Financial Glossary

Abatement

A complete or partial cancellation of an item of income or expenditure.

Academic Employee

A district employee who is required to meet minimum academic standards as a condition of employment. Note that this could be an academic administrator – see Educational Administrator, below.

Account Code

A sequence of numbers and/or letters assigned to general ledger accounts to classify transactions by fund, object, activity, etc.

Accounting

(1) The special field concerned with the design and implementation of procedures for the accumulation and reporting of financial data. (2) The process of identifying, measuring, and communicating financial information to permit informed judgments and decisions by users of the information.

Accounting Period

Any period of time at the end of which a district determines its financial position and results of operations.

Accounting Procedures

All processes which identify, record, classify,and summarize financial information to produce reports and to provide internal control.

Accounting System

The total structure of records and procedures which identify, record, classify, and report information on the financial operations of an agency through its funds, account groups, and organizational components.

Accounts Payable

Amounts due and owing to persons, business firms, governmental units or others for goods and services not yet paid.

Accounts Receivable

Amounts due and owing from persons, business firms, governmental units or others for goods and services provided, but not yet collected.

Financial Glossary

Accrual Basis

The method of accounting that calls for recognizing revenue/gains and expenses/losses in the accounting period in which the transactions occur regardless of the timing of the related cash flows. (Contrast with cash basis.)

Activity

A set of institutional functions or operations related to an academic discipline or a grouping of services.

Actuarial Basis

A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings will equal the required payments to be made out of the fund.

Actuarial Report

A report prepared by an actuary to determine the financial impact of risks and uncertainties. Generally used to determine the required contributions of post-employment benefits or self-insured liabilities.

Administrator

For the purpose of Education Code Section 84362, “Administrator” means any employee in a position having significant responsibilities for formulating district policies or administering district programs. Note that there are academic and classified administrators/managers.

Ad Valorem Tax

A tax based on the assessed value of real estate or personal property.

Adoption Budget

The district budget that is approved by the board in August, after the state allocation is determined.

Agency Fund

A fund used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governments, and/or other funds; for example, taxes collected and held by the county for a college district.

Financial Glossary

Allocation

Division or distribution of resources according to a predetermined plan.

Amortization

(1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

Annual Appropriation Limit (Gann Limit)

In California, all governmental jurisdictions, including community college districts, must compute an annual appropriation limit based on the amount in prior years adjusted for changes in population, cost-of-living, and other factors, if applicable (Article XIII-B of the State Constitution). Calculated on CCSF 311 report.

Annuity

A series of equal money payments made, or received, at equal intervals during a designated period of time.

Appropriation

An allocation of budgetary funds made by a governing board for specific purposes and limited as to the time period in which it may be expended.

Appropriation for Contingencies

That portion of current fiscal year's budget not appropriated for any specific purpose and held subject to intra budget transfer, i.e., transfer to other specific appropriations as needed during the fiscal year.

Appropriation Ledger

A set of accounts for amounts allocated or budgeted. Such accounts usually show the amount originally appropriated, transfers to or from other accounts, amounts charged against the appropriation, encumbrances, unencumbered balances, and other related information. Arbitrage: Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

Financial Glossary

Apportionment

Federal, state or local monies distributed to college districts or other governmental units according to legislative and regulatory formulas.

Apportionment Notice

A document notifying community college districts of moneys deposited on their behalf with the county treasurer.

Apportionment – Advance

In July (or whenever a budget is enacted), CDE and the Chancellor's Office determine monthly allocations to districts from July through January based on the "advance." The advance is based on prior–year funding levels adjusted by the estimated statewide change in K–12 average daily attendance (ADA)/CCC enrollment growth, any applicable COLA, local property tax estimates, and CCC fee revenue estimates.

Apportionment – First Principal (P-1)

In February, CDE and the Chancellor's Office use actual ADA and enrollment information from the fall, as well as revised property tax estimates, to recalculate monthly payments for each district. These revised estimates, known as the "first principal apportionment" (or P–1), are used to make payments from February through May.

Apportionment – Second Principal (P-2)

The "second principal apportionment" (or P–2) uses revised attendance/enrollment information up to April 15 and is used for the June payment for each district.

Appraisal

An estimate of value made by the use of systematic procedures based upon physical inspection and inventory, engineering studies, and other economic factors.

