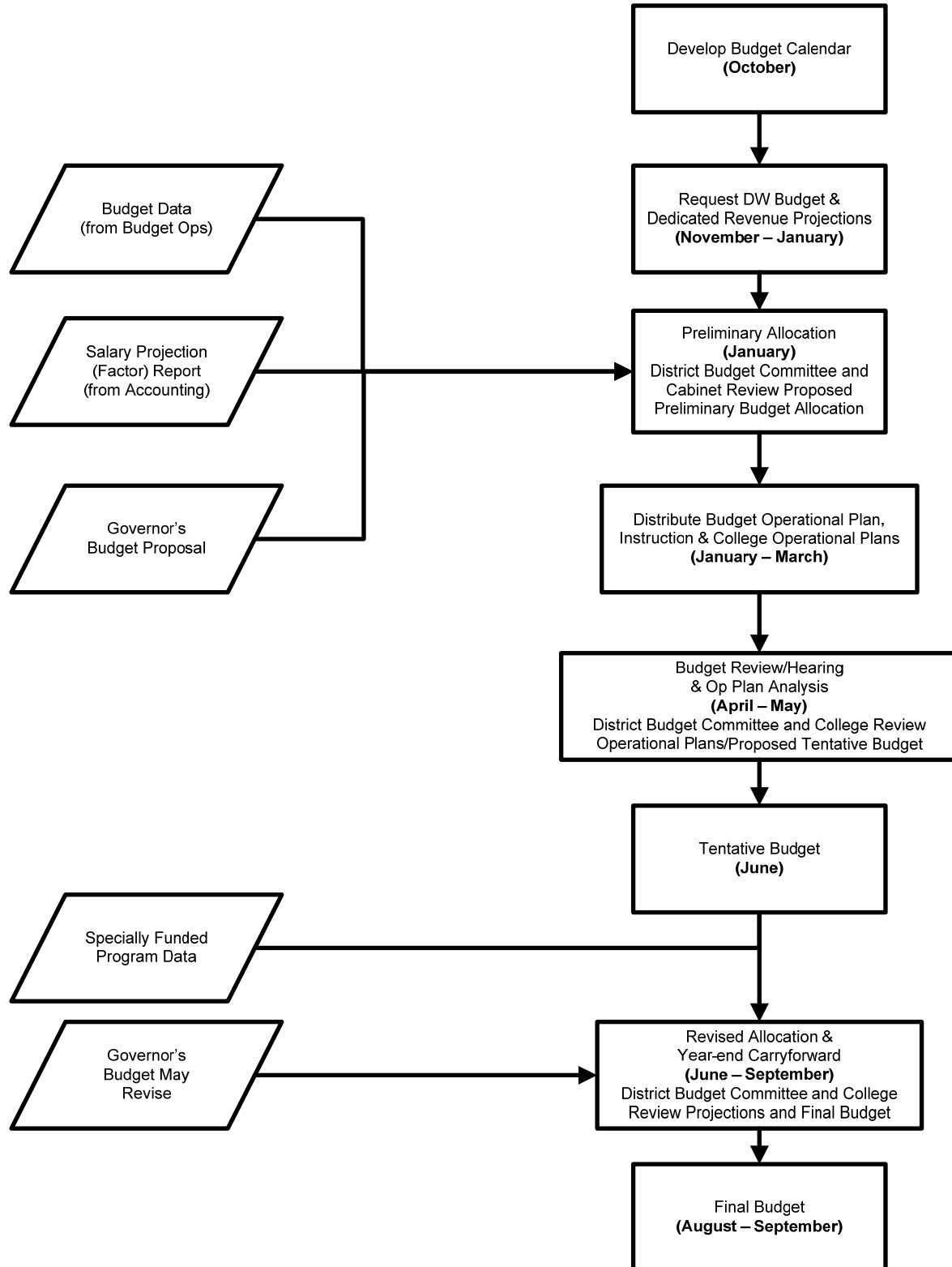


# OPS: Budget & Management Analysis: Budget Operations; Budget Development & Preparation Process





## FINANCIAL & TREASURY MANAGEMENT

### Budget Development

*The community college district budget is a plan of proposed expenditure for operations and estimated revenue for a given period of time (fiscal year). The budget represents the operational plans of the district in terms of economic decisions. Budget requirements and processes are described in the California Code of Regulations, beginning with Section 58300.*

In September of each year, a Budget Development Calendar for the following fiscal year is prepared by the District Budget Office (Liwa Corpuz, Senior Financial Analyst), and reviewed by the District Budget Committee. This Calendar serves as a timeline for when certain decisions or transactions should be made. In October, the Calendar is adopted by the Board of Trustees.

