

Staff Report

TO: Board of Directors

FROM: Sandra Dunlap, Director of Finance

DATE: June 28, 2023

SUBJECT: **Updating District Policy 3100 - Budget Policy (Consent)**

FINANCE

RECOMMENDATION:

Adopt Resolution No. 2023-32 Updating Administrative Policy 3100- Budget Policy.

BACKGROUND:

On June 14th, the Board reviewed and provided input pertaining to the proposed updates to District Policy 3100 - Budget Amendment Authority Levels.

The board requested adding a bullet point to annually approve a budget calendar early in the new year. Staff updated the policy to reflect this change.

CONCLUSION:

Once adopted by resolution, updates will be incorporated into the District's Policy Manual.

SD

Attachments: (2)

- Resolution No. 2023-32– Updating Administrative Policy 3100
- Final version of policy revisions



RESOLUTION NO. 2023-32
OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

**UPDATING ADMINISTRATIVE POLICY –
Budget Policy**

WHEREAS, the Nevada Irrigation District (the “District) intends to establish and revise, from time to time, administrative policies to guide the operations and management of the District; and

WHEREAS, revisions to internal controls are necessary for guiding decision making based on Government Finance Officers Association (GFOA) best practices, and;

WHEREAS, updates to the budget policy will establish clear definitions and identify roles and responsibilities in managing the District’s annual budget.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Nevada Irrigation District hereby adopts updates to the following policy as attached and shall be incorporated herein:

#3100 – Budget Policy

BE IT FURTHER RESOLVED, that the attached policy shall be incorporated into the District Policy Manual, and the Board Secretary is hereby authorized to assign and revise policy numbers and format and reformat the attached, as needed for an organized, comprehensive policy manual.

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PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 28th day of June 2023, by the following vote:

AYES: Directors:
NOES: Directors:
ABSENT: Directors:
ABSTAINS: Directors:

President of the Board of Directors

Attest:

Secretary to the Board of Directors

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 budget calendar annually prior to March 31st.
- 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 28, 2023 via Resolution No. 2023-32

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