


<b>Policy Title:</b>		<b>Budget Preparation and Submittal</b>	
	<b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>	<b>Category</b>	Finance
		<b>Administrative Policy #</b>	
		<b>Revision #</b>	
		<b>Review Frequency</b>	As Needed – no less frequently than triennially
<b>Administrative Division</b>	Budget	<b>Reviewed By</b>	Chief Administrative Officer, General Counsel,
<b>BOWC Approval</b>		<b>Last Reviewed/Update Date</b>	
<b>Implementation Date</b>			

## 1. AUTHORITY

- 1.1. Under the Regional Water Supply System and Sewage Disposal Systems Lease Agreements and the Water and Sewer Services Agreement between the City of Detroit and the Great Lakes Water Authority, the Detroit Water and Sewerage Department ("DWSD") is required to adopt a Budget. This Budget shall be proposed by the Director and approved by the Board of Water Commissioners (BOWC).

## 2. OBJECTIVES

- 2.1. To ensure that a Budget is adopted in accordance with established deadlines.
- 2.2. To ensure that the Budget allocates the DWSD's resources efficiently.
- 2.3. To align the budget process to DWSD's strategic goals and obligations of Leases.

## 3. PURPOSE

- 3.1. The purpose of this policy is to establish a budget aligned throughout the organization to DWSD's goals, values, legal and contractual obligations, and mission in order to ensure consistency and discipline in spending.

## 4. DEFINITIONS

"Adopted Budget" shall mean the Biennial Budget for the Detroit Water and Sewerage Department as approved by the BOWC.

"Adoption" shall mean approval by the BOWC.

"BOWC" shall mean the Board of Water Commissioners of the Detroit Water and Sewerage Department.

"Budget" shall mean the biennial plan of operation for the fiscal year including an estimate of all proposed expenditures and the proposed means of financing proposed expenditures from available revenue.

“Court Orders” includes, but is not limited to, the November 4, 2011 order entered in United States of America v. City of Detroit, et al, case number 77-71100, future court orders, as well as future modifications of existing orders.

“Department” or “DWSD” shall mean the Detroit Water and Sewerage Department.

“Director” refers to the Director of the Detroit Water and Sewerage Department.

“Fiscal Year” means the fiscal year of the City of Detroit or as otherwise modified by BOWC resolution.

“GLWA” refers to the Great Lakes Water Authority.

“Lease Documents” means the Regional Sewage Systems Disposal Lease Agreement, the Regional Water Supply System Lease and Water and Sewer Services Agreement between the City of Detroit and the Great Lakes Water Authority, which requires Detroit Water and Sewerage Department (“DWSD”) to adopt a budget that must be approved by the BOWC.

“Meeting” shall mean a meeting conducted pursuant to the Open Meetings Act, (MCL 15.261).

“Proposed Budget” shall mean the Budget prepared by the Director and submitted to the BOWC for Adoption.

“Public Hearing” shall mean a BOWC Meeting or a portion of a BOWC Meeting where members of the public are allowed to address the BOWC and otherwise participate as defined by the BOWC.

## **5. SCOPE**

- 5.1. This policy applies to all activities falling under the budgetary and fiscal control of the Department.

## **6. RESPONSIBILITIES**

- 6.1. **Budget Manager** - The Budget Manager shall be responsible for the following:

- 6.1.1. Gathering information necessary to prepare the Proposed Budget from all DWSD departments.
- 6.1.2. Assembling the Proposed Budget for submission to the Chief Financial Officer.

- 6.2. **Chief Financial Officer (“CFO”)** - The Chief Financial Officer (“CFO”) shall be responsible for the following:

- 6.2.1. Serving as the primary officer in the Finance Department responsible for preparation of the Budget.
- 6.2.2. Facilitating the development of a Budget that is consistent with the strategic goals outlined by the Director.
- 6.2.3. Ensuring that the Budget is submitted to the Director in a timely manner.

- 6.3. **Director** - The Director shall be responsible for the following:

- 6.3.1. Providing division managers with a list of strategic goals for the upcoming fiscal year to facilitate an effective budgeting process.