Assessed Value

The value of land, homes or businesses set by the county assessor for property tax purposes. Assessed value is either the appraised value of any newly built or purchased property or the value on March 1, 1975 of continuously owned property, plus an annual increase. This increase is tied to the California Consumer Price Index but may not exceed 2 percent per year. Prop 13

Financial Glossary

Assessed Valuation

Value placed upon personal and real property by a governmental unit as a basis for levying taxes.

Assessment

(1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

Assessment Roll

In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner are usually listed. In the case of personal property, the assessment roll is the official list containing the name and address of the owner, a description of the personal property, and its assessed value.

Assessment Districts

A geographical area—much like a school, water or college district—created by residents to pay for special projects, such as capital improvement programs.

Asset

A probable future economic benefit obtained or controlled by an entity as a result of past transactions or events. (See also Current assets and fixed assets.)

Assisted Listing Number (ALN)

Formerly known as Catalog of Federal Domestic Assistance (CFDA) are related to Federal programs, projects, services, and activities that aid or benefits to the American public.

Associated Students Fund

The fund designated to account for moneys held in trust by the district for student body associations.

Asset Management

Managing assets, such as excess district property or facilities, to reduce costs or generate revenue. Common examples are golf driving ranges and leased property for private development.

Financial Glossary

Attendance Accounting

Apportionment is based on student attendance accounting mechanisms which can be calculated in a variety of ways, including Weekly Student Contact Hours, Daily Student Contact Hours and Actual Hours of Attendance (Positive Attendance). More details can be found in the Chancellor's Office Student Attendance Accounting Manual.

Audit

An examination of financial statements and related documents, records, and accounts for the purpose of determining the propriety of transactions, whether transactions are recorded properly and whether statements drawn from accounts reflect an accurate picture of financial operations and financial status. Audits may also include reviews of compliance with applicable laws and regulations, economy and efficiency of operations and effectiveness in achieving program results. The general focus of the annual audit conducted on the district is usually on financial statements and compliance with certain regulations.

Audit Report

The report prepared by an external or independent auditor. As a rule, the report includes: a) a statement of the scope of the audit; b) explanatory comments (if any) concerning exceptions by the auditor as to application of generally accepted auditing standards; c) opinions; d) explanatory comments (if any) concerning verification procedures; e) financial statements and schedules; and f) statistical tables, supplementary comments, and recommendations.

Auditor's Opinion

A statement signed by an external or independent auditor which states that she or he has examined the financial statements of the entity in accordance with generally accepted auditing standards (with exceptions, if any) and expresses an opinion on the financial position and results of operations of some or all of the constituent funds and balanced account groups. Auxiliary Operations. Service activities of the college, the finances of which must be accounted for separately. Food service, bookstores, dormitories, and certain types of foundations are examples of auxiliary operations. These will appear as separate funds (rather than the general fund) in budget documents.

Automated Clearing House (ACH)

A nationwide banking network that provides for electronic distribution and settlement of funds.

Financial Glossary

Auxiliary Enterprise

Self-supporting activities which provide non-instructional support in the form of goods and services to students, faculty, and staff upon payment of a specific user charge or fee for the goods and services provided (e. g. Student Housing, Transportation and Parking Services). The general public may be served only incidentally.

Available Cash

Cash on hand or on deposit in a given fund that is unencumbered and can be utilized for meeting current obligations.

Average Daily Attendance

The unit that was used as the basis for computation of support for California Community Colleges until July 1, 1991. One requirement of State law is that the regular college day must be maintained not less than three hours per day, per five-day college week, for thirty-five weeks (175 days times three hours per day equals 525 hours = 1 ADA). The unit now used for computation of support is Full-Time Equivalent Student (FTES).

Balance Sheet

A basic financial statement that shows assets, liabilities, and equity of an entity as of a specific date, in accordance with GAAP.

Balanced Budget

A budget in which receipts are equal to or greater than outlays in a fiscal period.

Basis of Accounting

A term used to refer to when revenues, expenditures, expenses, and transfers-and the related assets and liabilities-are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method

Base Year

A year to which comparisons are made when projecting a specific condition.