In November, the College Presidents make recommendations to the District Budget Committee on district-wide fund allocations and assessments. The Budget Operation Plan Instructions are then distributed to each college in January. The Budget Operation Plan is the mechanism through which each college and district administrative office identifies and evaluates the programs and resources necessary to operate during the upcoming fiscal year. Revenue and allocation parameters to develop the budget are described in the Budget Allocation Model which is included in the Budget Operation Plan. The Model states that all state general revenue, excluding Partnership for Excellence, shall be distributed to the colleges based on the state program-based funding mechanism.

The G/L structure is in conformity with the Budget and Accounting Manual (BAM), which is available on the California Community College's website ([http://www.cccco.edu/divisions/cffp/fiscal/standards/budget\\_and\\_accounting\\_page.htm](http://www.cccco.edu/divisions/cffp/fiscal/standards/budget_and_accounting_page.htm)). The BAM, which has the authority of regulation in accordance with Title 5, Section 59011, of the *California Code of Regulations* (CCR), is part of the Board of Trustees' responsibility to define, establish, and maintain the budgeting and accounting structure and procedures for the California Community Colleges. California community college districts are required by regulation to prepare financial reports and annual budgets that report all their actual and projected revenues and expenditures on forms as provided by the Chancellor's Office. The objective of the BAM is to facilitate compliance with this requirement by providing for a uniform fund-structure, revenue and expenditure classifications, and other accounting procedures for the consistent and comparable reporting of financial data by all community college districts.

The annual operating budget developed and presented to the Board of Trustees for final approval shall be a reflection of projected costs, based, in part, on historical resource utilization, anticipated changes in programs and services, and available funds. This final budget is initially reviewed by the District Budget Committee and the Budget/Resource Development Board Committee prior to review by the Board of Trustees. The final budget is adopted in late August upon board approval. **For the adoption and implementation of the budget, the unanimous decision of the Board is required [10].** The final budget is filed with the County and State agencies no later than September 15<sup>th</sup>.

A reserve of five percent (5%) of the unrestricted general fund budget shall be established, composed of a three percent (3%) unappropriated general reserve and a two percent (2%) appropriated contingency reserve. This level of reserve shall be established over a period of time by increasing the Contingency Reserve and/or General Reserve by at least one-half percent annually. The reserve shall be established to ensure the district's financial stability, to meet emergency situations or budget adjustments due to any revenue projection shortfalls during the fiscal year, and so that the district shall not be placed on the state "watch list." Use of the reserve must be approved by the unanimous decision of the Board prior to any expenditure.

## **Budget Monitoring**

Management reviews budget activity at the close of each month. On a monthly basis, there is report on the status and projections for the Unrestricted and Restricted General Fund, as well as the G/L reconciliation for all funds. Projections are made on a monthly basis for only the General Fund as it relates to operations. Income and expenditures for each fund are reconciled to the G/L by Anil Jain, Accounting Manager. The income and expenditures are compared to their control accounts. Budgetary information is reviewed by Vinh Nguyen, Director of Budget and Management Analysis.

In the Quarterly Financial Status Report, which is submitted to the District, all colleges state their projected expenditures. If a college is anticipating an unbalanced budget—expenses are anticipated to exceed expectations—the college is required to prepare and submit a plan to the District.

Jeanette Gordon, Chief Financial Officer, produces a report each quarter that compares budget to actual revenue and expenditure projections, and to last year's actual revenue and expenditures. **These reports are submitted to the Board of Trustees for informational purposes and to the Chancellor and the Deputy Chancellor of the District [17].**

## **Budget Maintenance/Changes**

Budget changes can result from various factors such as additional income or increased employee wages. **Budget changes that require approval from the Board of Trustees are presented to the Board for acceptance [12].** All budget transfers between major G/L (object) codes for unrestricted programs at college locations must be submitted on the Budget Transfer Authorization (BTA) form and processed on campus or forwarded to the District Budget Office for processing. The BTA forms must first be approved by the Vice President and President of the college. The form is then reviewed (and distributed for review) by Hattie Mobley, Accounting Technician, and Jose Mendoza, Assistant Financial Analyst. BTAs involving special funds that require additional review are then forwarded to the appropriate Budget Committee person. After the review process, the BTA is keyed into the SAP system. **Before filing, all BTAs must be reviewed and signed by Liwa Corpuz, Senior Financial Analyst, Sheri Okamoto, Senior Financial Analyst, and Vinh Nguyen, Director of Budget and Management Analysis. Those BTAs that must be reviewed by Jeanette Gordon relate to the following: (1) Contingency Reserve, (2) General Allocation adjustments that require Board approval (i.e. Tentative Budget, or P1 adjustments), (3) All District Office (routine or new income), (4) Prop A or Prop AA, (5) Any single SFP income BTA that equals to or more than \$10M from the campus, and (6) Other special transactions, determined by Vinh Nguyen, that require Jeanette Gordon's special attention [13].** The District Budget Office then prepares a budget adjustment report that goes to the Board of Trustees for approval.

**Budget transfers between major G/L (object) codes for specially funded programs (SFPs) and other restricted programs must be submitted on a form and must go through the same process described above.**