- 6.3.2. Supplying the BOWC with information the BOWC requires for proper consideration of the Proposed Budget.
- 6.3.3. Presenting the Proposed Budget to the BOWC.
- 6.4. **BOWC** - The BOWC shall be responsible for the following:
  - 6.4.1. Holding a Public Hearing on the Proposed Budget prior to its Adoption. This Public Hearing may be conducted at the same Meeting in which the BOWC adopts the Budget.
  - 6.4.2. Adoption of a Budget for submission to the City of Detroit for upload into the financial system and submission to GLWA in accordance with the Lease Documents.

## **7. POLICY**

### **7.1. Budget Preparation**

- 7.1.1. In accordance with Lease Documents, the Budget will be prepared on a biennial basis encompassing the following two Fiscal Years.
- 7.1.2. Division managers shall receive a report of their operating expenditures and budget-to-actual totals for the previous Fiscal Year and Fiscal Year-to-date from the Budget Manager.
- 7.1.3. The Budget Manager shall meet with division managers to discuss operating spending needs for the upcoming two years prior to preparation of the Proposed Budget.
- 7.1.4. Following the meetings with division managers, the Budget Manager will prepare the Proposed Budget.
- 7.1.5. The Budget Manager will send to division managers the Proposed Budget for feedback prior to submission to the Director.

### **7.2. Preliminary Budget**

- 7.2.1. The Director shall provide a preliminary budget to the City of Detroit in November, pursuant to Section 8-203 of the Detroit City Charter. The preliminary budget is the second year of the Adopted Budget from the prior fiscal year.

### **7.3. Budget Proposal and Approval**

- 7.3.1. The Director shall present the Proposed Budget and request Adoption at a meeting on or before March 23 to comply with Lease Documents.
- 7.3.2. The Adopted Budget shall be submitted to the City of Detroit for entry into the financial system.

### **7.4. Reasonable and Necessary Accommodations**

- 7.4.1. Management may take reasonable and necessary actions to accomplish the intent of this policy.

## **8. PROCEDURES**

### **8.1. Budget Schedule**

- 8.1.1. On an annual basis, the Budget Manager and the CFO will develop a budget schedule that allows for Budget creation and approval by the deadlines established within the lease and by the deadlines established by the City. The budget schedule will be developed and disseminated to division managers in January of each year.

### **8.2. Request for Information**

- 8.2.1. To facilitate preparation of an accurate Budget, each division manager will be provided a report showing their total expenditures and Budget-to-actual for the most recently completed Fiscal Year and Fiscal Year to date.
- 8.2.2. Budget Manager will hold meetings with each division manager to identify the respective spending trends and needs for the upcoming two Fiscal Years.
- 8.2.3. Following preparation of the Proposed Budget by the Budget Manager, the division managers will review the Budget for their division and provide their feedback.

### **8.3. Review and Approval by Finance Department**

- 8.3.1. Once the Budget Manager has finalized the Proposed Budget, it shall be submitted to the CFO for review.

### **8.4. Review and Approval by Director**

- 8.4.1. After review, CFO shall submit Proposed Budget to the Director for review and acceptance.
- 8.4.2. Proposed Budget is submitted to the BOWC for approval after Director reviews and accepts the Proposed Budget.

### **8.5. Public Hearing and BOWC Approval**

- 8.5.1. The CFO presents the Proposed Budget to the BOWC Finance Committee for review and recommendation to the BOWC.
- 8.5.2. The BOWC holds a Public Hearing on or before March 23 to consider the Proposed Budget. DWSD will also consider requirements defined within the Memorandum of Understanding with the Detroit City Council when scheduling the Public Hearing.
- 8.5.3. The DWSD will provide notice of the Public Hearing to consider the Proposed Budget.
- 8.5.4. The CFO presents the Proposed Budget to the BOWC at the Public Hearing for Adoption.

### **8.6. Submission to the City of Detroit and GLWA**

- 8.6.1. The CFO submits the Adopted Budget to GLWA on or before March 23 in accordance with the terms of the Lease Documents.
- 8.6.2. The CFO submits the Adopted Budget to the City of Detroit Office of the Chief Financial Officer for upload into the financial system in time to meet the requirements of the City of Detroit.
- 8.6.3. The Adopted Budget is uploaded into the financial system no later than June 30.