

San Bernardino Community College District  
Board Policy  
Chapter 6 – Business and Fiscal Services

**BP 6200 BUDGET PREPARATION**

*(Replaces current SBCCD BP 6200)*

Legal Update 24 (issued in late April 2014 by the Policy and Procedure Service) revised this policy to remove the definition of the District's unrestricted general reserves. This language was moved to BP 6250 as it is more appropriately related to that policy.  
(see the gray shaded language below)

**❖ From current SBCCD BP 6200 titled Budget Preparation**

Each year, the Chancellor/Vice Chancellor of Fiscal Services shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget 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.

Budget development shall meet the following criteria:

- The annual budget shall support the District's master and educational plans.
- Assumptions upon which the budget is based are presented to the Board for review.
- A schedule is provided to the Board ~~by January~~ 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 budget or any item in the proposed budget.
- ~~Unrestricted general reserves shall be no less than the prudent reserve defined by the State Chancellor's Office and Board Budget Priorities 5%.~~
- Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.

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- Budget projections address long-term goals and commitments.

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

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**NOTE:** The **red ink** signifies language that is **legally required** and recommended by the Policy and Procedure Service and its legal counsel (Liebert Cassidy Whitmore). The language in **black ink** is from current SBCCD BP 6200 titled Budget Preparation adopted on 9/9/04. The language in **green ink** was recommended by Fiscal Services and the Chancellor's Office on 2/24/14.

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**Adopted: 9/9/04**  
**Revised:**

59 **Legal Citations for BP 6200**

60 **Education Code Section 70902(b)(5); Title 5 Sections 58300 et seq.**

61 **EDUCATION CODE 70902 (b) (5)**

62 **70902.**

63 (b) In furtherance of the provisions of subdivision (a), the  
64 governing board of each community college district shall do all of the  
65 following:

66 (5) To the extent authorized by law, determine and control the  
67 district's operational and capital outlay budgets. The district  
68 governing board shall determine the need for elections for override  
69 tax levies and bond measures and request that those elections be  
70 called.

71 **5 CCR s 58300**

72 **Cal. Admin. Code tit. 5, s 58300**

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78 **TITLE 5. EDUCATION**  
79 **DIVISION 6. CALIFORNIA COMMUNITY COLLEGES**  
80 **CHAPTER 9. FISCAL SUPPORT**  
81 **SUBCHAPTER 4. BUDGETS AND REPORTS**

**s 58300. Requirements to Prepare and File Annual Statement.**

82  
83 On or before the 15th day of September of each year the governing board of each community  
84 college district shall prepare and keep on file for public inspection a statement of all receipts and  
85 expenditures of the district for the preceding fiscal year and a statement of the estimated total  
86 expenses for the district for the current fiscal year.

87  
88 **5 CCR s 58301**

89 **Cal. Admin. Code tit. 5, s 58301**

90  
91 **TITLE 5. EDUCATION**  
92 **DIVISION 6. CALIFORNIA COMMUNITY COLLEGES**  
93 **CHAPTER 9. FISCAL SUPPORT**  
94 **SUBCHAPTER 4. BUDGETS AND REPORTS**

**s 58301. Proposed Budget; Hearing; Notice; Publication.**

95  
96 The governing board of each district shall hold a public hearing on the proposed budget for the  
97 ensuing fiscal year in a district facility, or some other place conveniently accessible to the  
98 residents of the district, on or before the 15th day of September but at least three days following  
99 availability of the proposed budget for public inspection, at which any resident in the district may  
100 appear and object to the proposed budget or any item in the budget.

101  
102 The hearing may be concluded on the proposed budget when there are no requests for further  
103 hearing on file. The budget shall not be finally adopted by the governing board of the district  
104 until after the public hearing has been held.

105  
106 The proposed budget, containing such fiscal information as may be required by the Chancellor,  
107 shall be made available by the district for public inspection in a facility of the district or in some  
108 other place conveniently accessible to residents of the district, during or before the first week in  
109 September.

110  
111 Notification of dates and location(s) at which the proposed budget may be inspected by the  
112 public and date, time, and location of the public hearing on the proposed budget shall be  
113 published by the district in a newspaper of general circulation in the district, at least three days  
114 prior to the availability of the proposed budget for public inspection. The cost of the publication  
115 shall be a legal proper charge against the district for which the publication is made.

116  
117 5 CCR s 58302  
118 Cal. Admin. Code tit. 5, s 58302  
119

120 TITLE 5. EDUCATION  
121 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
122 CHAPTER 9. FISCAL SUPPORT  
123 SUBCHAPTER 4. BUDGETS AND REPORTS

s 58302. Budget.

124  
125 As used in this article, "budget" includes the preliminary budget and the adopted budget of a  
126 community college district.

