

Staff Report

TO: Board of Directors

FROM: Sandra Dunlap, Director of Finance

DATE: June 14, 2023

SUBJECT: Update Budget Policy 3100 (Workshop)

FINANCE

RECOMMENDATION:

Discuss and provide direction on revisions to current Policy 3100 – Budget Amendment Authority Levels.

BACKGROUND:

The purpose of updating this new policy is as follows:

1. Revise the internal controls for guiding decision making based on Government Finance Officers Association (GFOA) best practices.
2. Establish clear definitions.
3. Identify roles and responsibilities in managing the districts annual budget.

BUDGETARY IMPACT: N/A

Attachments: (2)

1. Draft revised Budget Policy 3100
2. Current Budget Policy 3100, last updated April 2022

Nevada Irrigation District

POLICY MANUAL

POLICY TITLE: Budget Policy

POLICY NUMBER: 3100

3100.1 Purpose

The purpose of this policy is to establish an internal control framework for guiding decision-making processes related to the annual operating and capital budgets which serve as the foundation for the Nevada Irrigation District's financial planning and control.

3100.2 Administrator

The Finance Department is responsible for the implementation and administration of this policy.

3100.3 Definitions

For the purpose of this policy, the following definitions shall apply:

Budget amendment is an increase or decrease in the total revenue or expenditure appropriation for any fund and must be approved by the Board of Directors.

Budget transfer is an appropriation adjustment that does not increase or decrease the overall revenue or expenditure budget for any fund.

Ongoing expenses are expenses that are expected to continue from year to year. Staff salaries and benefits are an example of ongoing expenses.

Ongoing revenues are revenues that can be expected to continue from year to year.

3100.4 Budget Development and Review

- The Board of Directors will adopt a structurally balanced budget prior to January 1st of each year. A structurally balanced budget has the following two important qualities:
 - Ongoing expenses should be covered by ongoing revenues.
 - One-time or short-term revenues will be used to fund one-time or short-term expenses.
- The budget will include the following three components:
 - Projected revenue for the coming fiscal year.
 - Projected operating expenditures for the coming fiscal year
 - Capital projects for the next five fiscal years.
- The budget will be developed based upon the strategic priorities identified by the Board of Directors.

- The budget will be developed by verifying or conservatively projecting revenues and expenditures for the coming fiscal year. The Finance Department will document all assumptions for revenue and expenditure forecasts each year.
- The budget will be developed in a manner which maintains the level of reserves identified in the District's Reserve Policy (Number 3040).
- The budget will be developed consistent with the provisions of the District's Capital Asset Policy (Number 11090).
- All budgeted expenditures must be made consistent with the provisions of the District's Procurement Policy (Number 3080).
- Maintenance and replacement funding will be prioritized each year to ensure that capital facilities and equipment are sufficiently maintained to avoid service disruptions.
- Prior to adoption of the budget, the Board of Directors will conduct workshops to receive public input on the proposed annual expenditure plan and five-year capital improvement program.
- The General Manager will submit to the Board of Directors a quarterly budget status report providing information on revenues, expenditures and capital projects.
- Unexpended budget appropriations will lapse at the end of each fiscal year.

3100.5 Budget Transfers

- The General Manager may authorize the transfer of budget appropriations within a fund and may delegate to the Finance Director authority for approval of budget transfers within a fund up to \$25,000.
- The General Manager may not transfer budget appropriations between funds or capital improvement projects, from an approved capital improvement project to an operational fund or from an operational fund to a capital improvement project.
- All budget transfers must be initiated by completion of a budget amendment request form or by a resolution adopted by the Board of Directors.

3100.6 Budget Amendments

- The Board of Directors must approve the transfer of any budget appropriations between funds or capital improvement projects, from an approved capital improvement project to an operational fund or from an operational fund to a capital improvement project.
- The Board of Directors must approve any budget amendments that increase or decrease the overall appropriation of revenue or expenditures.
- Any addition of full-time equivalent (FTE) positions to the Annual Budget must be approved by the Board of Directors.
- All budget amendments must be initiated by a resolution adopted by the Board of Directors.

3100.7 Policy Adoption and Review

This policy will be adopted by resolution of the Board of Directors. The policy will be reviewed at least every five years with any modifications approved by the Board of Directors.

Adopted: February 11, 2015 via Resolution No. 2015-05
Revised: September 12, 2018 via resolution No. 2018-22
Revised: February 24, 2021 via Resolution No. 2021-04
Revised: April 13, 2022 via Resolution No. 2022-19
Revised: June XX, 2023 via Resolution No 2023-XX

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Nevada Irrigation District

POLICY MANUAL

POLICY TITLE: Budget Amendment Authority Levels
POLICY NUMBER: 3100

3100.1 Purpose:

The Board is cognizant that project progression and unplanned emergencies occur and therefore this budget amendment policy provides spending flexibility. The policy establishes an internal control framework providing distinct levels of budget amendment spending demonstrating prudent fiscal management.

- A budget transfer is an adjustment that does not increase the overall (revenue or expenditure) budget for any fund.
- A budget increase is an amendment that increases the budgeted appropriation for any fund or capital improvement project (CIP)

3100.2 Scope: Approval authority levels are limited as follows:

General Manager: The General Manager may authorize the transfer of money within a fund but may not transfer money between funds or capital improvement projects, or from an approved CIP to an operational fund. The General Manager may not add full time equivalent (FTE) positions to the Annual Budget. The General Manager may only make expenditures consistent with District Policy 3080 – Procurement.

Board of Directors: The Board of Directors shall approve any budget amendment that increases the overall appropriation of expenditures or revenue or increase authorized FTEs.

3100.3 Implementation: All budget amendments shall be initiated via completion of a budget amendment request form or by Board resolution.

Adopted: February 11, 2015 via Resolution No. 2015-05
Revised: September 12, 2018 via Resolution No. 2018-22
Revised: February 24, 2021 via Resolution No. 2021-04
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