

# Budget & Finance: OVERVIEW OF DISTRICT BUDGETING

## BUDGET FUNCTIONS

- Guideline for managing resources
- Tool for planning, controlling and evaluating activities
- Estimate of revenue and expenditures (July 1 through June 30)
- Authorization to spend (approved by Board of Trustees)
- Measure of accountability (comparing actual to budget)

## BUDGET ORGANIZATION – SYSTEMATIC CLASSIFICATION

**FUND Codes:** Used to report sources and uses of resources available for (or in most cases *RESTRICTED to*) essentially the same purpose

- 1xxxx Unrestricted General Fund
- 2xxxx Internal Service Fund (Self-Insurance)
- 3xxxx Restricted General Fund
- 4xxxx Capital Projects Fund (Capital Outlay/Revenue Bond Construction)
- 5xxxx Enterprise Fund – Auxiliary Fund (Bookstore/Cafeteria)
- 6xxxx Special Revenue Fund (Child Development Fund)
- 7xxxx Expendable Trust Fund (Financial Aid)
- 8xxxx Retirement Reserve – Expendable Trust (Reserve for Post-Retirement Benefits)

**ORGANIZATION Codes:** Assigned based on administrator / area of responsibility; identified first by location and then by unit within the location

DIGIT 1:

- 1xxx Chancellor's Office or District Central Services
- 2xxx Skyline College
- 3xxx Cañada College
- 4xxx **College of San Mateo**

DIGIT 2 – CSM: Skyline 2xxx

- 40xx General Administration
- 41xx President's Office
- 42xx Operations (Business Services)
- 43xx Student Services
- 44xx Instruction
- 45xx Broadcast Services

**ACCOUNT Codes:** Numbered in a way that distinguishes assets, liabilities, fund balances, revenues and expenditures

- 1000 Academic Salaries
- 2000 Non-Academic Salaries
- 3000 Employee Benefits
- 4000 Supplies and Materials
- 5000 Other Operating Expenses and Services
- 6000 Capital Outlay
- 7000 Other Outgo & Transfers Out
- 8000 Revenues and Other Financial Sources

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**PROGRAM Codes:** Groups of closely related activities; generally based on State TOP (Taxonomy of Programs) or State ASA (Administrative Service Areas)

010xxx – 59xxxx	Instruction ( <i>all major instructional disciplines</i> )
60xxxx	Instructional Administration ( <i>admin support &amp; management</i> )
61xxxx	Instructional Support Services ( <i>e.g. library, media</i> )
62xxxx	Admissions & Records
63xxxx	Counseling and Guidance
64xxxx	Other Student Services ( <i>e.g. financial aid admin, health services</i> )
65xxxx	Operation & Maintenance of Plant ( <i>utilities, custodial, facilities</i> )
66xxxx	Planning & Policy Making ( <i>e.g. research, college presidents, budget office</i> )
67xxxx	General Institutional Support Services ( <i>e.g. personnel management, staff development</i> )
68xxxx	Community Services ( <i>community use of facilities</i> )
69xxxx	Ancillary Services ( <i>e.g. bookstores, child development center, student clubs</i> )
70xxxx	Auxiliary Operations ( <i>e.g. public broadcasting, special events</i> )
71xxxx	Physical Property & Related Acquisitions ( <i>capital outlay projects</i> )

## CREATING THE BUDGET

### SHARED INTEREST AND RESPONSIBILITIES

**Board of Trustees:** Represent the public and have ultimate responsibility for ensuring that the District prepares and adheres to fiscally responsible budget

**Administrators:** Have direct responsibility for preparing and managing budget in fiscally sound manner

**Faculty, Staff and Students:** Directly affected by budget and need to have voice in decisions represented and supported by the budget

### SETTING COLLEGE PRIORITIES

**Departmental Level:** Faculty, staff and students gain direct input through formal program review process or through the less formal process of setting goals and objectives each year – findings are translated into prioritized budget requests and forwarded to vice presidents

**Vice Presidents:** Consult with their deans to establish overall priorities for their area of responsibility and then bring their budget priorities into Cabinet sessions with College President and Business Officer

**College-wide:** Broader institutional requirements are added and a College-wide budget is developed and brought to one or more College shared governance groups to study and make recommendations back to Cabinet

**Presidents:** Ultimately responsible for approving a budget that is consistent with resources allocated to the College

### SETTING DISTRICT PRIORITIES

**Needs & Opportunities:** Identified through information gathered from the Colleges, the external environment and from deliberations of various planning groups

**Long-Range Planning:** The District is continuously engaged in some form of long-range planning activity through formalized master planning, accreditation self study, program review, facilities planning, and so forth

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**Budget Construction:** The Executive Vice Chancellor (in conjunction with the Chief Financial Officer, the Senior Financial Analyst and the District Committee on Budget & Finance) estimates revenue and expenditures for the coming year and reports that information to the Chancellor and Board of Trustees

**Policy Matters:** The District Shared Governance Council (DSGC) is consulted on all policy matters and serves as an overall, umbrella planning body

