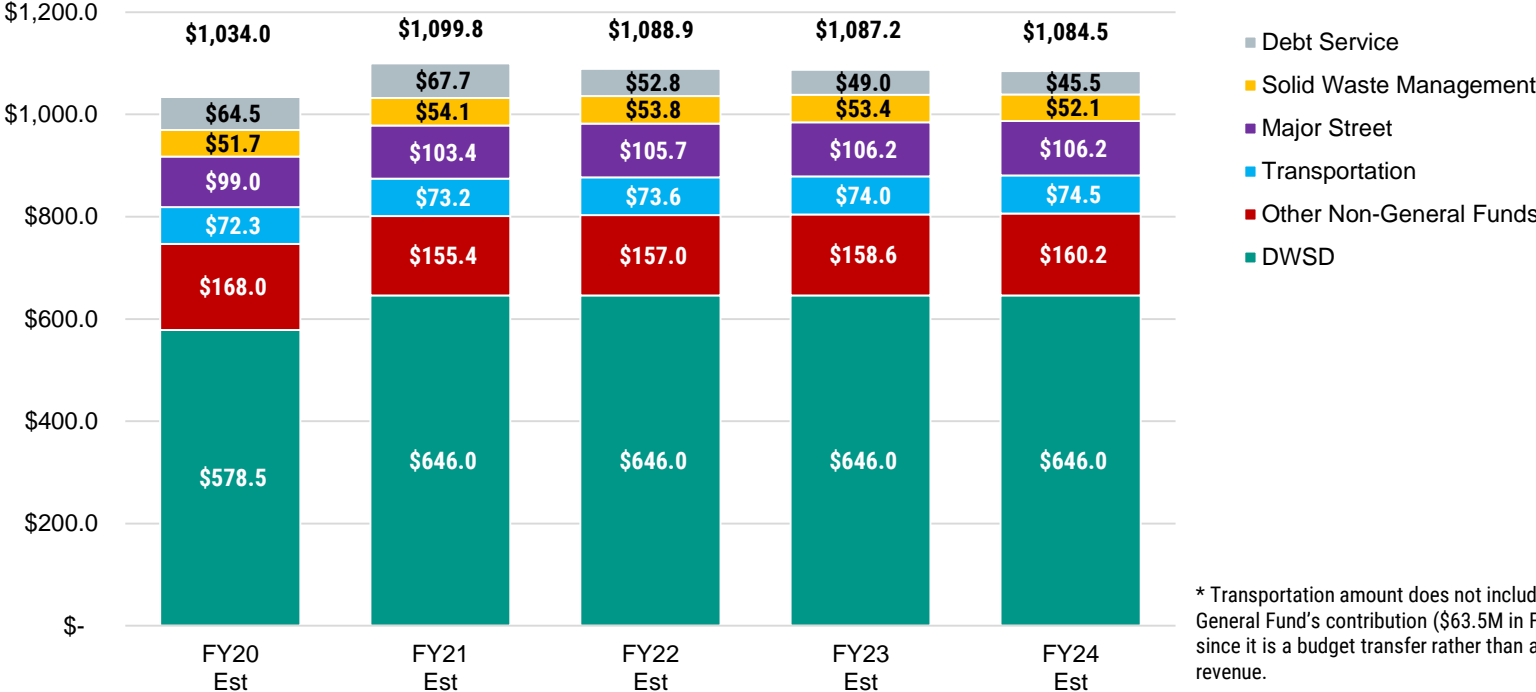
* All years have been adjusted to exclude \$27M of interfund reimbursements and pass-through contributions that will no longer be categorized as revenue but were previously.



Non-General Fund Revenues

Non-General Fund Revenue Estimates: FY 2020 - FY 2024

(in millions)

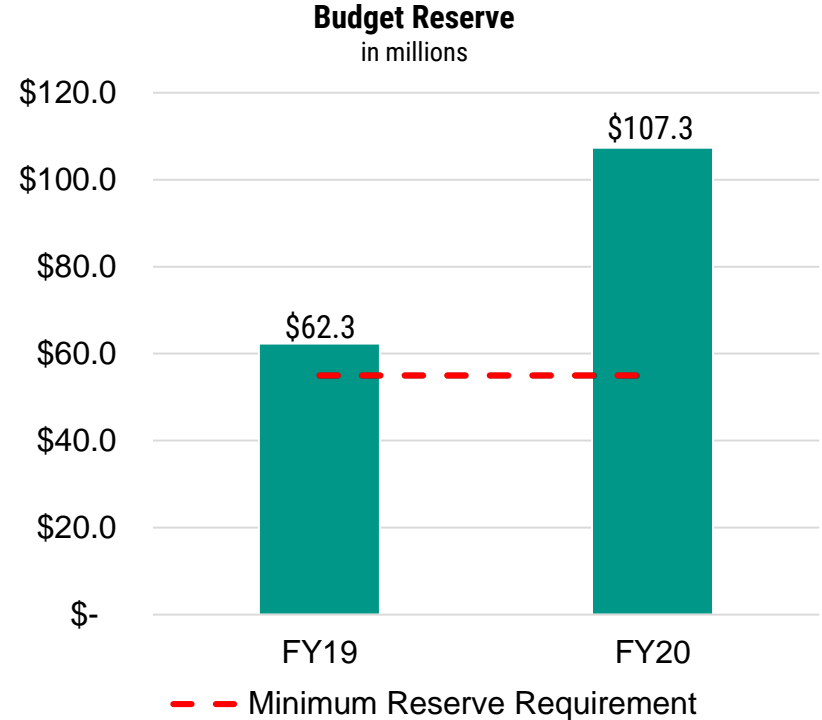


* Transportation amount does not include the General Fund's contribution (\$63.5M in FY20) since it is a budget transfer rather than a revenue.



Budget Reserve (Rainy Day Fund)

- State law requires the City of Detroit to maintain a General Fund reserve of no less than 5% of the projected expenditures for the fiscal year.
- The FY 2020 Adopted Budget provides for an ending reserve balance of \$107.3M, or nearly 10% of projected expenditures.
- Additional budget reserves allow the City to better manage economic and revenue risks.
- Goal is to reach 15% of projected expenditures within the next 2 years.



Risks & Potential Upside

Risks

- National economic trends and international economic issues
- Federal and state budget pressures and adverse policy actions
- Potential for current gaming activity trends to change

Potential Upside

- Development projects and economic growth throughout the city
- Internet gaming and sports betting
- State-shared taxes on recreational marijuana sales
- Tentative increase in tax year 2020 taxable property values (pending March Board of Review)
- Revenue collection improvements