

**FP4**

**Category: FINANCE**

## **BUDGET POLICY**

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1. The Chief Executive Officer shall prepare and submit to the Board of Directors a proposed Budget for the following fiscal year two months prior to the end of the fiscal year. The Authority's Budget shall be in alignment with the Strategic Plan. The Authority's Budget reflects all activities, including operating and capital programs expenditure.
2. The Chief Executive Officer shall submit a recommended budget for adoption to the Board of Directors in the month following the proposed budget submittal.
3. The annual budget shall be balanced. A balanced budget exists when Total Revenue is greater than or equal to Total Expenditures. Total Revenues shall include all revenues from retail and wholesale sales of electricity, return on investments and withdrawals from reserve funds. Total expenditures shall include all operating expenses and capital programs. Any increase in expenditures or decrease in revenues that would cause the budget to become imbalanced and would require a budget revision is subject to Board approval. Any year-end surplus will be used to maintain reserve levels with the balance available for capital projects, debt reduction and/or one-time-only expenditures.
4. Staff will prepare a five-year financial forecast annually projecting revenues and expenditures for all operating funds and capital projects. The forecast shall be used as a planning tool in developing the following year's budget.
5. The Chief Executive Officer shall submit revenue and expenditure projections to the Board of Directors on a quarterly basis unless there are changes in those projections that significantly impact the financial status of the Authority in which case, the Board of Directors will be informed at the next Regular or Special Meeting of the Board.

6. The Board of Directors shall approve an amended appropriations resolution at the Mid-Year review period, or quarterly if necessary, to authorize the receipt and expenditure of funds unanticipated in the Authority's Budget.
  
7. Any expenditure in excess of the authorized total Authority Budget shall require prior approval by the Board of Directors. The Chief Executive Officer shall establish procedures to ensure that proper controls are implemented for all Authority expenditures.