127  
128 5 CCR s 58303  
129 Cal. Admin. Code tit. 5, s 58303  
130

131 TITLE 5. EDUCATION  
132 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
133 CHAPTER 9. FISCAL SUPPORT  
134 SUBCHAPTER 4. BUDGETS AND REPORTS

s 58303. Contents of Budget Report.

135  
136 The adopted annual financial and budget report of a district shall show, as specified by the  
137 Office of the Chancellor, a statement of the proposed expenditures and of the estimated  
138 revenues for the ensuing fiscal year, together with a comparison of each item of revenue and  
139 expenditure, with the actual revenues and expenditures of the fiscal year just completed. The  
140 tentative as well as the published annual financial and budget reports may show estimates  
141 where actual figures cannot be determined at the time. The budget shall also include the  
142 appropriations limit and the total annual appropriations subject to limitation as determined  
143 pursuant to Division 9 (commencing with Section 7900) of Title I of the Government Code.

144  
145 5 CCR s 58304  
146 Cal. Admin. Code tit. 5, s 58304  
147

148 TITLE 5. EDUCATION  
149 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
150 CHAPTER 9. FISCAL SUPPORT

151 SUBCHAPTER 4. BUDGETS AND REPORTS  
152 s 58304. Form of Budget Report.

153 Each annual financial and budget report shall be made in the form prescribed by the Office of  
154 the Chancellor. Standard forms shall be prepared to show the budgeting items and comparisons  
155 required by this article.

156  
157 Cal. Admin. Code tit. 5, s 58305

158 TITLE 5. EDUCATION  
159 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
160 CHAPTER 9. FISCAL SUPPORT  
161 SUBCHAPTER 4. BUDGETS AND REPORTS

162  
163 s 58305. Tentative Budget; Filing; Contents; Computation of Tax Levy; Adoption; Filing and  
164 Approval of Final Budget.

165  
166 (a) On or before the first day of July in each year, each district shall adopt a tentative budget  
167 and forward an information copy to the appropriate county officer. To the extent that the budget  
168 is based on information provided by the county, the budget data should be validated by the  
169 appropriate county officer.

170  
171 (1) The budget shall indicate the date, time, and location at which the governing board of the  
172 district will hold the public hearing required pursuant to Section 58301.

173  
174 (2) If the governing board of the district does not want all or a portion of the property tax  
175 requirement levied for the purpose of making payments for the interest and principal on  
176 outstanding general obligation bonds or other indebtedness approved by the voters prior to July  
177 1, 1978, the budget shall include a statement of the amount or portion for which a levy shall not  
178 be made.

179  
180 (b) Each district shall provide all data needed by the county to compute the actual amounts to  
181 be levied on the property tax rolls of the district for purposes which exceed apportionments to  
182 the district pursuant to Sections 95 to 100, inclusive, of the Revenue and Taxation Code.

183  
184 (c) On or before the 15th day of September, the governing board of each district shall adopt a  
185 final budget.

186  
187 (d) On or before the 30th day of September, each district shall complete the preparation of its  
188 adopted annual financial and budget report. Once completed, this report and its supporting  
189 documentation is considered a public record pursuant to Section 6250 et seq. of the  
190 Government Code. On or before the 10th day of October, each district shall submit a copy of its  
191 adopted annual financial and budget report to the Chancellor. The district shall also file copies  
192 of the report with the appropriate county officers for information and review  
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San Bernardino Community College District  
Administrative Procedure  
Chapter 6 – Business and Fiscal Services

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**AP 6200 BUDGET PREPARATION**

*(Replaces current SBCCD AP 6200)*

**NOTE:** This procedure is legally required. Local practice may be inserted and **should include or address the following (see suggested blue language below):**

- A statement of philosophy that includes that budget planning supports institutional goals and is linked to other institutional planning efforts.
- A budget calendar that includes presentation of the tentative and final budgets. The tentative budget shall be presented no later than July 1 [Title 5 Section 58305(a)], and the final budget no later than September 15 [Title 5 Section 58305(c)]. A public hearing on the budget shall be held on or before September 15 [Title 5 Section 58301].
- Two copies of the adopted budget to be submitted to the California Community College Chancellor's Office on or before September 30 [Title 5 Section 58305(d)].
- Budget development processes, including consultation with appropriate groups.
- Criteria and institutional guidelines for the financial planning and budgeting.
- Submission of appropriate forms (311's) to the California Community College Chancellor's Office.

❖ **From current SBCCD AP 6200 titled Budget Management**

**A. Budget Calendar**

A budget calendar that includes presentation of the tentative and final budgets shall be developed within the District collegial consultation process. The tentative budget shall be presented no later than July 1 (Title 5 Section 58305(a)), and the final budget no later than September 15 (Title 5 Section 58305(c)). A public hearing on the budget shall be held on or before September 15 (Title 5 Section 58301). All dates are subject to change if directed by the State Chancellor's Office.

