



**LONG BEACH**  
CITY COLLEGE

# BUDGETING

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One of the tasks you face as a Treasurer, especially if your organization makes frequent business transactions, is that of preparing a budget. A budget is a tool used for planning and controlling your financial resources. It is a guideline for your future plan of action, expressed in financial terms within a set period of time. A budget does not have to be complex as the information below will explain.

## **What a Budget Accomplishes**

A budget should do the following:

- Help to refine goals
- Compel members of the organization to use funds efficiently
- Provide accurate information to analyze, adjust and evaluate programs and activities
- Aid in decision making
- Provide a historical reference to be used for future planning

## **Pre-Budget Considerations**

Knowing your organization's priorities, objectives and goals helps as you begin to prepare your budget.

As you begin, ask yourself the following questions:

- What is the time period with which you are working (e.g., one term, entire school year)?
- What does your group most want to accomplish?
- How will you accomplish this?
- How much will it cost?
- Where is the money coming from?

Once these questions have been answered, you are ready to begin preparing your budget.

## **Preparing Your Budget**

- Prepare an outline of the organization's planned future activities.
- Determine and record available funds (e.g. carryover balance from previous year).
- Estimate and record expected income and when it will be available (dues, t-shirt sales, video games, etc.).
- Define and record needed expenses (advertising, rentals, printing, supplies, etc.).
- Review, revise and then assemble into a final budget.
- Have members vote for budget approval.

## **Managing the Budget**

- Once prepared and approved, it should be closely managed.
- Set and maintain a minimum cash balance.
- Formulate general policies and procedures needed to achieve objectives while providing internal control (e.g., allow only approved expenditures).
- Keep an accurate written log of financial transactions (income and expenses).
- Periodically compare the budget to your actual logged expenditures.
- Determine the outcome of each expense and revenue as the budget period is ending.
- Review and judge actual costs in order to establish priorities for the next budgeted period.
- Begin preparing for the next budget a month or more prior to the current budgeted period and then begin the process anew.



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THE BUDGET MUST BE FLEXIBLE TO ANTICIPATE CONDITIONS WHICH MIGHT HAVE BEEN OVERLOOKED DURING THE PLANNING PROCESS.

## Sample of a Detailed Budget:

Example: Group would like to plan a trip to a paper mill:  
Possible dates: Oct. 1  
Expected attendance: 20

Needs: College transportation for 60 miles

Option A: 2 Suburbans for 16 people:  
(60 miles)  $\times$  (\$.44/mile) = \$26.40  
\$26.40  $\times$  2 vehicles = \$52.80  
Daily use fee = \$10.00 per vehicle

Total: \$52.80 + \$20.00 = \$72.80

Option B: 3 Private Cars for 16 people:  
(60 miles)  $\times$  (\$.44/mile) = \$26.40  
\$26.40  $\times$  3 vehicles = \$79.20

Total: \$79.20

Your budget would need:

Paper Mill Trip

Possible Date: Friday, Oct. 1

Expected attendance: 18-20

Transportation: 2 College Suburbans = \$72.80 (60 miles)

1 private vehicle = \$26.40 (60 miles);

Total = \$99.20

\*Adapted from XCEL Center for Excellence in Student Leadership, Campus Life at Binghamton University, State University of New York, 2010. Additional references: University of Michigan, Office of Student Activities and State University of New York, College of Environmental Science and Forestry, Student Activities Manual, 2007-2008.