Basic Aid Districts

There are a few districts in which the property tax revenues generated in the district are equal to or greater than the state allocation amount generated through the state apportionment formula. They receive the amount of the revenue generated from local

property tax and fee revenues, and are known as “basic aid districts.” There are a handful of basic aid districts. Basic aid status sometimes exempts such districts from other Title 5 provisions or penalties.

Block Grant

A fixed sum of money, not linked to enrollment measures, provided to a college district by the state. Now a component of the new SB 361 budget formula.

Bonds

Investment securities (encumbrances) sold by a district through a financial firm for the purpose of raising funds for various capital expenditures. A written promise to pay a specified sum of money, called the face value, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bond Anticipation Note

Debt instrument used to secure short term financing in anticipation of a bond issuance.

Bond Discount

The excess of the face value of a bond over the price (exclusive of accrued interest) for which it is acquired or sold. Bond Interest and Redemption Fund: The fund designated to account for receipt and expenditure of property tax revenue specified for payment of the principal and interest on outstanding bonds of the district. (See also Revenue Bond Interest and Redemption Fund.)

Bond Premium

The excess of the purchase or sale price of a bond, exclusive of accrued interest, over its face value.

Bonded Debt Limit

The maximum amount of bonded debt for which a community college may legally obligate itself. The total amount of bonds issued cannot exceed a stipulated percent of the assessed valuation of the district.

Bonds Authorized and Unissued

Legally authorized bonds that have not been sold.

Financial Glossary

Book Value

Value as shown in the "book" of accounts. In the case of assets subject to reduction by valuation allowances, "book value" refers to cost or stated value less any appropriate allowance. A distinction is sometimes made between "gross book value" and "net book value", the former designating value before allowances, and the latter after their deduction. In the absence of any modifier, however, "book value" is synonymous with "net book value."

Books of Original Entry

The ledgers in which transactions are formally recorded for the first time (e.g. the cash journal, check register, or general journal). With automated bookkeeping methods, one transaction may be recorded simultaneously in several records, one of which may be regarded as the book of original entry. Memorandum books, check stubs, files of duplicate sales invoices, etc. in which business transactions are initially recorded whereon first or prior business notations may have been made are not books of original entry in the accepted meaning of the term, unless they are also used as the medium for direct posting to the ledgers.

Bookstore Fund

The fund designated to account for operation of the college store.

Budget

A plan of financial operation for a given period for specific purposes consisting of an estimate of proposed income and expenditures.

Budget Document

A written statement translating the educational plan or programs into costs, usually for one future fiscal year, and estimating income by sources to meet these costs.

Budgetary Control

The management of business affairs in accordance with an approved plan of estimated income and expenditures.

Budgeting

The process of allocating available resources among potential activities to achieve the objectives of an organization.

Financial Glossary

Budget Act

The legislative vehicle for the State's appropriations. The Constitution requires that it be passed by a two-thirds vote of each house and sent to the Governor by June 15 each year. The governor may reduce or delete, but not increase, individual items.

Budget Change Proposals (BCPs)

Documents developed by the Chancellor and provided to the Governor to request changes and increases in the amount of money the state provides to community colleges.

Cafeteria Fund

The fund designated to account for food services.

Capital Assets

See Fixed Assets.

Capital Outlay

The acquisition of or additions to fixed assets, including land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Capital Outlay Projects Fund

The fund designated to account for the accumulation of receipts and disbursements for the acquisition or construction of capital outlay items. A fund established under Capital Projects Funds.

Capital Projects Fund Type

Category of funds in the Governmental Funds Group used to account for the acquisition or construction of capital outlay items.

Cash

An asset account reflecting currency, checks, money orders, bank deposits, and banker's drafts either on hand or on deposit with an official or agent designated as custodian of cash. Any restrictions or limitations as to the use of cash must be indicated.

Cash Advance

Money received or paid out before the goods or services.

Financial Glossary

Cash Basis

Method of accounting in which income and expenditures are recorded only when cash is actually received or disbursed.

Cash Collections Awaiting Deposit

Receipts on hand or in the bank awaiting deposit in the county treasury.

Cash Discount

An allowance received or given for payment made on an account within a stated period. The term is not to be confused with "trade discount."

Cash in Bank

Cash balances in bank accounts.

