

ANNUAL BUDGET PROCESS ACTIVITY

MONTH

ACTIVITY

**Current year
month 9**

- Budget committee appointed
- Required Debt Service Reserves determined
- System Financial Reserves determined

month 10

- Cost of operating system next year without making any changes is estimated (initial Operating Expense estimate)
- Cost of planned changes in system operation estimated (additions)
- Final draft of Expense Budget created (cost of reserves + cost of planned changes + initial expense estimate = final Expense Budget estimate)

month 11

- System revenues from sale of water for current and past years reviewed by committee
- If revenues are inadequate to meet estimated expenses, method proposed by committee for adjusting revenues

month 12

- Balanced Revenue and Expense Budget reviewed and approved by board

**Next year
month 1**

- Start new fiscal year. Board monitors actual revenues and expenditures against approved budget

month 2

- Financial Audit of previous year begins

month 1-12

- Board continues monthly monitoring of revenues and expenses against approved budget
- Board amends approved budget as necessary if actual revenues or expenses are substantially different from approved budget

month 9

- Annual budget process for next year starts