

BUDGET

The following operating procedures are in accordance with SP 3100:

Budget Development:

- Administrative Services oversees the budget development process and will advise and assist department managers and directors in the production of a final budget. The Fiscal Services department, within Administrative Services, will determine total revenue available for each program based on budget assumptions, and will also create a Position Budget Model.
- It is the responsibility of the department managers and directors to determine their expected revenue and provide Fiscal Services with documentation (MOU's, contracts, award letters, etc.) in order to assist in the facilitation of an accurate budget projection.
- The Position Budget (PB) Model is created by Fiscal Services, and provides position/salary information based on information in the financial software at the point in time the Model was created. This PB Model can then be used as an analytic tool to check the accuracy of employee salary information, determine current cost of positions, and to project future cost of positions inclusive of salary steps, health care increases, etc.
- There are several PB reports available in the financial system software. Contact the Fiscal Services department for report guidance if needed.
- Department managers and directors are responsible for verifying the accuracy of employee costs by either utilizing a position budgeting report in the financial system software or providing an Excel spreadsheet(s) demonstrating total employee cost.

○ **New Budgets / Account Codes:**

- Newly developed budgets and requests for new account codes can be submitted to Fiscal Services in a variety of ways. The following are acceptable formats:
 - Excel Spreadsheet: program manager works with Fiscal Services staff in creating the budget in Excel
 - New Budget/Revision form (BSF-73): this form is available on the BCOE website and is used by program managers who need to create a new budget or a budget revision
 - Account Code Report with notes: reports with written changes next to Escape report values
- Prior to setting up a new budget, Fiscal Services requires a copy of the contract, as information from the contract is used to set up the account code structure.
- The New Budget/Revision form (BSF-73) is in Excel and is specially formatted to compute per account code and will indicate to the form user if the program account is in balance based on the figures entered into the form.
- Prior to submitting a request for a new budget, an authorizing manager should sign off on the new budget submission, then send to their Fiscal/Financial Services representative. The authorizing manager may also email their new budget submission in lieu of a signature.
- New Budgets submissions will be input into the financial system software once all required approvals have been received. Fiscal Services will review the submission for accuracy, contacting the department manager/director if necessary for discussion, then

enter the new budget into the financial system software. Upon completion, the department manager/director will be notified of the new account codes and budget that has been entered.

Budget Adoption:

- As required by law, an annual budget (Original Budget) must be prepared for the Butte County Office of Education. Once the Original Budget has been developed by Fiscal Services, it is submitted to the Butte County Board of Education for adoption.
- Prior to submission to the Board, beginning around April, developed budget data is input into the financial system software and balanced. After the budget data is balanced, it is downloaded into the SACS software for CDE. The SACS software will give notice of any errors (ie: incorrect function code used), which are then noted and corrected.
- Once the errors have been corrected, the required SACS report for the Original Budget is prepared and submitted to the Board for adoption.
- Adoption of the Original Budget is completed annually in early June. Once adopted, the SACS report is submitted to CDE.
- Once the new fiscal year begins, the Original Budget becomes the Revised Budget. The Revised Budget is revised as needed throughout the fiscal year.

○ **First Interim / Second Interim:**

- The budget adoption process is repeated during Nov/Dec for First Interim, and Feb/March for Second Interim. First and Second Interim are formal reports required by CDE, which provide “a snapshot” of the organization’s budget status.
- In preparation for the First and Second Interim reports, program managers/directors are asked to take the opportunity to meet with Fiscal Services to review and adjust revenue and estimated expenditures in order to facilitate an accurate reflection of the budget.

Budget Management:

- Department managers and directors are responsible to regularly review/monitor program budgets, ensuring adequate revenue is available for all current and planned expenditures, and salary expenses are correctly distributed.
- Detailed budget and salary reports can be obtained through the financial system software. Individualized training in the Escape system is available upon request.
- Fiscal Services is available to advise and assist with all aspects of budget management.