Cash in County Treasury

Cash balances in the county treasury. Cash with Fiscal Agent: An asset account reflecting deposits with fiscal agents, such as a commercial bank or a trust company, designated by the district to act as a fiduciary and as the custodian of moneys relating to debt financing.

Categorical Funds

Also called restricted funds, these are monies that can only be spent for the designated purpose. Examples: funding to serve students with disabilities (DSPS) or the economically disadvantaged, low-income (EOPS), scheduled maintenance, and instructional equipment. They are often exempt from certain requirements, for example, the Basic Skills Initiative funds are exempt from the 50% law calculations.

CCFS (Community College Financial Statement)

The form number/name/acronym of a variety of financial status reports in the California Community College system – such as 311 for annual financial report, 311Q for quarterly reports and 320 for enrollment.

CDE

California Department of Education.

Census and Census Week

The number of students enrolled in a full semester course on the Monday of census week, which is the third week of a full semester or 20% of the course. Apportionment funding is based on enrollment at census week rather than beginning or ending enrollment.

Financial Glossary

Certificate of Participation (COP)

A type of financing where an investor purchases a share of the lease revenues of a program.

Certified Public Accountant

An accountant to whom a State has granted a certificate showing that he or she has met prescribed educational experience, and examination requirements designed to insure competence in the practice of public accounting. The accountant holding such a certificate is permitted to use the designation Certified Public Accountant.

Chart of Accounts

A systematic list of accounts applicable to a specific entity.

Check

A written order on a bank to pay on demand a specific sum of money to the order of the named payee(s) out of money on deposit to the credit of the maker (payor).

Child Development Fund

The fund designated to account for child development services.

Classification

Assignment of items into a system of categories.

Classification by Activity

Categorization of district activities according to the unique function or purpose served.

Classified Employee

A district employee who is not required to meet minimum academic standards as a condition of employment.

Clearing Accounts

Accounts used to accumulate total receipts for clearing prior to depositing the funds with the county treasury and distributing to the accounts to which such receipts are properly allocable.

Financial Glossary

Code

(1) A distinguishing reference number or symbol. (2) A statement of the laws of a specific field (e.g., Education Code, Penal Code, Civil Code, Labor Code, etc.).

Coding

A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. An example is the numbering of monthly recurring journal entries to indicate the month and the nature of the entry and the numbering of invoices or vouchers so that the number reveals the date of entry.

Cognizant Agency

The Federal agency responsible for reviewing, negotiating, and approving cost allocation plans, or indirect cost proposals developed under the Uniform Guidance GM-8 Circular A 87 on behalf of all Federal agencies.

Commingling

To deposit or record funds in a general account without the ability to identify each specific source of funds for any expenditure

Community Services

Educational, cultural, and recreational services which an educational institution may provide for its community in addition to its credit and noncredit programs. Community college districts receive no direct State apportionment for community services.

Compensated Absences

Absences, such as vacation, and compensatory time off for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance, and long-term disability pay.

Consumer Price Index (CPI)

A measure of the cost of living compiled by the United States Bureau of Labor Statistics. These indices of inflation are calculated regularly for the United States, California, some regions within California, and selected cities. The CPI is one of several measures of economic stability or change.

Financial Glossary

Construction in Progress (CIP)

A general ledger account that reflects that cost of construction work undertaken on capital projects, but not completed as of the end of the accounting period.

Contingencies Fund (also Undistributed Reserve)

That portion of the current fiscal year's budget not appropriated for any specific purpose and held subject to transfer to other specific appropriations as needed during the fiscal year.

Contingent Liabilities

Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. All contingent liabilities should be disclosed within the basic financial statements, including the notes thereto when there is a reasonable possibility a loss may have occurred.

Contracted Services

Services rendered by personnel who are not on the payroll of the college system, including all related expenses covered by the contract.

Contributed Capital

The permanent fund capital of a proprietary fund. Contributed capital forms one of two classifications of equity found on the balance sheet of a proprietary fund. Contributed capital is created when a residual equity transfer is received by a proprietary fund, when a fixed asset is "transferred" to a proprietary fund, or when a grant is received that is externally restricted to capital acquisition or construction. Contributions restricted to capital acquisition and construction and fixed assets received from developers and customers, as well as amounts of tap fees in excess of related costs, also would be reported in this category.