~~Each January~~ Prior to February 1, the Board will adopt a budget development calendar that identifies activities and sets dates for each step in the budget development process.

44 **B. Budget Directives**

45  
46 Budget planning supports institutional goals and is linked to strategic plans and other  
47 institutional planning efforts.

48  
49 ~~Each February~~ Prior to March 1, the Board will give direction for budget development to  
50 include:

- 51 1. Reaffirmation or change in mission;
- 52  
53 2. Resource allocation (set level of Reserve for Contingency, Workers'  
54 Compensation Reserve, any special project reserve, etc.);
- 55  
56 3. Determination of the amount of resources estimated to be available for General  
57 Fund expenditure with potential increases or decreases during the budget  
58 preparation period;
- 59  
60 4. Preliminary establishment of base budget for the District and each site.

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63 **C. Budget Preparation**

- 64  
65 1. Prior to March 1 information will be provided to Responsibility Center Managers  
66 that will include the status of current expenditures, state and ~~county~~ local  
67 estimates of revenues, site "base budget" allocations, and targets for increases  
68 or decreases.
- 69  
70 2. Each college and the central services offices will prepare a site budget through  
71 the Responsibility Center Managers using the information provided. Each  
72 President may provide additional directions or forms for site budget development  
73 to complement these general procedures.
- 74  
75 3. Each college will work with ~~the Chief Business Officer~~ Fiscal Services in  
76 analyzing class offerings as they apply to the development of both revenue and  
77 expenditure plans.
- 78  
79 4. The aggregate site budget shall be submitted to ~~the Chief Business Officer~~ Fiscal  
80 Services in the prescribed format. Each President will certify that the site budget  
81 has met the Board-approved budget development guidelines. All budget  
82 amounts will be rounded to the nearest dollar.

83  
84 **D. Budget Consolidation**

85  
86 ~~The Controller's Office~~ Fiscal Services Department will:

- 87  
88 1. Check forms for compliance with instructions;

89



- 90 2. Check mathematical accuracy;  
91  
92 3. Ensure that the aggregate of the budgets submitted is within the site allocation;  
93 and  
94  
95 4. Enter the data into the computer, analyze the data, and provide each site a copy  
96 of the budget for review.  
97

## 98 E. Budget Presentation and Adoption

### 99 1. Preliminary Budget

- 100  
101  
102 a. No later than the May Board meeting the ~~Chief Business Officer~~ Vice  
103 Chancellor of Fiscal Services will present the Preliminary Budget to the  
104 Board. No formal action is required by the Board on the Preliminary Budget.  
105  
106 b. Between the time that the Preliminary Budget is developed and the Final  
107 Budget is adopted, changes to the budget will be made as additional  
108 information is received from the state based on the state budget adoption  
109 process.  
110

### 111 2. Tentative Budget

112 No later than July 1 the Board will adopt a Tentative Budget. This budget will  
113 reflect changes made to the Preliminary Budget.  
114

### 115 3. Final Budget

116 Prior to the state-prescribed date, the Board will adopt a Ffinal Budget for the  
117 District that reflects changes made to the Tentative Budget and provides the  
118 operational budget base for the District for the fiscal year of adoption.  
119

120 Two copies of the adopted budget will be submitted to the State Chancellor's Office on  
121 or before September 30 (Title 5 Section 58305(d)).

122  
123 The budget development processes, which initially takes place in the District Strategic  
124 Planning and Budget Committees, includes consultation with appropriate groups and  
125 ultimately will be recommended to the Chancellor. The Chancellor will make a  
126 recommendation to the Board of Trustees.  
127

128 The State required 311 Report, including budget data, will be submitted to the State  
129 Chancellor's Office.  
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## 131 F. Budget Control

132 It is the ~~responsibility~~ charge of each Responsibility Center Manager to control the  
133 budget(s) within his/her assignment. The ~~Controller's Office~~ Fiscal Services Department  
134 will provide a monthly budget report and assistance in budget analysis and  
135 management as required.

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

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**NOTE:** The **red ink** signifies language that is **legally required** and recommended by the Policy and Procedure Service and its legal counsel (Liebert Cassidy Whitmore). The language in **black ink** is from the current SBCCD AP 6200 titled Budget Management approved in 6/9/94. The language in **blue ink** is included for consideration. The language in **green ink** was recommended by Fiscal Services and the Chancellor's Office on 2/24/14.