Budget Revisions:

- If funds budgeted in account codes are inadequate to cover expenses, or if revenue increases or decreases, a budget revision is necessary.
- Requests for Budget Revisions can be submitted to Fiscal Services in a variety of ways. The following are acceptable formats:
 - Excel Spreadsheet: Program manager works with Fiscal Services staff in creating the budget adjustments in Excel
 - New Budget/Revision form (BSF-73): this form is available on the web and is used by program managers who need to create a new budget or a budget revision

- Account Code Report with notes: account code reports with written changes next to Escape report values
- The New Budget/Revision form (BSF-73) is in Excel and is specially formatted to compute the exact amount per account that needs to be increased or decreased, and will indicate to the form user if the cost center is in balance based on the figures entered into the form.
- Prior to submitting a request for a budget revision, an authorizing manager should sign off on the budget revision submission, then send to their Fiscal/Financial Services representative. The authorizing manager may also email their budget revision submission in lieu of a signature.
- Fiscal Services will review the submission for required approvals and accuracy, contacting the department manager/director if necessary for discussion, then enter the budget revision into the financial system software. Upon completion, the department manager/director will be notified that the revisions have been entered.

Expense Transfers:

- If an expense has been incorrectly coded and has already been paid, or the expense needs to be moved to another account code, or budget, a Journal form (BSF-36) should be completed.
- On the BSF-36 form, the information for Post Date and Check Date can be found by running a detailed fiscal report for the account in which the expense is recorded. Additional information regarding the reason for the transfer of expense should be indicated at the bottom of the form.
- After completing the BSF-36, an authorizing manager should sign off on the journal form and submit to Fiscal Services. If the revision amount exceeds \$20,000, the Assistant Superintendent of the applicable division should sign off on the BSF-36 prior to submission.
- Fiscal Services will review the BSF-36 for accuracy, contacting the department manager/director if necessary for discussion, then enter the adjustments into the financial system software.

Payroll (Labor) History Transfers or Distribution Changes:

- **History Transfers**
 - If a **past** salary expense needs to be modified and has already been paid, the Past Payroll History Transfer form (BSF-86) should be used. Attach a Pay10 report to the BSF-86 to support the salary and benefits being moved.
 - Directions for completion are located on the form, or Fiscal Services may be contacted for assistance.
 - After completing the BSF-86, an authorizing manager or designee should sign off on the Past Payroll History Transfer form and submit to Fiscal Services. Fiscal Services will review the BSF-86 for accuracy, contacting the department manager/director if necessary for discussion, then will process for entry/adjustment into the financial system software.
- **Distribution Changes**
 - If a **future** salary expense needs to be re-distributed, the Future Payroll Distribution form (BSF-87) should be used.

- Directions for completion are located on the form, or Fiscal Services may be contacted for assistance.
- After completing the BSF-87, an authorizing manager or designee should sign off on the Future Payroll Distribution form and submit to Fiscal Services. Fiscal Services will review the BSF-87 for accuracy, contacting the department manager/director if necessary for discussion, then will process for entry/adjustment into the financial system software.

CDE Award Notices and Reporting:

- The CA Department of Education (CDE) will send Grant Award Notifications to BCOE for certification and acceptance of grant requirements. The original award notices are routed to Administrative Services and signed off by the Superintendent.
- The award notification is then noted in a log and returned to CDE per their instruction. Copies of all award notifications sent back to CDE are provided to Fiscal Services and the applicable manager/director of the awarded department.
- Fiscal Services will complete and submit all expense reports required by CDE, according to the specific grant requirements. Copies of submitted expense reports are provided to the applicable manager/director of the awarded department.

Closing the Books (Budget):

- Prior to year-end, a memo will be sent out from Fiscal Services to all departments, indicating the last day to encumber funds, pay expenses, deposit income, complete S-Transfers, request expense journals, and request labor adjustments for the current fiscal year. These timelines are set by Administrative Services in response to guidelines set by the Auditor-Controller office.
- As a general rule, unless specifically documented by the funding source, all purchased goods and services need to be received by June 30. If goods or services are received after June 30, they will be recorded in the next fiscal year budget regardless of the date on the purchase order.
- After the close of the fiscal year (June 30), Fiscal Services begins the process for closing the books (budget).

o Unaudited Actuals:

- As required by law, the Unaudited Actuals report must be prepared for the organization. Once the Unaudited Actuals report has been completed by Fiscal Services, it is submitted to the Butte County Board of Education for approval.
- Prior to submission to the Board, beginning in October, Unaudited Actuals (budget data) is balanced and downloaded into the SACS software for CDE. The SACS software will give notice of any errors (ie: incorrect function code used), which are then noted and corrected.
- Once the errors have been corrected, the required SACS report for the Unaudited Actuals is prepared and submitted to the Board for approval.
- Approval of the Unaudited Actuals is completed annually in mid October. Once approved, the SACS report is submitted to CDE.

