

Introduction to Budgeting

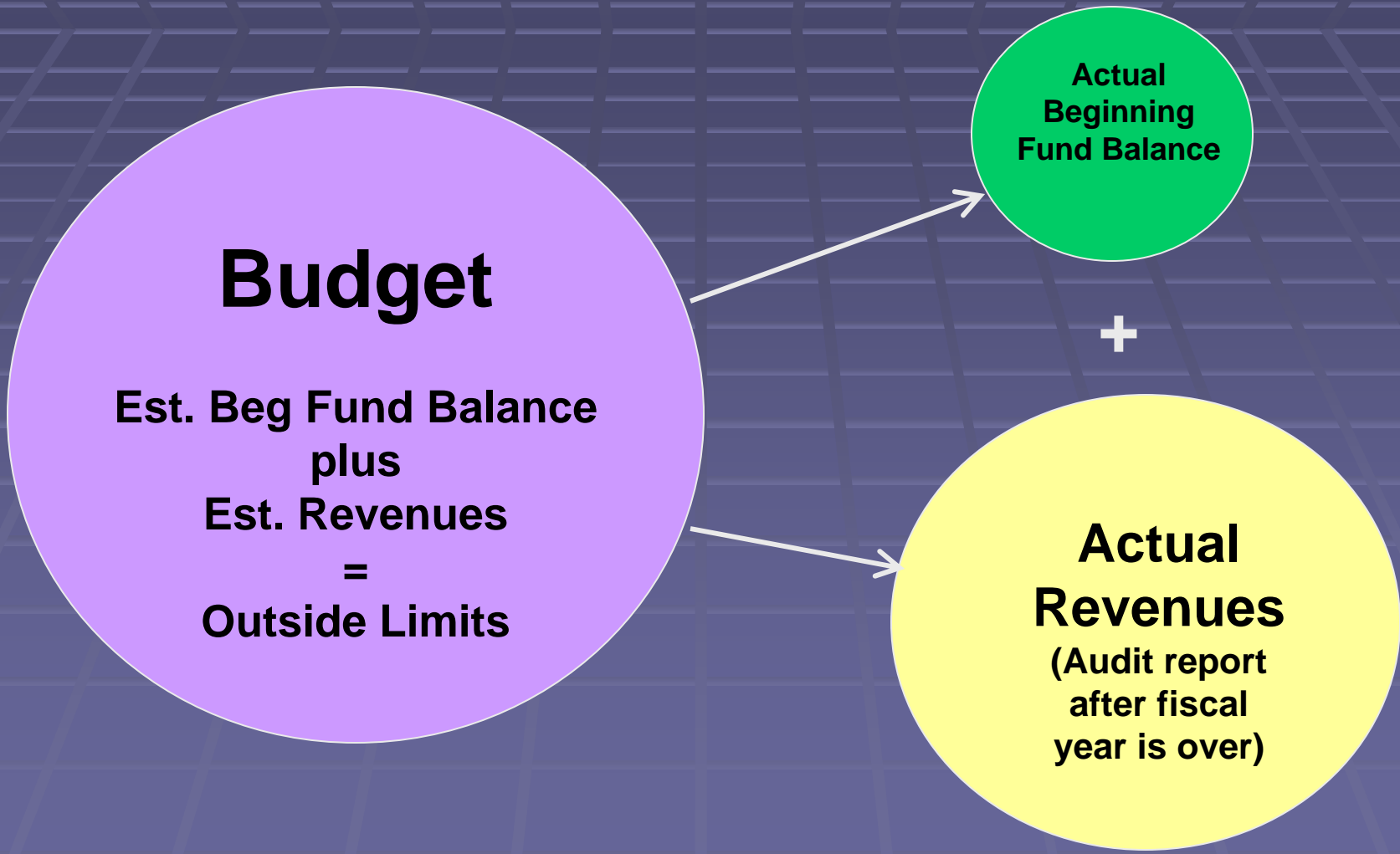
Lane Community College

April 17, 2006

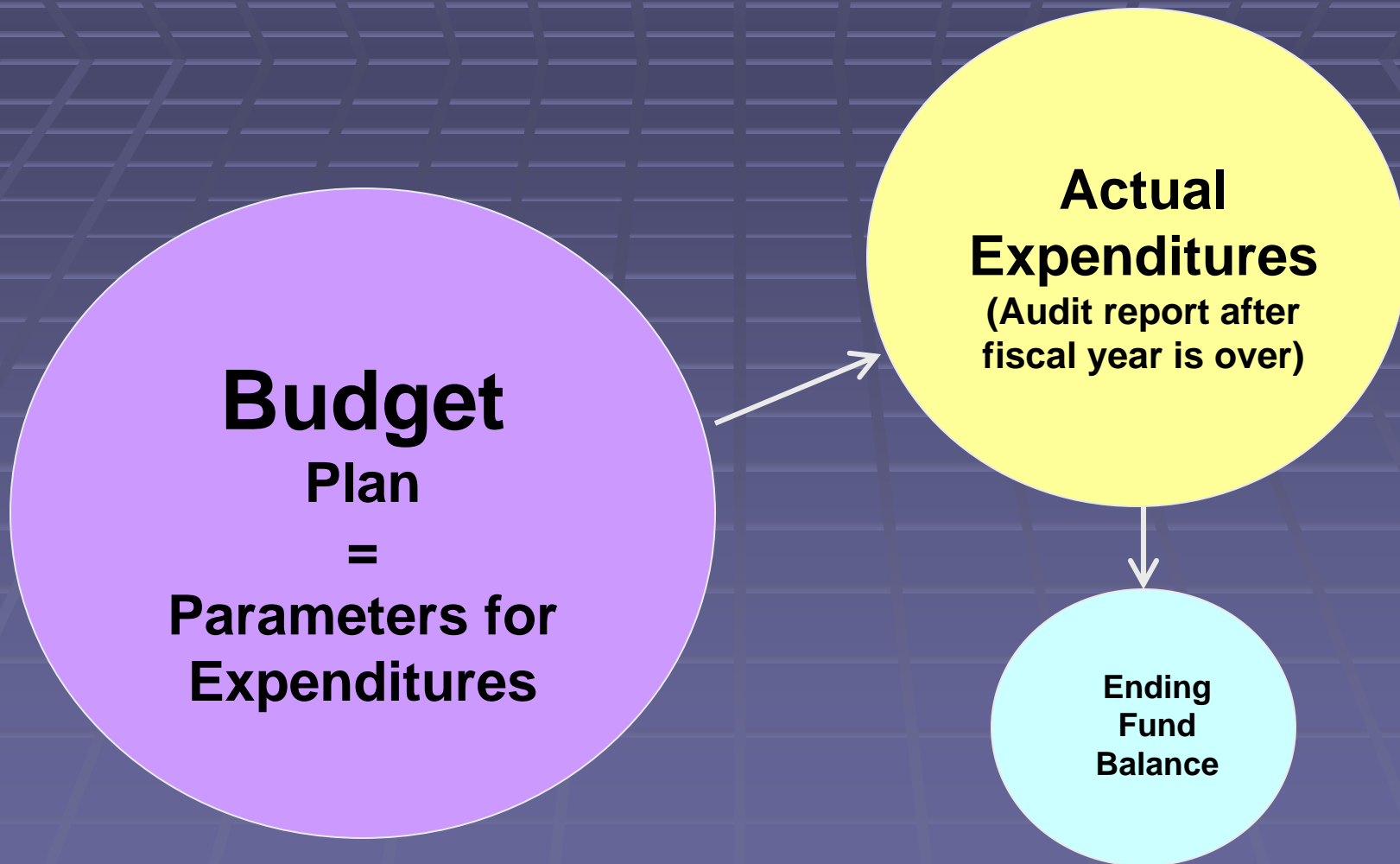
Overview

- Resources & Expenditures: Relationship between Budget and Actual
- Differences between “Budget”, “Projections” & “Audit Report”
- Five steps in the annual budget development process

Resources: Budget v. Actual



Expenditures: Budget v. Actual



Budget

- Defines reasonable **outside limits** for Resources and Expenditures
- Provides overall picture of **major revenue sources**
- Provides a general **plan** for how resources will be allocated
- Provides for **unforeseen or emergency needs**
- **Must balance** (i.e. total operating resources must equal total operating expenditures)

Projection

- Current **forecast** of future resources and expenditures
- Provides as **close an estimate as possible** (taking into account current knowns v. unknowns)
- Uses **historical spending patterns** as a model where possible
- **Identifies budget development targets** (e.g., deficits that must be covered, surpluses that can be allocated to current or new activities)

Financial Report (Actual)

- Provides **accurate accounting** of financial performance (operating revenues and expenditures) after fiscal year is over
- Allows **comparison** of budget or projection to actual performance
- **Historical record** of financial reports provides basis for future projections

