

SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION

CORPORATE POLICY 3.06

BUDGET POLICY

Chapter: 3.0 – Financial & Fiscal Policies

Section: 3.06 – Budget Policy

Effective Date: April 1, 2011

1.0 PURPOSE

1.1 To establish policies for the development of the CORPORATION BUDGET and the PROJECT BUDGET and outline guidelines for budgetary decision making, sound budgetary practices, and fiscal performance. (See OPERATING AGREEMENT §§ 1.05 (“Corporation Budget”), 1.06 (“Project Budget”), 1.07 (“Approved Corporation Budget”), 1.08 (“Approved Project Budget”), 1.09 (“Proposed Transfer of Appropriations”), 2.07 (“Submission of Corporation Budget and Project Budget”).)

2.0 EFFECTIVE DATE AND AMENDMENTS

2.1 This Policy shall be effective upon the approval by the BOARD and AGENCY BOARD. This Policy may only be amended by approval of the BOARD and AGENCY BOARD.

3.0 PROCEDURES

3.1 The President or his/her designee is authorized to establish and disseminate administrative procedures to implement this BOARD POLICY, as applicable.

4.0 POLICY

4.1 The staff of the CORPORATION will prepare by 105 days prior to the end of the fiscal year a CORPORATION BUDGET and a PROJECT BUDGET for the next fiscal year which will be submitted to the BOARD for review and recommended approval. After the budgets are recommended for approval by the BOARD, it shall be submitted to the AGENCY for approval. The CORPORATION BUDGET will delineate all expenses anticipated to be incurred during said fiscal year, while the PROJECT BUDGET will delineate all anticipated expenses during said fiscal year for projects that could have expenses spanning multiple fiscal years. When approved, these budgets will serve as a guide as to the propriety of expenditures incurred by the CORPORATION toward achievement of the development goals within the CORPORATION's area of influence.

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- 4.2 The Chief Financial Officer shall have the responsibility to prepare the annual budget. The Chief Financial Officer shall collaborate with and seek input from other departments when developing the annual budget.
- 4.3 BALANCED BUDGET - A balanced budget is a fundamental requirement of a government agency or entity. The CORPORATION shall adopt and maintain a balanced CORPORATION BUDGET and PROJECT BUDGET.
- 4.4 STRATEGIC PLAN - The CORPORATION shall annually develop a 5 Year Strategic Plan and Financial Outlook ("OUTLOOK"). This OUTLOOK should define generally the priorities for the next five years. The OUTLOOK shall be based on reasonable assumptions in connection with an appropriate due diligence review and contain its best estimate of the revenue, expenditures, future redevelopment and all related project needs, goals and objectives for the next five fiscal years. The information included in the OUTLOOK provides the basis for the upcoming year's budget.
- 4.4.1.1 REVENUE PROJECTIONS - Annually the CORPORATION shall forecast the anticipated tax increment revenue and other anticipated revenues for the upcoming year as well as the next four years. Tax increment is the primary funding mechanism for redevelopment. Tax increment financing is based on the assumption that as a project area is redeveloped and revitalized, the project area will generate additional property tax revenue and that this additional revenue or tax increment can then be reinvested in the project area to facilitate additional redevelopment and revitalization. The CORPORATION shall, to the best of its abilities, evaluate economic data changing national, regional and local economic factors, housing and commercial markets, known future development, interest rates, inflation rates, and other factors to forecast tax increment and other revenues.
- 4.4.1.2 EXPENDITURE ESTIMATES - Annually the CORPORATION shall forecast the anticipated expenditures for the upcoming fiscal year as well as the next four fiscal

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years. The annual CORPORATION BUDGET and PROJECT BUDGET shall take into account all potential expenditures. Priority to funding shall be given to the following categories in the following order:

- 4.4.1.2.1 Required housing set-aside;
- 4.4.1.2.2 Bond and other debt obligations;
- 4.4.1.2.3 Tax sharing or state mandated payments;
- 4.4.1.2.4 Other contractual or legal obligations;
- 4.4.1.2.5 Capital and administrative expenditures.

The annual CORPORATION BUDGET and PROJECT BUDGET shall include the CORPORATION's best estimates of cost.

- 4.5. BUDGET REVIEW - Public involvement shall be encouraged by communicating in the CORPORATION's mass email distributions notifying recipients that the draft budget will be presented for review and discussion at the Budget & Finance Committee meetings as part of the annual budgeting process. Staff should present the draft budget to the CORPORATION's Budget & Finance Committee for review and comment prior to submitting the budget to the BOARD for approval. The final budget shall be presented timely to the BOARD for approval so that it can be submitted to the CITY to be included in the CITY's annual budgeting process. CORPORATION shall comply with City's Budget Preparation deadlines.
- 4.6. BUDGET ADOPTION - The CORPORATION BUDGET and PROJECT BUDGET shall be approved by the BOARD and by the AGENCY BOARD pursuant to sections 1.05, 1.06, 1.07, 1.08 and 2.07 of the OPERATING AGREEMENT between the CORPORATION and the AGENCY. Notwithstanding the aforementioned section of the OPERATING AGREEMENT, the CORPORATION BUDGET and PROJECT BUDGET shall be prepared by management, then submitted to the CITY's Chief Financial Officer for review and comment, then submitted to the BOARD for approval, and then to the AGENCY BOARD for adoption.

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- 4.7. BUDGET AMENDMENTS – All PROJECT BUDGET amendments shall be presented to the AGENCY BOARD for approval except as delegated in the Annual Appropriation Resolution. A memorandum delegating authority signed by the PRESIDENT shall be submitted to the City Comptroller's Office annually referencing the Annual Appropriation Resolution number. .
- 4.8. TRANSFERS OF APPROPRIATIONS – Transfers of appropriations within a project area to the extent that appropriations of funds are available and provided that such transfers of appropriations do not result in the use of such funds that would be inconsistent with the permitted use(s) of such funds, must be requested by the PRESIDENT, or designee, to the CITY's Chief Financial Officer, as delegated.
- 4.9. The CORPORATION shall present line item transfers of funds of the CORPORATION BUDGET in excess of \$10,000 to the Audit Committee or BOARD for approval on a monthly basis.