

City Council Budget Hearing

Office of the Chief Financial
Officer, March 24, 2023

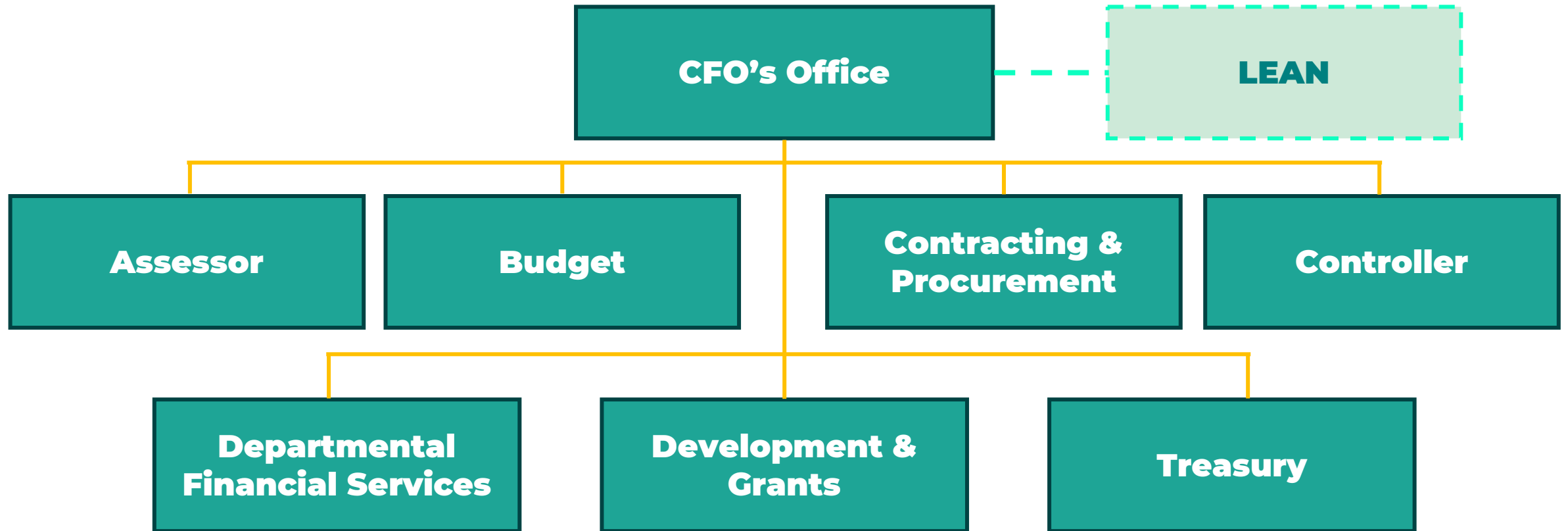


TAKE PART
Opportunity Rising



OCFO Organizational Chart and Mission

Mission of the OCFO: Continue to create and implement a financial infrastructure that results in a structurally balanced budget and long-term plan, while enabling the City to make investments that improve the quality of life for Detroiters.



OCFO Responsibilities

Powers and Responsibilities

- ✓ Position of Chief Financial Officer established under the Home Rule City Act in 2014
- ✓ CFO must supervise all financial and budget activities of the City, which were consolidated under the OCFO
- ✓ CFO must certify that the budget is balanced over 4 years and complies with State law
- ✓ CFO must submit fiscal impact statements on the effect of proposed policies and budgetary decisions
- ✓ CFO may compel production of financial information from elected and appointed officials and employees.

OCFO Staffing (General Fund Only)

