



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
PHONE: 313-628-2535
FAX: 313-224-2135
WWW.DETROITMI.GOV

CFO DIRECTIVE
No. 2018-101-016

SUBJECT: Budget Development, Execution & Monitoring
ISSUANCE DATE: May 14, 2018
EFFECTIVE DATE: May 14, 2018

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 117.4s(2), as amended by Public Act 182 of 2014, states the following:
 - 1.1.1. The chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.
 - 1.1.2. The chief financial officer shall certify the city's annual budget complies with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a (the "Budget Certification").
- 1.2. State of Michigan Public Act 279 of 1909, Sections 117.4t(1)(b) and 117.4t(1)(c), as amended by Public Act 182, states the city shall adopt a financial plan covering the ensuing fiscal year and the next 3 fiscal years with specific requirements (the "four-year financial plan").
- 1.3. State of Michigan Public Act 279 of 1909, Section 117.4t(1)(d), as amended by Public Act 182, states the city shall hold a revenue estimating conference (the "Revenue Estimating Conference") in February and September each year to establish an official economic forecast and forecast of anticipated revenues of the city.
- 1.4. State of Michigan Public Act 2 of 1968, as amended, provides for a uniform budgeting system for local units and prohibits deficit spending by a local unit of government.
- 1.5. The 2012 Charter of the City of Detroit, Article 8, Chapter 2, provides various requirements for budget adoption.
- 1.6. The 1984 Detroit City Code, Chapter 18, Article II, provides various procedures for budget adoption.

2. OBJECTIVES

- 2.1. To prepare a budget and four-year financial plan that represents the goals and priorities of the Administration.
- 2.2. To annually adopt and implement a balanced budget and four-year financial plan that satisfies the requirements of all applicable laws.
- 2.3. To protect the City's financial interests.
- 2.4. To provide a framework and guidelines for the City's budgetary practices.

3. PURPOSE

3.1. To establish the City's policy regarding budget development, execution and monitoring.

4. SCOPE

4.1. This Directive applies to the City's annual budget and four-year financial plan and any subsequent budget amendments.

5. RESPONSIBILITIES

5.1. The Deputy CFO- Budget Director shall be responsible for administration and oversight of this Directive shall ensure the City's budget processes are designed in a manner consistent with this Directive.

6. POLICY

6.1. The City's annual budget and four-year financial plan and any subsequent budget amendments shall adhere to the following principles:

6.1.1. Represent the goals and priorities of the Administration.

6.1.2. Conservative revenue and expenditure estimation.

6.1.3. Informed by the City's Comprehensive Financial Planning activities.

6.1.4. Balanced over four years within the revenue estimates approved by the Revenue Estimating Conference or otherwise directly offset by an unanticipated revenue already collected or otherwise receivable in a known amount, as determined by the CFO.

6.1.5. Adheres to the CFO Directive on the Use of Non-Recurring Resources.

6.1.6. Maintains flexibility.

6.1.7. Informed by public input.

6.2. Budget Development and Adoption

6.2.1. The City shall adopt an annual budget and four-year financial plan for its operations and capital expenditures, in accordance with applicable law. The Office of Budget shall oversee the budget development and adoption process.

6.2.2. The Office of Budget shall issue guidelines and rules for the annual preparation and review of departmental budget submissions.

6.2.3. The Office of Departmental Financial Services (ODFS) shall assist departments with the preparation of their annual budget submissions.

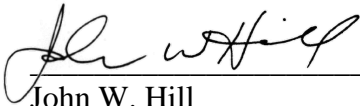
6.2.4. Department Directors, with assistance from the ODFS, shall provide annual budget submissions to the Office of Budget, consistent with the guidelines and rules provided by the Office of Budget that reflect the goals and priorities of the Administration. Department Directors shall provide any other information requested by the Mayor or Chief Financial Officer (CFO).

6.2.5. The ODFS shall provide additional information, as needed, to the Office of Budget during the annual budget development process.

6.2.6. The Office of the Treasury shall annually prepare a projection of cash flow for each fiscal year, which shall be included in the four-year financial plan.

- 6.2.7. The Office of Budget shall submit its recommended annual budget and four-year financial plan to the Mayor and CFO for consideration.
- 6.2.8. The Office of Budget shall provide information to the ODFS on the recommended budget approved by the CFO and the Mayor prior to City Council hearings regarding the budget and four-year financial plan.
- 6.2.9. Under the direction of the CFO's Office, the Office of Budget, in coordination with the ODFS, shall provide and coordinate the delivery and presentation of information to the City Council during its review of the budget.
- 6.2.10. The Office of Budget shall coordinate the CFO's annual Budget Certification process.
- 6.2.11. The Office of Budget shall publish the City's adopted budget and four-year financial plan and shall ensure the City's adopted budget and four-year financial plan is posted on the City's public website and, if applicable, is sent to the Financial Review Commission.
- 6.3. Budget Execution and Monitoring
- 6.3.1. The Office of Budget shall maintain a system for budget monitoring and control throughout the fiscal year, to which all Departments, Divisions, and Agencies shall adhere. It shall include, but not be limited to, the use of budget versus actual review, allotments, budget periods, position control, and year-end appropriation rules.
- 6.3.2. The Office of Budget shall ensure the City's budget remains balanced throughout each fiscal year. The Office of the Controller and ODFS shall assist the Office of Budget as needed.
- 6.3.3. Departments, Divisions, and Agencies shall not expend funds in excess of the applicable appropriations or in violation of any other budgetary controls established by the Office of Budget. The ODFS shall ensure such expenditures do not occur. The Office of the Controller shall monitor expenditures monthly, in connection with the accounting period close process, and report all instances of non-compliance with this section to the Offices of Departmental Financial Services and Budget for corrective action.
- 6.3.4. The Office of Budget shall oversee all budget changes, amendments, and transfer requests made by the ODFS on behalf of City departments, including those requiring City Council approval. For purposes of clarity, unless otherwise initiated by the Office of Budget, all budget changes, amendments, and transfers shall be completed by the ODFS and sent to the Office of Budget for review and approval. The Office of Budget, if required, shall submit budget amendments to the City Council for approval. No department other than the Office of Budget shall submit a budget amendment to the City Council for approval.

APPROVED



John W. Hill

Chief Financial Officer, City of Detroit