

THE PRESIDIO TRUST
BUDGET APPROVAL PROCESS

Approved May 25, 2017

1. **Purpose.** This Budget Policy (“Budget Policy” or “Policy”) establishes an efficient and effective way to set and adjust the budget for the Presidio Trust (“Trust”). This Policy applies to the annual operating budget and the five-year capital budget. This policy shall be effective immediately upon approval by the Board and shall supersede all prior Board budget policies.
2. **Authority.** The Chief Executive Officer has the authority to carry out all the functions, powers and duties related to the development of budgets and the expenditure of funds in accordance with Board approved budgets except as stated below. The Chief Executive Officer may delegate her/his authority further in accordance with a written procedure approved by the Chief Executive Officer.
3. **Key Principles.** The Trust’s procedure for budgeting shall follow these principles considered essential for sound financial management.
 - 3.1. Financial self-sufficiency – the Trust shall keep its revenue and operating expenses in line, and invest any excess in improving the park’s capital assets, infrastructure and/or operations.
 - 3.2. Alignment with strategy – the Trust shall earn its revenues and expend resources consistent with the Trust strategic plan.
 - 3.3. Flexibility – the Trust shall make good decisions based on best practices for particular circumstances rather than rigidly adhere to standard procedures.
 - 3.4. Efficiency – The Trust shall use simple processes that achieve desired results without undue process or waste of resources.
 - 3.5. Advance planning – Because capital projects typically take more than one year to develop, design, and implement, with estimates of timing and costs being updated as the project progresses, the Trust shall budget for capital projects over multiple years.
 - 3.6. Public trust – The Trust shall ensure the public’s trust by adhering to a publicly available budget and applicable federal budgetary rules.
4. **Development and Approval of the Annual Operating Budget.** Each year the Chief Executive Officer shall prepare an annual operating budget (“Operating Budget”) for review and approval by the Board prior to the start of the federal fiscal year. The Operating Budget shall present the revenue and operating expenses anticipated for the fiscal year. Approval of the Operating Budget by the Board constitutes budgetary authority for the staff to expend funds on operating expenses for the fiscal year.

- 4.1. During the fiscal year, the Chief Executive Officer may make adjustments among categories of operating expenses so long as the total for operating expenses does not exceed the total approved by the Board, plus any unspent operating funds carried over from the prior fiscal year.
- 4.2. The Chief Executive Officer may also transfer funds from the Operating Budget to the Capital Budget within the limit on increases to individual capital project budgets stated below.
5. **Development and Approval of the Capital Projects Budget.** Each year the Chief Executive Officer shall prepare a five-year capital budget (“Capital Budget”) for review and approval by the Board prior to the start of the federal fiscal year. The Capital Budget shall identify each capital project greater than \$2,000,000 on which the Trust expects to expend funds in the next five years, the estimated cost of the project, and the years in which those costs are anticipated to be incurred. Approval of the Capital Budget by the Board constitutes budgetary authority for the staff to expend capital project funds and procure required goods and services for all capital projects with the exception of construction projects whose total budget is more than \$5,000,000.
 - 5.1. For construction projects estimated to cost \$5,000,000 or more, approval of the Capital Budget constitutes budget authority for staff to expend funds up to completion of Design Development. After Design Development, the Chief Executive Officer shall return to the Board for approval of the final project cost estimate. Upon such approval, no further Board approvals for expenditures or procurements for the capital project are required.
 - 5.2. The Chief Executive Officer may increase funding for a capital project so long as the increase is less than 10% or \$250,000 (whichever is greater) of the approved budget for the capital project, and so long as the increase is within available cash limitations. All increases by the Chief Executive Officer shall be reported to the Board at the next regularly scheduled meeting.
 - 5.3. The Chief Executive Officer may change the timing of capital project expenditures from one year to another so long so the timing change does not cause the Capital Budget to exceed available funds for any fiscal year covered by the five year Capital Budget.
 - 5.4. The Board must approve any transfers of funds from the Capital Budget to the Operating Budget.
 - 5.5. No expenditure of funds may be made for construction activity unless the project is in compliance with all applicable laws and regulations, including National Historic Preservation Act and National Environmental Policy Act requirements.
6. **Quarterly Reports.** Staff will report to the Board quarterly on the financial performance of the Trust, comparing actual revenue and expenses to the Operating and Capital Budgets.