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**Approved: 6/9/94**  
**Revised:**

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## Legal Citations for AP 6200

149  
150  
151 **Accreditation Standard III.D; Education Code Section 70902(b)(5); Title 5 Sections 58300 et seq.**  
152

### 153 **Accreditation Standard III: Resources**

#### 154 **D. Financial Resources**

155 **Financial resources are sufficient to support student learning programs and services and to improve**  
156 **institutional effectiveness. The distribution of resources supports the development, maintenance, and**  
157 **enhancement of programs and services. The institution plans and manages its financial affairs with integrity**  
158 **and in a manner that ensures financial stability. The level of financial resources provides a reasonable**  
159 **expectation of both short-term and long-term financial solvency. Financial resources planning is integrated**  
160 **with institutional planning.**

161 1. The institution relies upon its mission and goals as the foundation for financial planning.

162 a. Financial planning is integrated with and supports all institutional planning.

163 b. Institutional planning reflects realistic assessment of financial resource availability, development of financial  
164 resources, partnerships, and expenditure requirements.

165 c. When making short-range financial plans, the institution considers its long-range financial priorities to assure  
166 financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

167 d. The institution clearly defines and follows its guidelines and processes for financial planning and budget  
168 development, with all constituencies having appropriate opportunities to participate in the development of institutional  
169 plans and budgets.

170  
171 2. To assure the financial integrity of the institution and responsible use of financial resources, the financial  
172 management system has appropriate control mechanisms and widely disseminates dependable and timely  
173 information for sound financial decision making.

174 a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of  
175 financial resources to support student learning programs and services. Institutional responses to external audit  
176 findings are comprehensive, timely, and communicated appropriately.

177 b. Appropriate financial information is provided throughout the institution.

178 c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk  
179 management, and realistic plans to meet financial emergencies and unforeseen occurrences.

180 d. The institution practices effective oversight of finances, including management of financial aid, grants, externally  
181 funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and  
182 assets.

183 e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with  
184 integrity in a manner consistent with the mission and goals of the institution.

185 f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed  
186 by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.<sup>5</sup>

187 g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used  
188 to improve financial management systems.

189  
190 3. The institution systematically assesses the effective use of financial resources and uses the results of the  
191 evaluation as the basis for improvement.

### 192 **EDUCATION CODE 70902(b)(5)**

#### 194 **70902.**

195 (b) In furtherance of the provisions of subdivision (a), the governing board of each community college district shall  
196 do all of the following:  
197

198 (5) To the extent authorized by law, determine and control the district's operational and capital outlay budgets. The  
199 district governing board shall determine the need for elections for override tax levies and bond measures and request  
200 that those elections be called.

201  
202 5 CCR § 58300  
203 Cal. Admin. Code tit. 5, § 58300  
204

205 TITLE 5. EDUCATION  
206 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
207 CHAPTER 9. FISCAL SUPPORT  
208 SUBCHAPTER 4. BUDGETS AND REPORTS  
209

§ 58300. Requirements to Prepare and File Annual Statement.

210  
211 On or before the 15th day of September of each year the governing board of each community college district shall  
212 prepare and keep on file for public inspection a statement of all receipts and expenditures of the district for the  
213 preceding fiscal year and a statement of the estimated total expenses for the district for the current fiscal year.  
214

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

215  
216 5 CCR § 58301  
217 Cal. Admin. Code tit. 5, § 58301  
218

219 TITLE 5. EDUCATION  
220 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
221 CHAPTER 9. FISCAL SUPPORT  
222 SUBCHAPTER 4. BUDGETS AND REPORTS  
223

§ 58301. Proposed Budget; Hearing; Notice; Publication.

224  
225 The governing board of each district shall hold a public hearing on the proposed budget for the ensuing fiscal year in  
226 a district facility, or some other place conveniently accessible to the residents of the district, on or before the 15th day  
227 of September but at least three days following availability of the proposed budget for public inspection, at which any  
228 resident in the district may appear and object to the proposed budget or any item in the budget.

229 The hearing may be concluded on the proposed budget when there are no requests for further hearing on file. The  
230 budget shall not be finally adopted by the governing board of the district until after the public hearing has been held.  
231 The proposed budget, containing such fiscal information as may be required by the Chancellor, shall be made  
232 available by the district for public inspection in a facility of the district or in some other place conveniently accessible  
233 to residents of the district, during or before the first week in September.

234 Notification of dates and location(s) at which the proposed budget may be inspected by the public and date, time, and  
235 location of the public hearing on the proposed budget shall be published by the district in a newspaper of general  
236 circulation in the district, at least three days prior to the availability of the proposed budget for public inspection. The  
237 cost of the publication shall be a legal proper charge against the district for which the publication is made.  
238

Note: Authority cited: Sections 66700, 70901 and 84750, Education Code. Reference: Section 70901, Education Code.

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240  
241 5 CCR § 58302  
242 Cal. Admin. Code tit. 5, § 58302  
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244 TITLE 5. EDUCATION  
245 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
246 CHAPTER 9. FISCAL SUPPORT  
247 SUBCHAPTER 4. BUDGETS AND REPORTS  
248

§ 58302. Budget.

