



**Kern Community College District
Board Policy**
Chapter 6 – Business and Fiscal Affairs

BP 6200 Budget Preparation

References:

Education Code Section 70902 subdivision (b)(5);
Title 5 Sections 58300 et seq.;
ACCJC Accreditation Standard III.D

Note: This policy is **legally required**.

Each year, the Chancellor shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget of Trustees and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with state law and regulations and provide adequate time for Board study. See **Procedure 6200** for Budget Preparation Guidelines.

The budget development shall meet the following criteria:

- The annual budget shall support the District-wide master and educational plans.
- Budget projections shall address long-term goals and commitments.
- The annual Budget shall not exceed estimated revenues for the Budget year excluding District-wide or College reserves.
- The Budget may include a separate request to use District-wide reserves.
- Assumptions upon which the budget is based are presented to Board for review.
- A schedule is provided to the Board by December of each year that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), and approval of the final budget. At the public hearings, interested persons may appear and address the Board regarding the proposed or any item in the proposed budget.
- District-wide unrestricted general fund reserves shall be no less than fifteen percent (15%) and should not exceed twenty percent (20%) of the unrestricted district-wide expenditures.

- College budgeted reserves will not be considered as part of District-wide reserves. Each of the colleges shall maintain a minimum unrestricted general fund reserve of five percent (5%) of the total unrestricted reserve for obligations and contingencies.

Purpose of Reserves - The District-wide unrestricted general fund reserves are intended to provide resources for cash flow management, unfunded liabilities, risk mitigation, significant emergencies, and a buffer against future budget reductions. The District may incorporate into the annual budget an appropriate level of reserves to provide resources for these purposes. Unless the District is confronted with catastrophic issues, or the Board authorizes a deviation at no time should District-wide reserves fall below the minimum levels reflected above. Reserves in excess of these needs may be used for the following purposes:

- a) Provide resources to maintain mission critical educational programs. Provide resources for the expansion, reduction, or restructuring of College/District programs and services.
- b) Provide capital funds to invest in infrastructure that will lower operational costs, improve efficiencies, improve safety/security, and/or enhance the delivery of educational and/or support services.
- c) Excess reserves to be used as directed by the Board.

Also see AP 6305 titled Reserves.

Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.

Budget allocations of funds will be made to the Colleges and District Office and will be reviewed by the Board of Trustees, Chancellor's Cabinet, and Consultation Council with recommendations from the District-wide Budget Committee. Generally, the allocations to each College and to the District Office shall be based upon the Board approved allocation model. The Chancellor or designee shall work with representatives of the College Academic Senates and other District-wide constituent groups represented on the Chancellor's staff in designing the process for development of the District budget.

College budgets are prepared under the supervision of the College President or designee. The College President or designee shall work with the College Academic Senate in designing the processes for development of the College budget.

Each of the Colleges' will establish unrestricted reserves for obligations and contingencies.

Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.

Also see BP/AP 3250 titled Budget Management, BP/AP 6300 titled Fiscal Management, AP 6305 titled Reserves, AP 6310 titled Accounting, and AP 6315 titled Warrants.