- In late October, after the Unaudited Actuals report is completed and approved, program managers/directors are asked to take the opportunity to review their prior fiscal year budget reports (Unaudited Actuals), and meet with Fiscal Services to review and discuss if necessary, in order to facilitate an accurate understanding of prior year budget adjustments and current year beginning balances.
- After the program managers/directors and/or external auditor review prior year budget reports (Unaudited Actuals), if any adjustments are necessary, they will be made in the current fiscal year, and the beginning balance will be adjusted.

Common Budget Terms Defined	
Account String	A pre-defined group of numbers that define a specific budget within a cost center and collects expenses.
Actuals	Revenue that has been received and expenses that have been paid
Adopted Budget	Revenue and expense estimates provided towards the end of the fiscal year in order to outline a budget for the next fiscal year, due July 1 st to the state. Also known as the Original Budget.
Allocation	Funds set aside and distributed per pre-defined purpose and timeline
Apportionment	Funds allocated and distributed from the state or federal agency for Lead or Local Educational Agencies (LEA's)
Beginning Fund Balance	The budget (unaudited actuals) balance carried forward from the previous fiscal year
Budget	A plan that outlines expected revenues and expenses, set aside for a pre-defined purpose
Categorical	Grants, entitlements, and other financial assistance received from other governmental agencies (ie: state, federal, city) Most have been absorbed into LCFF.
Cash Flow	Analysis and projection of inflow and outflow of available cash within the organization
Cost Center	A pre-defined group of accounts that encompasses an established budget
CU's	Classroom Unit: a unit of measurement that determines the rate to charge a program per assigned square footage
Deficit	Excess of expense in comparison to revenue
Ending Fund Balance	Beginning fund balance plus current year revenue minus current year expenditures
Encumbrance	An expected expense in a purchase order that is awaiting payment
Expenditure Appropriation	Authorization for the use of funds
First Interim	A formal report required by the state, due December 15th, which reflects "a snapshot" of the BCOE budget status.
Fiscal Year	July 1 – June 30
Function	The part of the budget that represents the category in which it is grouped according to the interests addressed; a general operational area in an LEA and groups together related activities
Fund	Similar to a "checking account", it is established for a certain purpose, and is a placeholder for the flow of funds coming in and going out. The County Treasurer is the "bank"

Common Budget Terms Defined	
Goal	The part of the budget that represents the category in which it is grouped according to the objective served; defines an objective or set of objectives for the LEA
Indirect Cost	The percentage of cost charged per budget which generates the revenue for general management costs necessary to the operation of the agency. (indirect cost % x total budget expenses = total indirect cost charged per budget)
Object Code	A pre-defined number that defines a specific type of expenditure within an account; classifies expenditures according to the types of items purchased or services obtained
OGA Account	The account that collects Revenue and Indirect Costs
Original Budget	Revenue and expense estimates provided towards the end of the fiscal year in order to outline a budget for the next fiscal year, due July 1 st to the state. Also known as Adopted Budget.
Position Budget Model	A budget that Escape creates directly from the system using active position information stored in the HR module. The information in the Position Budget Model reflects “a point in time” of the active positions, and can be used as an analytic tool to determine status of current salary cost and estimated cost of step increase for next FY, etc.
Position Control	A pre-determined number assigned per position
Project Year	The second half of the fiscal year of the ending date for the project year budget (ie: budget ends in Oct. of fiscal year 2020-21, then the Project Year is 2021)
Project Year Budget	A budget with an ending date that extends beyond the fiscal year
Quarterly	July-Sept = 1 st Quarter; Oct-Dec = 2 nd Quarter; Jan-March = 3 rd Quarter; April-June = 4 th Quarter
Reserve	Savings, per state requirements, as well as general necessity and purpose
Resource	A part of the budget that represents the classification in which it is grouped according to the source of revenue and resulting expenditures
Revenue	Increases in financial resources; funds received
Revised Budget	The original budget becomes the revised budget at the beginning of the new fiscal year, and adjustments are made throughout the year. Also known as the Working Budget.
Revolving Account	The ability of an account to carry over fund balances
SACS	Standardized Account Code Structure
Second Interim	A formal report required by the state, due March 15th, which reflects “a snapshot” of the BCOE budget status.
SubFund	Contained within a Fund allowing further break-down of established purpose when necessary for tracking and detailed reporting; “rolls up” to the Fund in which it is tied
Unaudited Actuals	Final revenues and expenditures prior to auditor review
Working Budget	The original budget becomes the working budget at the beginning of the new fiscal year, and adjustments are made throughout the year