

## **Board of Trustees Agenda Item**

**Board Meeting Date: September 13, 2010**

**Title of Item: Adoption of 2010-11 Budget**

### **Background and Analysis:**

As required under Title-5 section 58301, the Board held a public hearing on the 2010-11 fiscal year budget at their meeting on August 30, 2010. Former Interim Chancellor Mike Brandy and Budget Director Bernata Slater reviewed the budget document. This was an informational presentation and no action was taken. There were no changes made to the proposed budget at the August 30, 2010 meeting. An electronic copy of the budget is posted on the district web site.

Title 5 section 58305 requires the governing board of each district to adopt a final budget on or before the 15th day of September.

**Recommendation:** Vice Chancellor of Business Services Kevin McElroy recommends adoption of the 2010-11 budget

Submitted by:	Kevin McElroy, Vice Chancellor, ext. 6201
Additional contact names:	Bernata Slater, Budget Director, ext. 6261
Is backup provided?	No



To: Board of Trustees

From: Kevin McElroy, Bernata Slater, Hector Quinonez

Subject: Action on 2010/2011 Adopted Budget

Date: September 8, 2010

The 2010/11 Adopted Budget was reviewed with the Board at the public hearing on August 30<sup>th</sup> with no changes recommended on revenue assumptions since there is still not a state budget. There were also no changes on the expense assumptions reviewed with the Board. Since that time, several new items have come to Accounting's attention that required relatively minor amendments but were essential to ensuring the accuracy of reported data in the Adopted Budget before the Board takes action on September 13<sup>th</sup>.

All of the updates were changes to 2009/10 and are not adjustments to the proposed 2010/11 Adopted Budget.

The following entries were posted to the General Purpose Fund, Categorical Fund and Capital Projects Fund for 2009/10 after the Adopted Budget document was published for fiscal year 2010/11:

- Receipt of late invoices in the amount of \$94,946 related to payments for district medical benefits incurred in the 09/10 fiscal year were booked to the General Purpose Fund.
- Fair Market Value credit adjustments in the amounts of \$328,929 and \$863,819 were booked, respectively, to the General Purpose Fund and the Capital Projects Fund. (These entries are regularly booked after the close of the fiscal year and are customarily reported as adjustments to the beginning fund balance in our First Quarter Report because sufficient data is not available from the county to book these entries at the time of closing.)

The entries to the General Purpose Fund in the net amount of \$233,983 increased the ending fund balance from \$36,573,955 to \$36,807,938. The entry to the Capital Projects Fund in the amount \$863,819 increased the ending fund balance from \$206,004,792 to \$206,868,611.

- The entries to the Categorical Fund were to book late invoices and to accrue corresponding revenue not accounted for at the time of closing. These adjusting entries of \$136,733 had no impact on the ending fund balance.

An amended version of the Adopted Budget will be provided to the Board by the end of September and will also be posted on the district's website.

The final reporting adjustment will be to decrease the total number of FTES reported for the 2009/10 year. Recent recalculations by staff at Foothill College revealed that FTES generated in the Performing Arts Alliance program were overstated by 219 FTES. This correction will have no financial impact on the Adopted Budget or revenue received from the state in fiscal year 2009/10 as the district was already reporting approximately 1,000 FTES over the cap that will be unfunded from the state. Foothill College staff is currently working on re-certifying their final attendance report with the state and are expected to finalize this process by the first of November.

Although the total financial impact of the amendments listed above are essentially immaterial, the corrections are required for auditing purposes and to ensure consistency with other reports such as the Annual Financial & Budget Report (CCFS-311).

We are continuing to recommend that the Board of Trustees proceed with the Adopted Budget as presented at the Public Hearing with the adjustments as outlined in this memo.