Controlling Account

A summary account, usually maintained in the general ledger, in which is recorded the aggregate of debit and credit postings to a number of identical, similar, or related accounts called subsidiary accounts. Its balance equals the sum of the balances of the detailing accounts.

Financial Glossary

Conversion Entries

Entries performed of public entities at year-end to convert the modified accrual fund financial statements into full accrual, entity wide GASB 35 compliant financial statements.

Cost

The amount of money or other consideration exchanged for goods or services. Cost may be incurred even before money is paid; that is, as soon as liability is incurred.

Cost Accounting

The method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Cost of Goods Sold

The dollar amount incurred for materials, labor, etc., used in producing a good sold during the period. For example, amount paid for lumber, labor, and utilities used to manufacture a chair would be the cost of that item.

Cost of Living Adjustments (COLA)

An increase in funding for revenue limits or categorical programs tied to increases in the cost of living. Current law ties COLAs to indices of inflation, although different amounts may be appropriated by the legislature.

Credit

The right side of a double-entry accounting entry. A credit reduces assets or expenditures and increases income, liabilities, or fund balance.

Current Asset

Assets that are available or can be made readily available to pay for the cost of current operations or to pay current liabilities.

Current Expense of Education (CEE)

A term used to refer to the unrestricted general fund expenditures of a community college district in Objects of Expenditure 1000 through 5000, and 6400 for activity codes 0100 through 6700. Excluded from the current expense of education are expenditures for student transportation, food services, community services, lease agreements for plant and equipment, and other costs specified in law and regulations. Amounts expended from

state lottery proceeds are also excluded. (EC sections 84362, Title 5 CCR sections 59200 et seq. This is used in the calculations for the 50% law.

Current Liabilities

Amounts due and payable for goods and services received prior to the end of the fiscal year. Current liabilities are paid within a relatively short period of time, usually within a year.

Current Loan

A loan payable in the same fiscal year in which the money was borrowed.

Current Taxes

Taxes levied and becoming due within one year.

Data Processing

(1) The preparation and handling of information and data from source media through prescribed procedures to obtain such end results as classification, problem solution, summarization, and reports. (2) The preparation and handling of financial information wholly or partially by mechanical or electronic means. (See Electronic Data Processing [EDP].)

Debarment

An action taken by a federal agency to exclude a person or company from participating in covered transactions .A person or company so excluded is "debarred".

Debit

The left side of a double-entry accounting entry. A debit increases assets or expenditures and reduces income, liabilities, or fund balance.

Debt Limit

The maximum amount of bonded debt for which an entity may legally obligate itself.

Debt Service

Expenditures for the retirement of principal and interest on long-term debt.

Deferrals

State withhold of apportionment funding due to cash flow shortages.

Financial Glossary

Deferred Charges

Expenditures that are not chargeable to the fiscal period in which they are made, but that are carried as an asset on the balance sheet pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time and are not regularly recurring costs of operations which are paid for prior to their occurrence. Examples include discounted bonds sold and prepaid expenses, such as insurance.

Deficit

The excess of liabilities over assets or the excess of expenditures or expenses over revenues during an accounting period. Deficit Factor. One common method for reducing funding allocations to districts in times of budgetary shortfalls or reductions is known as a deficit factor whereby each district receives only a percentage of the originally allocated funds.

Deficit Factor

Applied to Apportionment Revenue based on available funding from the State Chancellor's Office.

Delinquent Taxes

Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached (see also Prior Years' Taxes).

Depreciation

Expiration in the service life of fixed assets, other than wasting assets. Attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense

Designated Income

Income received for a specific purpose.

Direct Activity Charges

Charges for goods or services that exclusively benefit the activity.

Financial Glossary

Direct Expenses or Costs

Expenses specifically traceable to specific goods, services, activities, programs, functions, units, or departments.

Disabled Student Programs & Services (DSPS)

Categorical or restricted funds designated to provide services that integrate disabled students into the general college program.

Disbursements

Payments by currency, check, or warrant (the term is not synonymous with expenditures).

Double Entry

A system of bookkeeping that maintains equality of debits and credits.

Drawdown

Process whereby a State or district requests and receives Federal funds.