## ALLOCATION OF DISTRICT RESOURCES

**Restricted Funds:** Allocated according to the funding sources' guidelines

**Special Allocations:** The Board of Trustees may designate the use of some monies to recognize commitments or to achieve certain goals

**Allocation Formula:** Remaining funds are disbursed in accordance with the District's resource allocation formula

## SOURCES OF REVENUE

### STATE ALLOCATION FORMULA

Most community college revenue is determined by a Statewide allocation formula. A base revenue amount is established for each community college district. Under program-based funding, a district's base revenue is computed from the following:

	Prior Year Base Revenue
+	Cost of Living Adjustment (COLA)
+ / -	Growth/Decline/Restoration
+	Program Improvement/Equalization
+	<u>Stability</u>
	Current Year Base Revenue

### SOURCES OF BASE REVENUE

- Local property taxes
- Resident enrollment fees
- State tax subventions (augmentation to offset loss of revenue from property tax exemptions)
- State apportionment (calculated based on initial estimates of the three sources listed above)

# Budget & Finance: TIMING ISSUES

## BUDGET TRANSFERS

**Petty Cash NSFs:** Petty cash reimbursements will NOT be issued to accounts which are NSF (*non sufficient funds*). Check *Budget Status* (FGIBDST) for current account balances before submitting "Request for Petty Cash Reimbursement" forms. Complete a Budget Transfer (FGAJVCD) as necessary.

**Requisition NSFs:** Requisitions in "suspense" or "NSF" status will be denied (*unless you have prior authorization from the budget office*). Check *Budget Availability* (FGIBAVL) for current account balances before completing a Requisition (FPAREQN). Prepare a Budget Transfer (FGAJVCD) if account(s) do not have adequate budget to cover the purchase.

**Banner Reports:** Check available balances in *Budget Status* (FGIBDST), *Budget Availability* (FGIBAVL) or by running a *Finance Account Query* (FYRACSL) in Banner.

**Monthly/Quarterly Deficits:** Monthly, or at least quarterly, all budget deficits in 4000-6000 accounts should be corrected.

DO NOT do budget transfers in position control accounts except at fiscal year end. Do NOT use 1999 or 2999 to realign budget without prior approval from the budget office.

**Year-end Deficits:** Budget deficits should be corrected prior to year-end closing. District will transfer sufficient budget to cover all deficits in Fund 1 benefit accounts (3xxx). District will *clear* all deficits in Fund 3 benefit accounts to 3999; however, sufficient Fund 3 budget must be available to cover all Fund 3 year-to-date expenditures.

Budget transfers between Fund 1 and Fund 3 accounts are NOT allowed.

## PROCARD RECLASSIFICATION JOURNALS

**Monthly/Quarterly:** Monthly, or at least quarterly, all procurement card purchases requiring transfer (expenditures which should be charged to an account other than the default account) should be reclassified by completing APCA or APCF journal transfers in WebSMART.

**Year-end:** All procurement card purchases requiring transfer should be reclassified by completing APCA or APCF journal transfers in WebSMART.

## EXPENDITURE JOURNALS

**Monthly/Quarterly:** Expenditures (other than procard purchases) charged incorrectly must be transferred to the proper account by District. Email your *detailed* transfer journal requests to the appropriate accounts payable or payroll representative.

**Year-end Closing:** Request journal transfers for all incorrect expenditure postings not previously completed.

# Budget & Finance: TIMING ISSUES

## BUDGET MONITORING

**Research/Auditing:** Track budget, expenditures, encumbrances and fund balances monthly, or at least quarterly, to audit online financial data for accuracy.

**Banner Reports:** Check up-to-the-minute available account balances by accessing *Budget Availability* (FGIBAVL); for transaction detail go to GJAPCTL and run a *Document Query List* (FYRDOCD).

Check budget condition (**posted** transaction detail information) by accessing *Budget Status* (FGIBDST) or by running a *Finance Account Query* (FYRACSL).

**SDA Reports:** Check budget availability by querying data from BANNER Simplified Data Access (SDA) tables. Create a query in Design View by selecting desired fields from the table "BANNER FV\_BUDGET\_AVAILABILITY".

## MATERIALS FEES

**Budgeting:** Materials fee revenue will be posted to account 4515 (Other Supplies Special) as negative YTD Activity. This account has no budget – you **CANNOT** transfer budget to or from 4515.

Estimate total revenue by multiplying the number of students in the course (after census date) by the materials fee charged OR run a *Student Fees* report in Banner (SYRSFEE). Materials fee revenue should *technically* be spent the semester the section for which the fee was collected is taught.

Check total materials fee revenue available for the current fiscal year at the end of April; beginning in May, fees collected for the next fiscal year (Summer/Fall semesters) will be posted and not reversed out until year-end.

**Expenditure Transfers:** Related course materials expenditures (i.e. instructional supplies, central duplicating, laundry, etc.) should be charged to 4515 to offset fee revenues. If procard expenditures do not default to this account, journal applicable expenditures as necessary.