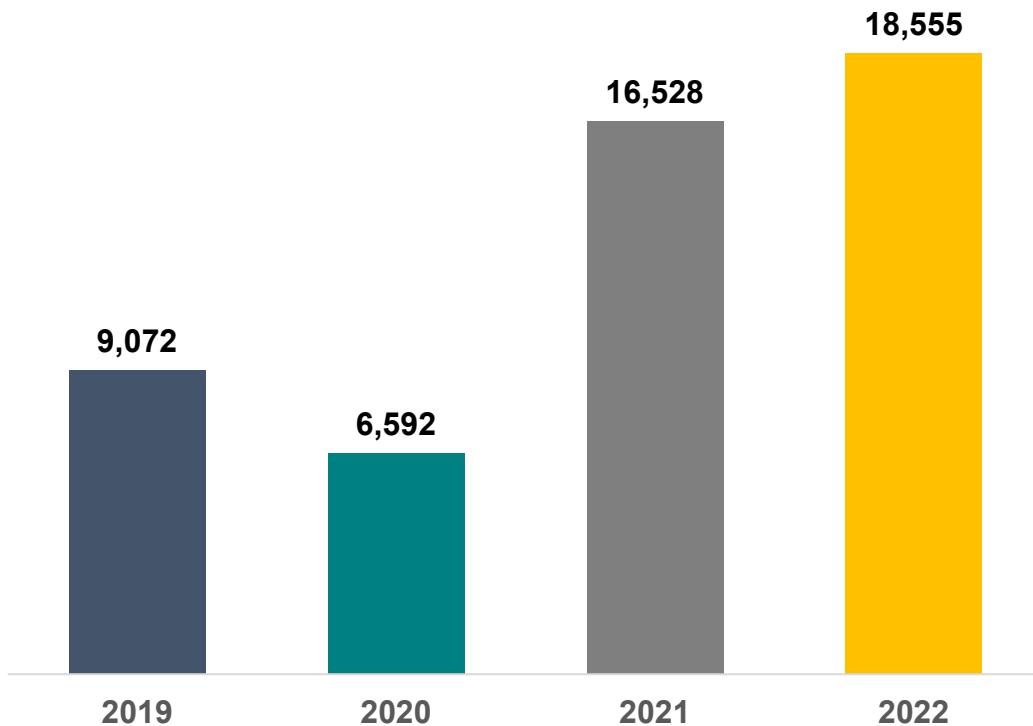
Division	FY22 Adopted	FY23 Adopted	FY24 Proposed	Variance from FY23 – FY24
CFO's Office	8.0	14.0	15.0	1.0
Assessor	61.0	63.0	66.0	3.0
Budget	23.0	22.0	23.0	1.0
Contracting & Procurement	47.0	35.0	38.0	3.0
Controller	67.0	51.0	53.0	2.0
Development & Grants	26.0	25.0	25.0	-
Departmental Financial Services	122.0	110.0	116.0	6.0
Treasury	68.0	58.0	63.0	5.0
Total	422.0	378.0	399.0	21.0

44 positions cut in FY23

Assessor's Office Processing Record Number of Exemptions

The Assessor's Office processed applications for exemptions throughout the entire year, leading to many being approved after tax bills are due. Treasury will then process refunds for taxpayers who overpaid.

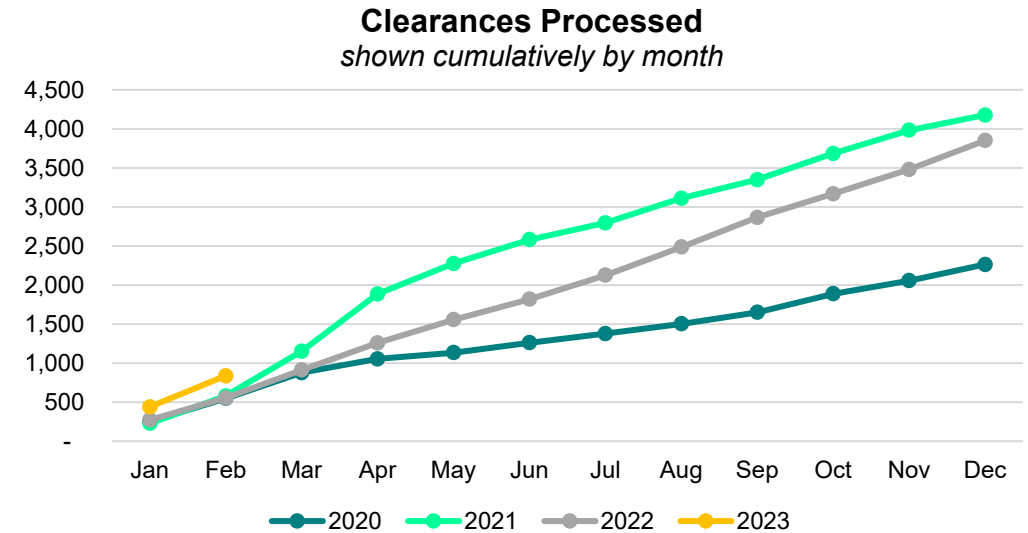
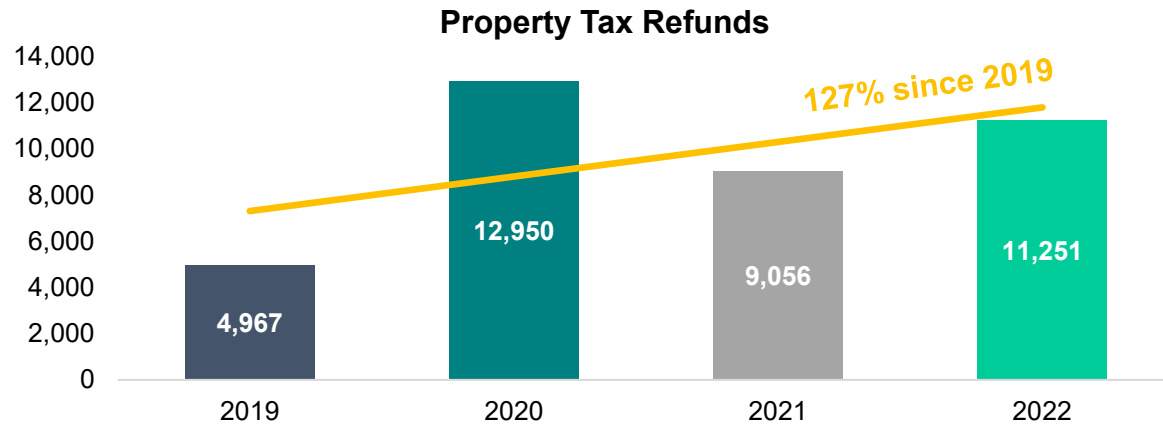
HOPE Applications Approved