Due From Other Fund

An asset account used by the lender fund to reflect short-term obligations owed by another fund.

Due To Other Fund

A liability account used by the borrowing fund to reflect short-term obligations owed to another fund.

Educational Administrator

Education Code Section 87002 and California Code of Regulations Section 53402(c) define “educational administrator” as an administrator who is employed in an academic position designated by the governing board of the district as having direct responsibility for supervising the operation of or formulating policy regarding the instructional or student services program of the college or district. Educational administrators include, but are not limited to, chancellors, presidents, and other supervisory or management employees designated by the governing board as educational administrators.

Education Code

The body of law that regulates education in California. Other laws that affect colleges are found in the Government Code, Public Contracts Code, Penal Code and others. Available online at https://leginfo.legislature.ca.gov/.

Financial Glossary

Educational Master Plan

Title 5, Sections 55402-55404 require that each community college district submit an educational master plan for each college and the districts as a whole. The plan addresses the educational objectives and future plans for transfer, occupational, continuing education, and developmental programs. It includes enrollment projections and related needs for ancillary services.

Effective Interest Rate

The rate of earning on a bond investment based on the actual price paid for the bond, the coupon rate, the maturity date, and the length of time between interest dates, in contrast with the nominal interest rate.

Electronic Data Processing (EDP)

Data processing by means of electronic equipment.

Eminent Domain

The power of a government to acquire private property for public purposes. It is frequently used to obtain real property which cannot be purchased from owners in a voluntary transaction. Where the power of eminent domain is exercised, owners are compensated by the government in an amount determined by the courts.

Employee Benefits

Amounts paid by an employer on behalf of employees. Examples are group health or life insurance payments, contributions to employee retirement, district share of O.A.S.D.I. (Social Security) taxes, and worker's compensation insurance payments. These amounts are over and above the gross salary. While not paid directly to employees, they are a part of the total cost of employees.

Encumbrances

Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

Encumbered Funds

Obligations in the form of purchase orders, contracts, salaries, and other commitments for which part of an appropriation is reserved.

Financial Glossary

Ending Balance

A sum of money available in the district's account at year end after subtracting accounts payable from accounts receivable or the difference between assets and liabilities at the end of the year.

Enterprise Funds

Used to account for operations when the governing board has decided either that the total cost of providing goods and services on a continuing basis is financed or recovered primarily through user charges; or that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples include bookstore and food services funds.

Entitlement

The amount of payment to which an entity is entitled pursuant to an allocation formula contained in applicable statutes.

Entry

(1) The record of a financial transaction in its appropriate book of account.(2) The act of recording a transaction in the books of account.

Equipment

Tangible property with a purchase price of at least $200 and a useful life of more than one year, other than land or buildings and improvements thereon. (See the Budget and Accounting Manual for current dollar limits).

Estimated Income

Expected receipt or accruals of monies from revenue or non-revenue sources (abatements, loan receipts) during a given period.

Estimated revenue

Expected receipt or accruals of moneys from revenue or nonrevenue sources during a given period.

Expendable Trust Fund

A Trust Fund whose resources, including both principal and earnings, may be expended. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

Financial Glossary

Expenditures

Amounts disbursed for all purposes. Accounts kept on an accrual basis include all charges whether paid or not. Accounts kept on a cash basis include only actual cash disbursements.

Expense of Education

This includes all General Fund expenditures, restricted and unrestricted, for all objects of expenditure 1000 through 5000 and all expenditures of activity from 0100 through 6700. See Current Expense of Education.

Expenses

Outflows or other using up of assets or incurrences of liabilities (or a combination ion of both) from delivering or producing goods,rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

Extended Opportunity Programs and Services (EOPS)

Categorical funds designated for supplemental services for disadvantaged students.

Face value

The value stated on a negotiable instrument. As applied to securities, the amount stated in the security document.

Faculty Obligation Number (FON)

The annual figure provided to each district by the Chancellor’s Office for the number of full-time credit faculty positions required to comply with “75/25” goals.

Farm Operation Fund

The fund designated to account for the operation of the college farm.

FCMAT

Fiscal Crisis and Management Assistance Team, a non-profit organization that provides fiscal advice, management assistance, training and other related educational business services.

Fee

A charge to students for services related to their education. The System Office annually publishes a list of mandated, authorized and prohibited fees.