249  
250 As used in this article, "budget" includes the preliminary budget and the adopted budget of a community college  
251 district.  
252

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

253  
254  
255 5 CCR § 58303  
256 Cal. Admin. Code tit. 5, § 58303  
257

258 TITLE 5. EDUCATION  
259 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
260 CHAPTER 9. FISCAL SUPPORT  
261 SUBCHAPTER 4. BUDGETS AND REPORTS  
262

§ 58303. Contents of Budget Report.

263  
264 The adopted annual financial and budget report of a district shall show, as specified by the Office of the Chancellor, a  
265 statement of the proposed expenditures and of the estimated revenues for the ensuing fiscal year, together with a  
266 comparison of each item of revenue and expenditure, with the actual revenues and expenditures of the fiscal year  
267 just completed. The tentative as well as the published annual financial and budget reports may show estimates  
268 where actual figures cannot be determined at the time. The budget shall also include the appropriations limit and the  
269 total annual appropriations subject to limitation as determined pursuant to Division 9 (commencing with Section 7900)  
270 of Title I of the Government Code.  
271

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

272  
273  
274 5 CCR § 58304  
275 Cal. Admin. Code tit. 5, § 58304  
276

277 TITLE 5. EDUCATION  
278 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
279 CHAPTER 9. FISCAL SUPPORT  
280 SUBCHAPTER 4. BUDGETS AND REPORTS  
281

§ 58304. Form of Budget Report.

282  
283 Each annual financial and budget report shall be made in the form prescribed by the Office of the Chancellor.  
284 Standard forms shall be prepared to show the budgeting items and comparisons required by this article.  
285

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

286  
287  
288 5 CCR § 58305  
289 Cal. Admin. Code tit. 5, § 58305  
290

TITLE 5. EDUCATION  
DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
CHAPTER 9. FISCAL SUPPORT  
SUBCHAPTER 4. BUDGETS AND REPORTS

§ 58305. Tentative Budget; Filing; Contents; Computation of Tax Levy; Adoption; Filing and Approval of Final Budget.

296  
297 (a) On or before the first day of July in each year, each district shall adopt a tentative budget and forward an  
298 information copy to the appropriate county officer. To the extent that the budget is based on information provided by  
299 the county, the budget data should be validated by the appropriate county officer.

(1) The budget shall indicate the date, time, and location at which the governing board of the district will hold the public hearing required pursuant to Section 58301.

300  
  
(2) If the governing board of the district does not want all or a portion of the property tax requirement levied for the purpose of making payments for the interest and principal on outstanding general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, the budget shall include a statement of the amount or portion for which a levy shall not be made.

301  
302 (b) Each district shall provide all data needed by the county to compute the actual amounts to be levied on the  
303 property tax rolls of the district for purposes which exceed apportionments to the district pursuant to Sections 95  
304 to 100, inclusive, of the Revenue and Taxation Code.

305  
306 (c) On or before the 15th day of September, the governing board of each district shall adopt a final budget.  
307

308 (d) On or before the 30th day of September, each district shall complete the preparation of its adopted annual  
309 financial and budget report. Once completed, this report and its supporting documentation is considered a public  
310 record pursuant to Section 6250 et seq. of the Government Code. On or before the 10th day of October, each district  
311 shall submit a copy of its adopted annual financial and budget report to the Chancellor. The district shall also file  
312 copies of the report with the appropriate county officers for information and review.  
313

Note: Authority cited: Sections 66700, 70901 and 84750, Education Code. Reference: Section 70901, Education Code.

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315

316 5 CCR § 58306  
317 Cal. Admin. Code tit. 5, § 58306  
318

319 TITLE 5. EDUCATION  
320 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
321 CHAPTER 9. FISCAL SUPPORT  
322 SUBCHAPTER 4. BUDGETS AND REPORTS  
323

§ 58306. Effect of Neglect or Refusal to Make a Budget.

324  
325 (a) Except as otherwise provided in subdivision (b), if the governing board of any district neglects or refuses to make  
326 a district budget as prescribed by the Office of the Chancellor, or fails to develop a budget by the deadline dates as  
327 specified in section 58305, the Chancellor may withhold any apportionment of state or local money to the particular  
328 district for the current fiscal year until the district makes a proper budget.

329  
330 (b) No penalty shall be imposed upon a district pursuant to subdivision (a) if the Chancellor determines that unique  
331 circumstances make it impossible for the district to comply with its duties to adopt a budget, or if there are delays in  
332 the adoption of the annual Budget Act.  
333

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58307  
Cal. Admin. Code tit. 5, § 58307

339 TITLE 5. EDUCATION  
340 DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
341 CHAPTER 9. FISCAL SUPPORT  
342 SUBCHAPTER 4. BUDGETS AND REPORTS  
343

§ 58307. District Budget Limitation on Expenditure.

