

THE PRESIDIO TRUST

BUDGET POLICY

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, the multi-year renewal and capital improvements project budget and the technology and operational improvements budget. This policy shall be effective immediately upon approval by the Board of Directors (“Board”) and shall supersede all prior Board budget policies.

1. **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 their authority further in accordance with a written procedure approved by the Chief Executive Officer.
2. **Key Principles.** The Trust’s procedure for budgeting shall follow these principles considered essential for sound financial management.
 - 2.1. Financial self-sufficiency – the Trust shall keep its revenue and operating expenses in line and invest any excess revenue in improving the park’s capital assets, infrastructure and/or operations. At times, the Trust may elect to make investments in the organization that exceed revenue if funding is available.
 - 2.2. Alignment with strategy – the Trust shall earn its revenues and expend resources consistent with the Trust strategic plan.
 - 2.3. Flexibility – the Trust shall make informed decisions based on best practices for particular circumstances rather than rigidly adhere to standard procedures.
 - 2.4. Efficiency – The Trust shall use simple processes that achieve desired results without undue process or waste of resources.
 - 2.5. Advance planning – Because renewal, capital improvement, technology & operational improvement 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 have the flexibility to budget for such projects over multiple years.
 - 2.6. Public trust – The Trust shall ensure the public’s trust by maintaining a publicly available annual budget that adheres to applicable federal budgetary rules.
3. **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 (“fiscal year”). The Operating Budget shall present the revenue and operating expenses anticipated for the fiscal year.
 - 3.1. Approval of the Operating Budget by the Board constitutes budgetary authority for the Chief Executive Officer to expend funds and procure required goods and services on operating expenses for the fiscal year within the limits set out in the [Procurement Policy](#).

- 3.2. 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 or available funds, plus any obligated but unspent operating funds carried over from the prior fiscal year.
 - 3.3. The Chief Executive Officer may also transfer funds from the Operating Budget to the Renewal and Capital Improvements Budgets and to the Technology and Operational Improvements Budget within the limit on increases to individual project budgets stated in Section 4.2.
4. **Renewal and Capital Improvements Budgets.** Each year the Chief Executive Officer shall prepare a multi-year renewal budget and a multi-year capital improvements budget for review and approval by the Board prior to the start of the fiscal year (“Renewal and Capital Improvements Budgets”). The Renewal and Capital Improvements Budgets shall identify each renewal and capital improvement project greater than \$5,000,000 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.
 - 4.1. Approval of the Renewal and Capital Improvements Budgets by the Board constitutes budgetary authority for the Chief Executive Officer to expend funds and procure required goods and services for all renewal and capital improvement projects within the limits set out in the [Procurement Policy](#).
 - 4.2. The Chief Executive Officer may increase funding for a renewal or capital improvement project so long as the increase is less than 10% or \$500,000 (whichever is greater) of the approved budget for the project, and so long as the increase does not cause the Renewal or Capital Improvements Budget to exceed available funds for the fiscal year. All project increases approved by the Chief Executive Officer shall be reported to the Board at the next regularly scheduled meeting.
 - 4.3. The Chief Executive Officer may change the timing of renewal and capital improvement project expenditures from one year to another, or add new projects, so long so the timing of the change/new project does not cause the Renewal or Capital Improvements Budget to exceed projected available funds for any fiscal year covered by the multi-year Renewal or Capital Improvements Budget.
 - 4.4. The Board must approve any transfers of funds from the Renewal and Capital Improvements Budgets to the Operating Budget or to the Technology & Operational Improvements Budget.
 - 4.5. No expenditure of funds may be made for construction activity unless the project is in compliance with all applicable laws and regulations, including, but not limited to, the National Historic Preservation Act and National Environmental Policy Act requirements.
5. **Technology & Operational Improvement Budget.** Each year, the Chief Executive Officer shall prepare a multi-year technology and operational improvements budget for review and approval by the Board prior to the start of the fiscal year (“Technology & Operational Improvements Budget”). The Technology & Operational Improvements Budget shall identify each technology and operational improvement project greater than \$2,000,000 on which the

Trust expects to expend funds in the next three years, the estimated cost of the project, and the years in which those costs are anticipated to be incurred.

- 5.1. Approval of the Technology & Operational Improvements Budget by the Board constitutes budgetary authority for the Chief Executive Officer to expend funds and procure required goods and services for all technology and operational improvement projects within the limits set out in the [Procurement Policy](#).
- 5.2. The Chief Executive Officer may increase funding for technology and operational improvement projects so long as the increase is less than 10% or \$500,000 (whichever is greater) of the approved budget for the project, and so long as the increase does not cause the Technology & Operational Improvements Budget to exceed available funds for the fiscal year. All project increases approved 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 technology and operational improvement project expenditures from one year to another, or add new projects, so long so the timing of the change/new project does not cause the Technology & Operational Improvements Budget to exceed available funds for any fiscal year covered by the multi-year Technology & Operational Improvements Budget.
6. **Reserves.** The Trust shall budget for financial reserves in accordance with the [Financial Reserves Policy](#).
7. **Financial Reports.** Staff will report to the Board quarterly on the financial performance of the Trust, comparing actual revenue and expenses to the Operating Budget, to the Renewal and Capital Improvements Budgets, and to the Technology & Operational Improvements Budget.
8. **Implementation.** Management shall develop procedures to implement this policy.

Approved: May 25, 2023