Policy memo:

Subject:	Annual Budgeting Policy and Process
Date:	September 2026
Department:	Business Office
Approved by:	CFO / President

This policy is subject to review, and may be changed (with the approval of the President) at any time. Any amendments / additions that have been approved will be included in a revised version of this document and posted on the University website.

Any exceptions to this policy must be approved in writing by the CFO.

NOTE: MBU main Board of Trustees meeting annual schedule: October, February, April, July

The budget process includes:

- Revenue lines for each main source of University revenue:
    - Gross Undergraduate residential tuition revenue, plus net tuition revenue expectations based on the target discount rate.
    - Murphy Deming College of Health Sciences ('MDCHS') tuition revenue.
    - Non-MDCHS Online net tuition revenue.
    - Room & Board revenue
    - Government & Private Grants revenue
    - Advancement revenue
    - Auxiliary and Other Sources revenue
- The main areas of University spending:
    - Salary and benefits
    - Non-salary Operating Expenses
    - Capital Expenditure / debt principal repayments / other non-operating spending

The University's annual budget preparation process will run from April to October each year. The budget monitoring process will be monthly each year. The budget reporting process with be quarterly each year.

Budget Preparation:

March: University leadership (Cabinet) will meet to establish the broad financial targets for the following Financial Year. This will include Revenue targets for each of the above revenue lines, Salary expense targets and non-salary Operating Expense targets, and any strategic investment to be made in the coming financial year. Cabinet members will subsequently communicate the broad non-salary Operating Expense targets to the Budget Managers in their respective department.

April / May: Using the broad non-Salary Operating Expense parameters, Budget Managers will conduct a bottom-up evaluation of all expected operating expenses in the General Ledger lines under their respective responsibilities. All expected expenses to be evaluated in line with the University's Procurement Policy before being included in the subsequent year's budget. During this time, Budget Managers will meet with the Vice Presidents' of their department as needed to ensure that all lines of spending are adhering with the general guidelines as decided by Cabinet.

May / June: Cabinet Members will meet with the President individually to evaluate staffing needs for the following Financial Year, and define a Salary Budget for the subsequent Financial Year to align with the overall expense parameters as defined by Cabinet.

May / June: The CFO and the President with the Director of Facilities outline the parameters of the Capital Expenditure budget for the subsequent Financial Year.

End of June: CFO will meet with each Cabinet Member to evaluate the bottom-up non-salary Operating Expense budgeting process in each respective department, and ensure that the result of this exercise aligns with or undercuts the guidelines as defined by Cabinet.

Early July: CFO / President will present the *Preliminary Budget* to the Board of Trustee Chairs, and the FRFA Committee of the Board of Trustees.

July Board of Trustees Meeting: CFO / President will present the *Preliminary Budget* to the Board of Trustees to include initial revenue expectations, and the expense budget for the subsequent year.

July through August: CFO and Cabinet Members with revenue-line responsibility will continue to evaluate revenue expectations based on enrollment and other revenue triggers.

Mid-September (Census): After Census has been completed, final revenue numbers will be established, and the CFO will present the Final Budget to Cabinet.

Early October: CFO / President will present the Final Budget to the Board of Trustee Chairs, and the FRFA Committee of the Board of Trustees.

October Board of Trustees Meeting: CFO / President will present the Final Budget to the Board of Trustees, and the FRFA Committee will table a motion for the Board of Trustees to accept the Final Budget.

The CFO will also report on the final Budget to approved external entities, including Accreditors, the Department of Education, Debt holders, and other entities as required, in accordance with their standards and requests.

<u>Budget Monitoring:</u>

Monthly from July to June: The CFO will review the non-salary Operating Expenses of each department. If/when required the CFO will meet with Budget Managers and the relevant Cabinet members to discuss discrepancy in spending relative to the budget – bearing in mind that spending for some departments is either front-loaded or seasonal depending on the nature of the expense.

NOTE: Total departmental non-salary Operating Expenses in any given year cannot exceed the approved department budget, and authority to incur expenses will be temporarily rescinded if a department reaches its non-salary Operating Expense budget limit.

NOTE: Approved budgets are spending limits not spending targets. All Budget Officers should aim to finish the financial year below budget.

NOTE: Non-salary Operating Expenses for the month of June are expected to be considerably lower than preceding months given that the University is generally closed for normal student activity, and the financial year is coming to an end. Advance purchasing for the following financial year is against Accounting Regulations, and this requirement will form part of the University Budget and Procurement Policies.

NOTE: Adjustments to Operating Budgets may be made at any time during the Financial Year by the President and/or CFO in conjunction with the overseeing Cabinet Member or Budget Officer. Adjustments may be made for essential expenses, strategic opportunities, or to align expenses with revenue.

January: The CFO will meet with all Cabinet members with revenue-line responsibility to assess the impact on current-year revenue of the Fall-to-Spring semester student retention.

Budget Reporting:

End of each quarter: When the relevant numbers are available for the preceding quarter, the CFO will prepare a quarterly financial report to compare actual financials (revenue and expenses) relative to the equivalent budget numbers. The report will be presented to the Cabinet initially, and subsequently to the FRFA Committee of the Board of Trustees – and distributed to the full Board of Trustees as required.