



POLICY #18-13

Budget and Accounting Policies

Subject: Guidelines for Agency Budgeting and Accounting Controls

Budget Policies:

1. The DCE Executive Director shall prepare and submit to the DCE Board of Directors a draft proposed Budget for the next following fiscal year two months prior to the end of the then current fiscal year. DCE's Budget shall be in alignment with established DCE goals and shall reflect all DCE activities, including operating and capital programs, revenues and expenditures. DCE's budget shall be approved by the Board at a public meeting occurring not later than during the month immediately preceding the start of the respective fiscal year.
2. DCE's budget process, accounting practices and finances shall be kept separate from CVAG's budget process, accounting practices and finances.
3. DCE's annual budget shall be balanced. A balanced budget exists when total projected revenues are greater than or equal to total projected 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, capital programs, and contribution to reserve funds. Any increase in expenditures and 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 or augment reserve levels with the balance available for programs and capital projects, debt reduction and/or one-time-only expenditures.
4. Once operational, long-term debt or bond financing shall not be used to support program operating expenses. Total annual debt service expense shall not exceed 10% of operating revenue unless otherwise approved by the Board. The percentage of debt service shall be reviewed annually.
5. Staff and relevant service providers will annually, as part of DCE's budget process, prepare a five-year financial forecast of revenues and expenditures for all operating funds, programs and capital projects. The forecast shall be used as a planning tool in developing the following year's budget.
6. The DCE Executive Director shall submit revenue and expenditure projections to the Board of Directors on a quarterly basis unless there are material changes in those projections, in which case the Board of Directors will be informed at the next Regular or Special Meeting of the Board.

7. Any expenditure in excess of the authorized total DCE Budget shall require prior approval by the Board of Directors. The Executive Director may, if he/she deems such excess budget expenditure to be a timely business necessity, authorize such expenditure and report the amount and justification for such expenditure no later than the next regularly scheduled Board meeting. The Executive Director shall establish procedures to ensure that proper controls are implemented for all DCE expenditures.

Accounting Policies:

1. DCE will establish accounting practices that conform to Generally Accepted Accounting Principles (GAAP) for governmental entities.
2. An independent firm of Certified Public Accountant (CPAs) shall perform an annual financial audit and an official comprehensive annual financial report (CAFR) shall be issued no later than 6 months following fiscal year-end.
3. A management letter, the by-product of an annual audit, shall be presented to the DCE Board by the independent certified public accounting firm no later than 60 days from issuance of the Authority's CAFR. The Board shall have final approval over the audit.
4. DCE's Accounting Statements including a Balance Sheet, a Profit and Loss Statement and a Supplementary Schedule of Capital Projects shall be submitted to the DCE Board of Directors at least quarterly, or more frequently if conditions warrant or as directed by the Board.