344  
345 The total amount budgeted as the proposed expenditure of the district for each major classification of district  
346 expenditures listed in the district budget forms prescribed by the board shall be the maximum amount which may be  
347 expended for that classification of expenditures for the school year. Transfers may be made from the reserve for  
348 contingencies to any expenditure classification or between expenditure classifications at any time by written  
349 resolution of the board of trustees of a district. A resolution providing for the transfer from the reserve for  
350 contingencies to any expenditure classification must be approved by a two-thirds vote of the members of the  
351 governing board; a resolution providing for the transfer between expenditure classifications must be approved by a  
352 majority of the members of the governing board.  
353

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58308  
Cal. Admin. Code tit. 5, § 58308

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TITLE 5. EDUCATION  
DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
CHAPTER 9. FISCAL SUPPORT  
SUBCHAPTER 4. BUDGETS AND REPORTS

§ 58308. Appropriation of Excess Funds and Limitations.

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All income accruing to the district in excess of the amounts required to finance the total proposed expenditures, including transfers to other community college districts and funds, as shown in the budget of the district shall be added to the general reserve of the district, and shall not be available for appropriation by the district for the current fiscal year except by the following procedure. The governing board of the district shall, by formal action of the board, pass a resolution setting forth the need according to major classification of district expenditures to be met from any portion of the general reserve derived from assured income in excess of the total amount anticipated in the budget. On the first day of July of each year, the general reserve together with unexpected balances of appropriations and income in excess of anticipated income for the preceding fiscal year shall be placed to the credit of the district, and the district shall include all money so credited in the balance as shown in the budget for the ensuing fiscal year.

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58310  
Cal. Admin. Code tit. 5, § 58310

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TITLE 5. EDUCATION  
DIVISION 6. CALIFORNIA COMMUNITY COLLEGES  
CHAPTER 9. FISCAL SUPPORT  
SUBCHAPTER 4. BUDGETS AND REPORTS

§ 58310. Report on District's Financial Condition.

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The chief executive officer or other designee of the governing board of each district shall regularly report in detail to the governing board of the district the district's financial condition and shall submit reports showing the financial and budgetary conditions of the district, including outstanding obligations, to the governing board at least once every three months. The chief executive officer or other designee shall also prepare a quarterly report on forms provided by the Chancellor. The district shall submit a copy of the certified report to the appropriate county offices and the Chancellor no later than forty-five days following the completion of each quarter. The certified report shall be reviewed by the district governing board at a regularly scheduled meeting and entered into the minutes of the meeting.

Upon review and analysis of the report, the Chancellor or his/her designee shall determine if follow-up or intervention is needed. Intervention may be necessary if a district's financial data indicate a high probability that, if trends continue unabated, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management specified in section 58311. Such follow-up or intervention may include, but shall not be limited to, requiring the submission of additional or more frequent reports, requiring the district to respond to specific concerns, and directing the district to prepare and adopt a detailed plan for achieving fiscal stability and an educational plan demonstrating the impact of the fiscal plan on the district's educational program.

Intervention may also include the assignment of a special trustee having the authority described in section 58312 to any district that requires intervention within the five fiscal years immediately following the ending date of the services of a previously assigned special trustee. The renewed assignment of a special trustee under this paragraph may be



405 made upon a finding by the Chancellor or his/her designee that if trends continue unabated, the district will need an  
406 emergency apportionment within three years or that the district is noncompliant with the principles of sound fiscal  
407 management specified in section 58311, except that the special trustee may only assume management and control  
408 of the district if authorized to do so by the Board of Governors. The costs incurred by the performance of the special  
409 trustee shall be paid in the manner described in subdivision (f) of section 58312 from funds which would have  
410 otherwise been apportioned to the district.  
411 The Chancellor shall develop and maintain procedures for the administration of the fiscal monitoring program  
412 specified in Education Code section 84040 and this section.  
413

Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.

414  
415  
416 5 CCR § 58311  
417 Cal. Admin. Code tit. 5, § 58311  
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§ 58311. Principles for Sound Fiscal Management.

- 424  
425 In any organization certain principles, when present and followed, promote an environment for growth, productivity,  
426 self-actualization, and progress. The following principles shall serve as the foundation for sound fiscal management  
427 in community college districts:
- 428 1. Each district shall be responsible for the ongoing fiscal stability of the district through the responsible stewardship  
429 of available resources.  
430
  - 431 2. Each district will adequately safeguard and manage district assets to ensure the ongoing effective operations of  
432 the district. Management will maintain adequate cash reserves, implement and maintain effective internal controls,  
433 determine sources of revenues prior to making short-term and long-term commitments, and establish a plan for the  
434 repair and replacement of equipment and facilities.  
435
  - 436 3. District personnel practices will be consistent with legal requirements, make the most effective use of available  
437 human resources, and ensure that staffing costs do not exceed estimates of available financial resources.  
438
  - 439 4. Each district will adopt policies to ensure that all auxiliary activities that have a fiscal impact on the district comport  
440 with the educational objectives of the institution and comply with sound accounting and budgeting principles, public  
441 disclosures, and annual independent audit requirements.  
442
  - 443 5. Each district's organizational structure will incorporate a clear delineation of fiscal responsibilities and establish  
444 staff accountability.  
445
  - 446 6. Appropriate district administrators will keep the governing board current on the fiscal condition of the district as an  
447 integral part of the policy- and decision-making processes.  
448
  - 449 7. Each district will effectively develop and communicate fiscal policies, objectives, procedures, and constraints to the  
450 governing board, staff, and students.

