

**Orange County Power Authority**  
**Policy Number 017: Budget Adoption and Reporting Policy**

**Purpose**

This budget policy provides clarity about budget authority for Orange County Power Authority's (OCPA) staff and lays out budget adoption and periodic budget reporting requirements. The policy also allows for sufficient flexibility to address changes in the market price of energy.

**Policy**

**Budget Adoption**

The OCPA staff shall prepare a proposed budget overview and submit it to the Board for the following fiscal year two months prior to the end of the fiscal year. The proposed budget shall be balanced and in alignment with the OCPA JPA goals. The proposed budget shall reflect all activities, including operating and capital expenditures. A balanced budget is one in which expenditures are equaled to or exceeded by revenues. Any year-end surplus/deficit will be absorbed by the rate stabilization reserves.

The OCPA staff shall submit a recommended budget to the Board for approval within two months following the proposed budget overview. When approved by the Board, the budget shall be considered adopted.

In the event that the Board does not adopt the OCPA Budget before the start of the budget year, the Board may adopt a continuing appropriations resolution until such time as the OCPA Budget is adopted. A continuing appropriations resolution would provide that payments for services performed on behalf of OCPA and authorization of awarded contracts would continue until such time as the OCPA Budget is adopted.

The OCPA staff will prepare a six-year financial forecast as part of the budget process projecting revenues and expenditures for all operating funds and planned capital projects in alignment with the OCPA JPA goals.

The proposed budget will contain the following, at a minimum a schedule showing revenues, expenses, and changes to rate stabilization reserves. The first year of the six-year horizon is the budget to be considered and formally adopted by the Board. The final five years are shown for planning purposes and may be shown at more summary levels.

If needed, the OCPA staff shall submit a recommended Mid-Year Budget to the Board for approval. The Board shall approve an amended appropriations resolution at the Mid-Year review period to authorize the receipt and expenditure of funds unanticipated in the Authority's Budget.

**Budget Reporting**

A budget-to-actual status update report shall be presented to the Board on a quarterly basis. A forecast-to-actual status update report shall be presented to the Board if necessary.