

BUDGETING, FINANCIAL PLANNING AND APPROVAL PROCESS POLICY

May 2024

1. Purpose

The purpose of this budgeting and financial planning policy ("Policy") is to serve as an outline, framework and guiding principles for the financial planning process of the Town. The goal of the Policy is to assist and memorialize the importance of regularly planning for the Town's financial sustainability through thoughtful analysis to develop the upcoming budget and to plan for ahead to maintain cash reserve targets in the Town's funds while being prudent stewards of taxpayer funding.

2. Objectives

The Policy objectives are to:

- Guide the Town's leaders in policy decisions;
- Set forth operating principles minimizing the cost of government and financial risk;
- Maintain appropriate financial capacity for present and future needs; and
- Promote sound financial management by providing accurate and timely information on the Town's financial condition.

The Policy should be reviewed annually in conjunction with the preparation of the Town's budget; however, the Policy will be updated on an as needed basis.

3. Definitions

Council shall mean the Town Council.

Related Entity shall mean the Town's Parks District, Redevelopment Commission, Redevelopment District, Redevelopment Authority, Fire Territory, and related building corporations of the Town.

Reserve Policy shall mean the Town's Reserve Policy that was adopted on _____.

Town shall mean the Town of Zionsville, Indiana

Utility shall mean the Wastewater Utility.

4. Budgeting

The Town, with the assistance of its Director of Finance and Records ("Finance Director") and Finance Department, with input from the Mayor, Department Heads, and Town Council, will develop budgets based on realistic expectations for revenues and expenditures. The goal of the developed budget should be to create a budget that:

- Can accommodate and meet changes to the Town's financial position resulting from revenue changes or unforeseen expenditures; and
- Is based upon a solid fiscal plan that incorporates historic financial reports.

The Policy is focused upon maintaining a balanced budget during the current fiscal year and planning to ensure balanced budgets in future years. A balanced budget is achieved when the appropriations from each fund for the fiscal year do not exceed the resources available to that fund for the year. The Town

may determine that all or a portion of the beginning balance/reserves in a fund may be appropriated but should strive to avoid using reserves to support ongoing expenses.

5. Revenue and Expenditures Forecasting and Budgeting

The Finance Director and Finance Department may complete financial forecasting either internally or with the assistance of the Town's financial advisors, shall utilize the revenue and expense forecasts that are developed prior or as a part of the budgeting process to forecast the Town's budget for the main operating funds and to plan for capital projects for an additional two years. In addition to the budgeting process, the Finance Department shall evaluate the revenue and expenditure projections for the extended period annually, incorporating any additional information that would make the revenue and expenditure projections more accurate.

The Finance Director, Mayor and Town Council will work collaboratively to address any known or anticipated budgetary issues. The Town will adjust its budget to maintain a funded budget and Reserve Target Level as set forth in the Town's Reserve Policy.

The Finance Office will consult with its financial advisors, the Department of Local Government Finance ("DLGF"), Accelerate Indiana Municipalities ("AIM") and other associations to keep abreast of other trends or legislative changes that may impact the Town.

6. Budget Amendments and Updates

When the Finance Department completes annual revenue and expenditure projections for the extended period, the Finance Department shall determine whether any budgetary adjustments are necessary for the current fiscal year. If the Finance Director becomes aware of a budget deviation, the Finance Director shall develop a recommendation for the Council to address necessary intra-year revenue and expenditure needs and will seek any necessary additional appropriation approvals from the Town Council and, if required, the DLGF to make the necessary budgetary adjustments.

7. Necessary Approvals prior to Binding Agreements or Grant Applications

Prior to entering into a binding contractual obligation or agreement ("Agreement") on behalf of the Town or a Related Entity, employees and officials must submit the proposed Agreement to the Finance Director. If the official or employee of the Town or related Entity has the legal authority and necessary approvals to proceed with the Agreement, the Finance Director will circulate the related documentation to the Mayor, Deputy Mayor and the Town's legal counsel for review. With guidance from legal counsel, the Finance Director, Mayor and Deputy Mayor will determine whether the Town or its Related Entity may enter into the contractual obligation or agreement, if modifications are needed for the Agreement, or if the request is denied. If the Agreement is subject to Council approval, then the Council approval will serve as authorization and no additional approvals are required; however, the Finance Director must be provided with a copy of the executed Agreement. Failure to follow this process may result in the nullification of the Agreement.

Prior to submitting any grant opportunity, the Town or a Related Entity, must notify the Finance Director of the proposed grant application, and provide the Finance Director with the following information:

- The amount of the proposed grant;
- grant program;
- grant administration requirements and the support needed from the Finance Department;
- anticipated timing to receive the grant funds;

- amount of any required matching funds and the anticipated fund; and
- whether the grant funds are transferred to the Town, drawn-down or advanced.

The Finance Director may require a Town Department, or Related Entity demonstrate that it has capacity to support the receipt of grant funds prior to the submittal of the grant application unless the Mayor or Deputy Mayor deem it is in the best interests of the Town to proceed with the application. In this event, the Mayor, Deputy Mayor, identify the necessary support for the Finance Director and the respective Town Department or related Entity to receive the grant funding, including obtaining a consultant with grant administration experience. All executed grant agreements must be provided to the Finance Director.