- 451  
452 8. Each district will have an adequate management information system that provides timely, accurate, and reliable  
453 fiscal information to appropriate staff for planning, decisionmaking, and budgetary control.  
454  
455 9. Each district will adhere to appropriate fiscal policies and procedures and have adequate controls to ensure that  
456 established fiscal objectives are met.  
457  
458 10. District management will have a process to evaluate significant changes in the fiscal environment and make  
459 necessary, timely, financial and educational adjustments.  
460  
461 11. District financial planning will include both short-term and long-term goals and objectives, and broad-based input,  
462 and will be coordinated with district educational planning.  
463  
464 12. Each district's capital outlay budget will be consistent with its five-year plan and reflect regional planning and  
465 needs assessments.  
466  
467 To the extent that the foregoing principles repeat or paraphrase mandates already in existence, these underlying  
468 mandates shall continue to be legally binding. Otherwise, these principles, by themselves, shall be applied to the  
469 extent that existing state and district funding is available.  
470

Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.

- 471  
472  
473 5 CCR § 58312  
474 Cal. Admin. Code tit. 5, § 58312  
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§ 58312. Inadequate Plans by District or Failure to Implement Plans; Authorized Actions by the Chancellor.

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482 If the Chancellor determines that the district's plans prepared and adopted pursuant to section 58310 are inadequate  
483 to solve the financial problems or to implement the principles of sound fiscal management, or if the district  
484 substantially fails to implement the plans, the Chancellor shall have the authority to take any of the following actions.  
485 The Chancellor should first utilize measures which minimize interference with normal district operation, unless he or  
486 she determines that acting otherwise is necessary to prevent the worsening of fiscal conditions at the district.  
487 (a) Conduct a comprehensive management review of the district and its educational programs and an audit of the  
488 financial condition of the district. The Chancellor may also contract for, or request another appropriate agency to  
489 conduct, the reviews and audit or require the district, at the expense of the district, to contract for the reviews and  
490 audit. The terms and conditions of the contract and the final selection of a contractor shall be subject to the written  
491 approval of the Chancellor.  
492  
493 (b) Direct the district to amend and readopt the fiscal and educational plans prepared pursuant to section 58310  
494 based on the findings of the comprehensive audits.  
495  
496 (c) Review and monitor the implementation of the plans and direct the district to make any further modifications to the

497 fiscal and educational plans he or she deems necessary for the district's achievement of fiscal stability.

498  
499 (d) Appoint or assign a special trustee at district expense for the period of time necessary for the district to achieve  
500 fiscal stability or solvency or to implement the principles of sound fiscal management. The Chancellor shall establish  
501 benchmarks that indicate the presence of local capacity to manage fiscal duties. The special trustee shall have  
502 recognized expertise in finance, and may, with the approval of the Chancellor, employ on a short-term basis any staff  
503 necessary to assist the special trustee. The Chancellor shall determine and specify in writing the duties of the special  
504 trustee, which may include, but are not limited to, any or all of the following:

(1) Reviewing and monitoring the plans, reports, and other financial material required under section 58310 and  
this section.

(2) Requiring any further modifications to the fiscal and educational plans which he or she deems necessary.

(3) Determining district spending levels and priorities to further the district's achievement of fiscal stability.

(4) Approving or disapproving actions of the district which affect or relate to the implementation of the fiscal and  
educational plans.

(e) If the Chancellor determines that further efforts to have the district modify or implement the plans would be futile,  
the Chancellor may, with the approval of the Board of Governors, also authorize a special trustee appointed pursuant  
to subdivision (d) to assume management and control of the district, including assumption of the legal rights, powers  
and duties of the governing board of the district to the full extent deemed necessary by the Board of Governors in  
order to achieve fiscal stability or solvency or to implement the principles of sound fiscal management set forth in  
section 58311. The Chancellor may authorize the special trustee to exercise such powers as are approved by the  
Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more  
one-year extensions. The exercise by the special trustee of such powers shall be subject to all legal requirements  
applicable to the district. The governing board of the district may not exercise any authority so assumed.