- Many applications are received after the March Board of Reviews, resulting in exemptions being approved after Tax Bills are due and leading to increased Property Tax Refunds
- Assessment Appeals increased 25% since last year
- The Assessor's Office also processed over 1,300 NEZ-Homestead applications

Treasury's Increasing Workflows to Meet Resident and Business Needs

Treasury is processing 127% more property tax refunds than pre-pandemic due to growing number of exemptions being processed after tax bills are due. Plan Ahead enrollment grew 47% in 2022 and Business services have also increased with more clearances processed.

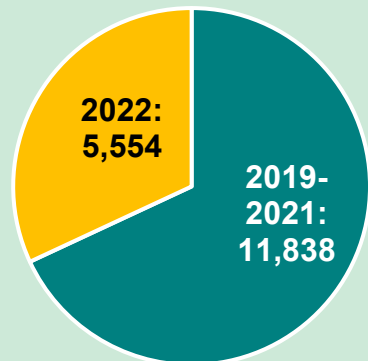


Plan Ahead Program:

Treasury helps residents budget for their property taxes by submitting payments throughout the year

Launched in 2019, **17,392** Detroiters have enrolled, with **5,554** new enrollees in 2022 alone (**47% growth**).

Enrollees by Period



Year	Total	Growth from 2020
2020	2,265	n/a
2021	4,178	+84%
2022	3,852	+70%
2023 (Jan-Feb only)	839	+53% ¹

1. 2023 Growth based on Jan-Feb 2020 only



Contracting & Procurement

The Office of Contracting & Procurement supports the increasing City of Detroit activity by working with vendors and providing additional support services for businesses.

FY 2022

**6,142
requisitions**

**FY 2023
*Projected***

**7,329
requisitions**

Projected 19% increase over FY22

Increase in requisitions is related to the uptick in demolitions and construction orders

Fund 1003: 3 additional positions
Gen Fund: 1 additional position

2 additional General Fund FTEs to enhance compliance and outreach

OCFO Accomplishments

- Completed the annual audit on-time for 5th year in a row, earned the GFOA Certificate of Achievement for Excellence in Financial Reporting
- Finished FY 2022 with a balanced budget and surplus, the 8th in a row since bankruptcy
- Expeditious ramping up of American Rescue Plan Act (ARPA) program spending with 90% programmed and \$75 million spent
- Increased income tax collections through additional enforcement in partnership with State of Michigan
- Every HOPE application timely received and fully completed was filed for July and December Board of Review action

Fiscal Year 2024 Priorities

1. **Fiscal Stability** – Maintaining balanced budgets and maximizing Federal, State, and Philanthropic funds
2. **Resume Pension Payments** – Contribute to Legacy Pension Funds with gradual use of the Retirement Protection Fund to minimize budgetary impacts
3. **Property Tax Reform** — Prepare for implementation of potential tax reform (*No funding has yet been requested for cost of implementing any potential change*)
4. **Contracting & Procurement** goals to improve “Req to Check” timeline with an expansion of Detroit-based contractors
5. **Income Tax Enforcement and Enhanced Compliance**
6. **Continue to Implement Audit Findings Corrective Action Plan (AFCAP)** to improve financial management procedures
7. **Continue implementation of ARPA** programs to meet spending deadlines

OCFO Budget Overview (General Fund only)

Summary Category	FY23 Adopted (\$ in millions)	FY24 Proposed (\$ in millions)
Salaries & Wages	\$31.86	\$33.36
Employee Benefits	\$10.12	\$10.14
Professional & Contractual Services	\$10.78	\$13.39
Operating Supplies	\$1.11	\$1.13
Operating Services	\$3.47	\$1.38
Other Expenses	\$1.17	\$1.18
Total	\$58.52	\$60.55



Questions?