Step 1: Projections → Budget

DATA

State Budget

Enrollment

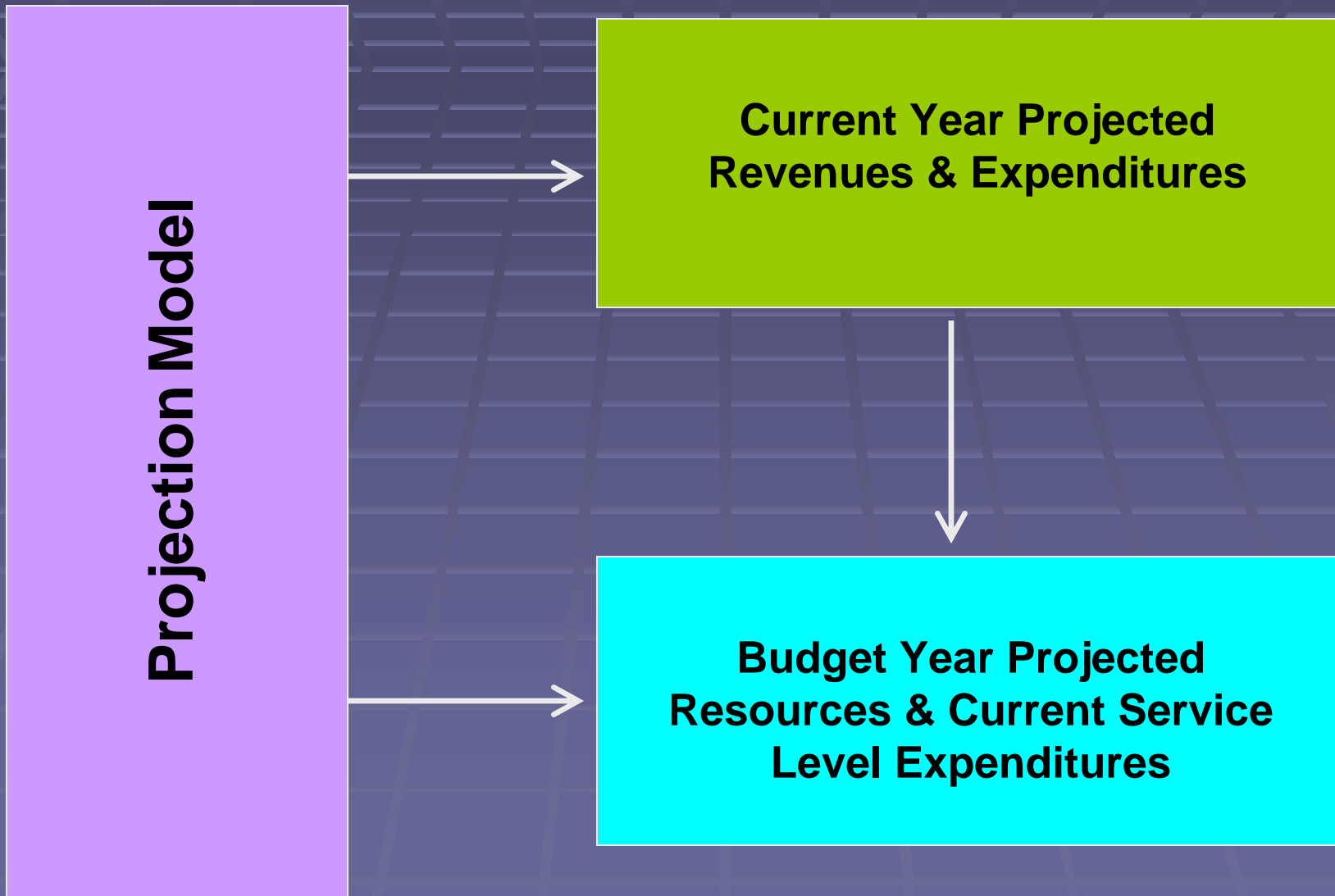
State Distribution
Formula

Employee
Compensation

Past Performance: Financial Reports

Projection Model

Step 2: Projections → Budget



Step 3: Projections → Budget

Budget Year Projections

Projected Resources

Current Service Level
Expenditures



Budget Targets

Deficits or Gaps?

Surplus?

3-year Forecast!

Step 4: Projections → Budget

Budget Targets
Deficits or Gaps?
Surplus?
3-year Forecast!

Internal Process

**Strategic
Directions**

**College-wide
Plans**

**PROPOSED
BUDGET**

Step 5: Projections → Budget