(f) The Chancellor may require the district, at district expense, to pay all costs incurred in performing any of the  
services described in this section. This may include requiring the district to employ staff or contract for services  
necessary to assist the special trustee, to compensate the special trustee for his or her services and for any  
expenses or liabilities that he or she may incur, to insure the special trustee, and to defend, indemnify and hold  
harmless the special trustee, the Office of the Chancellor or its employees and the state for any liability arising out of  
or in connection with the conduct of the district or its governing board prior to the appointment of the special trustee.  
Alternatively, or to the additional extent necessary, the Chancellor may withhold funds necessary to pay for any or all  
such costs incurred in performing the services described herein from funding that would otherwise have been  
apportioned to the district under Section B of the State School Fund.

Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education  
Code.

5 CCR § 58314

Cal. Admin. Code tit. 5, § 58314

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§ 58314. Failure of Procedures to Achieve District Financial Stability; Authorized Actions of Chancellor.

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If the procedures pursuant to sections 58310 and 58312 fail to achieve district financial stability, as determined by the Chancellor, the Chancellor shall do any or all of the following:

(a) Reduce or withhold any apportionment to the district in any amount he or she deems appropriate.

(b) Report to the Board of Governors and the chairs of the educational policy and fiscal committees of both houses of the Legislature, the Director of Finance, and the Governor regarding the reasons for the continuing lack of fiscal stability at the district, any actions taken against the district, and the Chancellor's recommendations regarding further steps necessary to restore the district to fiscal stability or solvency or to bring it into compliance with the principles of sound fiscal management.

(c) Seek an emergency apportionment pursuant to section 58316.

Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58316  
Cal. Admin. Code tit. 5, § 58316

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§ 58316. Appropriation for Emergency Apportionment; Repayment Schedule.

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(a) If the procedures pursuant to Sections 58310, 58312 and 58314 fail to stabilize the financial condition of the district before an emergency apportionment is necessary, the Chancellor may seek an appropriation for an emergency apportionment in an amount necessary to maintain the educational programs of the district as specified in the educational plan pursuant to Sections 58310 and 58312 and to preclude a negative ending balance.

(b) For each of three fiscal years, the Controller shall deduct from apportionments paid to a district pursuant to law, an amount not less than one-third of the amount actually allocated to the district pursuant to this section, together with amounts representing interest at a rate based on the most current investment rate of the Pooled Money Investment Account as of the date of the disbursement of funds to the district.

For each of three fiscal years, the amount deducted by the Controller pursuant to this subdivision shall be reapportioned to the source of the funds allocated to the district pursuant to this section. Amounts so reapportioned to Section B of the State School Fund shall be apportioned by the Chancellor to districts to alleviate any deficits in state funding in the year in which the loan is made or during the period of repayment. Unless otherwise determined pursuant to subdivision (c), the three-year repayment period shall consist of three consecutive fiscal years commencing with the fiscal year following the year in which the emergency apportionment is made.

579 (c) Any district which has received an emergency apportionment pursuant to this section may request a revision of  
580 the repayment schedule. The request shall be submitted to the Chancellor, the Joint Legislative Audit Committee, the  
581 Joint Legislative Budget Committee, and the Director of Finance. The request shall be accompanied by appropriate  
582 justification for any deferral of repayment, including a revision to the plans adopted by the district's governing board  
583 as specified in this section, together with specified identification of the reasons that the actions were taken by the  
584 district to correct the financial problems.  
585

586 The Chancellor shall consult with representatives of the Joint Legislative Audit Committee, the Joint Legislative  
587 Budget Committee, the Director of Finance, and representatives which the Chancellor may select from the chief  
588 executive officers and presidents of the other community colleges and districts throughout the state. After consulting  
589 with these representatives, the Chancellor may revise the repayment schedule, may forgive the interest payments  
590 otherwise compounded as a result of any deferral of payment, and may specify any conditions that he or she  
591 determines are necessary to assure the repayment of the emergency apportionment. The Chancellor shall report his  
592 or her actions to the Board of Governors, the Director of Finance, the Controller, and Joint Legislative Budget  
593 Committee. The Controller shall deduct amounts from the apportionment schedule in accordance with the revised  
594 repayment plan.  
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Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58317  
Cal. Admin. Code tit. 5, § 58317

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§ 58317. Special Trustee Following Notice of Inadequate Plan.

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Note: Authority cited: Sections 66700, 70901 and 84040, Education Code. Reference: Section 70901, Education Code.

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5 CCR § 58318  
Cal. Admin. Code tit. 5, § 58318

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§ 58318. Requirement for Employee Indemnity Bond.

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The governing board of every community college district shall require each employee of the district, whose duty it is

620 to handle funds of the district, and may, in its discretion, require employees of the district, whose duty it is to handle  
621 property of the district, to be bonded under a suitable bond indemnifying the district against loss.  
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Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

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