

CHESTER PUBLIC UTILITY DISTRICT BOARD POLICY

POLICY NUMBER	POLICY TITLE	EFFECTIVE DATE
3020	Budget Preparation and Administration	06-23-2026
ADOPTED BY	RESOLUTION ASSOCIATED	SUPERSEDES
Board of Directors	445	08-15-2017

3020.10 BUDGET PROPOSAL

An annual budget proposal shall be prepared by the General Manager.

3020.20 BUDGET REVIEW

Prior to final approval by the Board of Directors, the General Manager will meet with the Budget/Finance Committee for review and input on budget drafts.

3020.30 PUBLIC NOTICE

Notice of the proposed annual budget shall be published in a local newspaper and presented to the public at a Public Hearing for comments prior to adoption by the Board of Directors.

3020.40 BUDGET APPROVAL

The Board of Directors shall approve an annual preliminary budget at its regular meeting in June of each year by resolution. If a preliminary budget is not ready for approval at the regular meeting in June, the existing budget must be approved for use, while the new, preliminary budget is finalized.

The Preliminary Budget is based on the most current available financial data and proposed rates, and authorizes District expenditures effective July 1 pending adoption of the Final Budget. Adoption of a Preliminary Budget does not constitute adoption of any proposed rate schedule subject to Proposition 218 notice and hearing requirements.

The Board shall adopt a Final Budget at its regular August meeting, or as soon thereafter as practicable, by resolution. The Final Budget incorporates (a) two full-years actuals from the prior fiscal years, (b) any material changes in District obligations or revenues identified after Preliminary Budget adoption. The Final Budget supersedes the Preliminary Budget upon adoption.

If the Board does not adopt a Final Budget by September 30, the Preliminary Budget shall remain in effect, and the General Manager shall notify the Board in writing of the status and any material variances from the Preliminary Budget at each subsequent Board meeting until the Final Budget is adopted.

3020.50 EFFECTIVE DATE

The approved Budget goes into effect on July 1st, unless otherwise approved by the Board.

3020.60 FISCAL YEAR

The District's fiscal year begins July 1 and ends June 30 of the following year, consistent with California Government Code Section 53900 et seq.

3020.70 BUDGET CONTENT REQUIREMENTS

Each annual budget presented to the Board shall include, at minimum:

- A separate tab or section for each District fund (Water, Wastewater, and any active fund).
- Two (2) prior fiscal years of actual financial data, by account.
- Current fiscal year year-to-date actuals, clearly labeled with the data period.
- Current fiscal year adopted budget.
- Proposed budget for the upcoming fiscal year.
- A total of five-year financial projections for each fund.
- Reserve allocations for each active enterprise fund, in amounts determined annually by the Board.
- An Assumptions tab documenting all projection methodology, data sources, growth rates, and material flags.
- A net position calculation for each fund for each budget year.

3020.80 EXPENDITURE AUTHORITY

General Authority

The General Manager is authorized to make expenditures and incur obligations consistent with the adopted budget (Preliminary or Final) **up to \$10,000 per transaction, without prior approval from the Board.** With the only exception being emergency purchases, which cannot exceed the budgeted line item amount

Line-Item Flexibility

If any line item goes over budget from normal business operations the General Manager must submit a written report to the Board at the next regular meeting noting the over budgeted line item(s)

Actions Requiring Board Approval

The following actions require prior Board approval by resolution regardless of the flexibility thresholds above:

- Total expenditures for the fiscal year would exceed one hundred ten percent (110%) of the total adopted budget for that fiscal year (excluding grant-funded expenditures)
- Any transfer of funds between District funds.
- Any capital expenditure not included in the adopted budget that exceeds **\$10,000.**

3020.90 RESERVE POLICY

Reserve contributions for each enterprise fund shall be determined annually by the Board as part of budget adoption. The General Manager shall recommend reserve contribution amounts each year based on: (a) the District's current rate study, (b) the District's financial condition and capital needs, (c) any regulatory compliance obligations, and (d) applicable GASB standards. Reserve amounts shall be documented as separate line items in the adopted budget with a brief written basis included in the budget assumptions.

3020.100 GRANT BUDGET TREATMENT

Approved and executed grants shall be included in the budget as separate revenue and expense line items within a designated Grant section for each fund. Pending or unapproved grant applications shall not be included in budget projections.

Grant revenue shall be recognized in the period in which eligible costs are incurred, consistent with GASB Statement No. 33 (or applicable successor standards). The General Manager shall confirm the appropriate accounting treatment for each grant with the District auditor prior to budget inclusion.

Grant-funded expenditures shall not be counted toward the ten percent (10%) budget flexibility threshold established in Section 3020.80.

3020.110 BUDGET AMENDMENTS

Formal budget amendments require Board approval by resolution. An amendment may be initiated by the General Manager when circumstances require expenditures or revenues materially different from the adopted budget that exceed the flexibility authority granted in Section 3020.80.

The General Manager shall include proposed budget amendments in the regular board meeting agenda packet with a written explanation of the need for the amendment and the funding source.

3020.120 INTERFUND TRANSACTIONS

The General Manager shall include a current interfund loan balance and repayment schedule in each annual budget for any outstanding interfund obligations.