



# Policy

<b>Policy No.:</b> P400-17-1	<b>Type of Policy:</b> Finance
<b>Policy Title:</b> Budget Accountability	
<b>Policy Description:</b> Operations and Capital Improvement Program Budget Controls	
<b>Approval Date:</b> 4/4/2017	<b>Last Review Date:</b> 2017
<b>Approval Resolution No.:</b> 16-17	<b>Next Review Date:</b> 2021
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It is the policy of the Board of Directors of Dublin San Ramon Services District to provide guidelines for the implementation and monitoring of the District’s adopted Operating and Capital Budgets as follows:

## Operating Budget

**Accountability:** The General Manager is responsible for meeting the budgetary objectives set by the Board. The Board approves the Operating Budget at the total fund level ensuring that it maintains control of rates and fees. In addition, the Board approves the maximum number of Full-Time Equivalent staff positions (FTE’s), as well as the number of those FTE’s that are limited-term positions. Finally, the Board approves budgets for the purchase or replacement of capital assets. A capital asset is defined as a real or personal property that has a unit acquisition cost equal to, or greater than, \$10,000 and an estimated life greater than three years.

There are various “levels of control” within a budget. Although the District’s budget is prepared at the line-item level for internal monitoring purposes, it is impractical and inefficient to control the budget at this level.

**Monitoring:** Financial reports are distributed to the Board and management on a quarterly basis as “Regular and Recurring Reports” to show budget and actual expenses at a level of detail sufficient to monitor accountability.

**Administrative: Adjustments:** The General Manager may make ‘no net change’ budget adjustments within the same fund; this ensures that rates will not be affected.

**Reporting:** Administrative budget adjustments will be reported to the Board as “Regular and Recurring Reports.”

### **CAPITAL ASSETS:**

The budget contains funding for new capital assets, and for existing assets that are expected to be replaced or refurbished due to wear, age, or obsolescence. The District’s asset management program will typically identify items that are due for replacement or refurbishment.

***Capital Assets that were not budgeted but need replacement or major refurbishment during the budget cycle:***

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1. Assets that are still functioning but are judged to be in need of replacement or major refurbishment must be addressed by proposing a budget adjustment prior to expending any funds.
2. Assets that fail and are no longer functioning must be identified as either “mission critical” or “non-mission critical” and then addressed as follows:
  - a) For all “mission critical” items, the General Manager has the authority to spend whatever funds are necessary to rehabilitate or replace the failed item.
  - b) For “non-mission critical” items of \$100,000 or less, the General Manager can approve the expenditure if there are sufficient reserves in the replacement fund.
  - c) For “non-mission critical” items over \$100,000, a budget adjustment must be prepared and approved by the Board prior to purchasing or refurbishing the asset.

***Budgeted Capital Assets that cost more than the amount approved by the Board:***

When a budgeted capital item’s cost is determined through the purchasing process to be in excess of the amount approved by the Board, the General Manager may approve the purchase of that item if the adjustment does not exceed \$100,000. If the item exceeds this amount or in total exceeds \$100,000, a budget adjustment is required prior to purchase.

Reporting: Capital asset purchases or refurbishments approved by the General Manager will be reported to the Board as “Regular and Recurring Reports.”

**Capital Improvement Program (CIP) Budget**

Accountability: In adopting the CIP Budget, the Board authorizes new projects and programs, and approves total project and program budgets. Project budgets are broken down by phase to assist the project manager in budgeting and managing the project. Expenses are controlled at the project total level. Project managers are responsible for their assigned projects. The General Manager is responsible for ensuring that the individual project appropriations and total fund appropriations are not exceeded, except as otherwise permitted by other policy(ies).

Projects Created from Programs: The General Manager, or designee, is authorized to create a CIP project from a CIP program up to a maximum of \$100,000. Projects with original budgets in excess of this amount are approved by the Board.

Project Budget Adjustments: If an individual project (including a project created from a program) is expected to exceed its total budget, the project manager is responsible for requesting a budget adjustment. The General Manager is authorized to approve budget adjustments of up to \$100,000 per project. If the project was originally funded from a program, program funds shall be used to fund the increase during the two-year budget cycle. Adjustments in excess of the General Manager’s authority are approved by the Board.

Reporting: Financial reports are distributed to the Board and management on a quarterly basis to show budget and actual expenses at a level of detail sufficient to monitor accountability. Any project budget adjustment approved by the General Manager will be reported to the Board as “Regular and Recurring Reports.”