



POLICY No. 18-13 - Amended 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 which 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. 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.
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 in accordance with Policy No. 18-10 Amended Financial Reserve Policy.
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 expense in excess of the authorized total DCE Budget shall require prior approval by the Board of Directors, typically through a budget amendment. The Executive Director may, if he/she deems such excess budget expense to be of urgent importance in order to sustain operations related to day-ahead or other necessary energy purchases, authorize such expense via concurrence with the DCE Board Chair, when such concurrence can be attained in a timely manner. The excess expense amount and justification shall be reported to the Board 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 expenses.

Accounting Policies:

1. DCE will establish accounting practices that conform to Generally Accepted Accounting Principles (GAAP) for governmental entities as established by the Governmental Accounting Standards Board (GASB).
2. An independent firm of Certified Public Accountant (CPAs or Auditor) shall perform an annual financial audit meeting at least the minimum requirements for a complete set of financial statements in accordance with GAAP. The CPAs' Independent Auditor's Report (Opinion) on those financial statements shall be issued no later than 6 months following fiscal year-end.
3. The Auditor's Communication with Those Charged with Governance (SAS 114 Letter), the by-product of an annual audit, shall be presented to the DCE Board by the independent Auditor no later than 60 days from release of DCE's complete set of financial statements and the accompanying CPAs' Opinion. The Board shall receive and file the audit each year.
4. DCE's unaudited financial statements, including a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position shall be submitted to the DCE Board of Directors at least quarterly, or more frequently if conditions warrant or as directed by the Board.

Amended June 2025