Financial Glossary

Fidelity Bond

A written promise to indemnify an employer for losses arising from theft, defalcation, or misappropriation of moneys by government officers and employees.

Fiduciary Funds Group

A group of funds used to account for assets held by the district in a trustee or agent capacity on behalf of individuals, private organizations, student organizations, other governmental units, and/or other funds.

Fifty-Percent Law (50 % Law)

The “50 Percent Law”, as defined in Education Code Section 84362 and California Code of Regulations Section 59200 et seq., requires California Community College districts to spend each fiscal year 50% of the current expense of education for payment of salaries of classroom instructors. The intent of the statute is to limit class size and contain the relative growth of administrative and non-instructional costs. The Annual Financial and Budget Report (CCFS-311) includes actual data on the district’s current expense of education and compliance with the 50% Law.

Financial and Compliance Audit

An examination leading to the expression of an opinion on the fairness of presentation of the audited entity's basic financial statements in conformity with GAAP, and

The audited entity's compliance with the various finance-related legal and contractual provisions used to assure acceptable governmental l organizational performance and effective management stewardship. Public sector oversight bodies typically require independent auditors to include responses to standardized legal compliance audit questionnaires in financial and compliance audit reports.

Financial Resources

Cash and other assets that, in the normal course of operations, will become cash.

Fiscally Independent/Fiscally Dependent Government

A government is fiscally independent if it can (1) determine its budget without another government having the substantive authority to approve and modify that budget, (2) levy taxes or set rates or charges without substantive approval by another government, and (3) issue bonded debt without substantive approval by another government. A government is fiscally dependent if it is unable to complete one or more of these procedures without the substantive approval of another government.

Financial Glossary

Fiscal Year

Twelve calendar months; for governmental agencies in California, it begins July 1 and ends June 30. Some special projects have a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government's fiscal year.

Fixed Assets

Long-lived tangible assets having continuing value such as land, buildings, machinery, furniture, and equipment.

Fixed Costs

Costs of providing goods and services that do not vary proportionately to enrollment or to the volume of goods or services provided (e.g., insurance and contributions to retirement systems).

Fixtures

Attachments to buildings that are not intended to be removed and cannot be removed without damage to the buildings. Those fixtures with a useful life presumed to be as long as that of the building itself are considered a part of the building; all others are classified as equipment.

Flow of Current Financial Resources

A measurement focus that recognizes the net effect of transactions on current financial resources by recording accruals for those revenue and expenditure transactions which have occurred by year end that are normally expected to result in cash receipt or disbursement early enough in the following year either (a) to provide financial resources to liquidate liabilities recorded in the fund at year end, or (b) to require the use of available expendable financial resources reported at year end.

Flow of Economic Resources

The measurement focus used in the commercial model and in proprietary and similar trust funds to measure economic resources, the claims to those economic resources and the effects of transactions, events, and circumstances that change economic resources and claims to those resources. This focus includes depreciation of fixed assets, deferral of unearned revenues and prepaid expenses, and amortization of the resulting liabilities and assets. Under this measurement focus, all assets and liabilities are reported on the balance sheet, whether current or noncurrent. Also, the accrual basis of accounting is used, with the result that operating statements report expenses rather than expenditures.

Financial Glossary

Flow of Financial Resources Measurement Focus

A measure of the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period

Foundation

A separate entity created by the districts as an auxiliary organization and/or 501(c)3 to receive, raise and manage funds from private sources

Full Accrual Basis

Full accrual basis of accounting is used to account for all revenues earned and expenses incurred during the period, regardless of the timing of the cash flows.

Full-Time Equivalent (FTEE) Employees

Ratio of the hours worked based upon the standard work hours of one full-time employee. For example, classified employees may have a standard work load of 40 hours per week, if several classified employees worked 380 hours in one week, the FTE conversion would be 380/40 or 9.5 FTE. FTEF may be used to refer to faculty positions.

Full-Time Equivalent Faculty (FTEF)

Ratio of the standard workload for a full-time faculty, (e.g. 15 units).

Full-Time Equivalent Faculty Obligation

The number of full-time faculty positions that are required to be maintained within a district per California Code of Regulations, title 5, section 51025. This section requires a community college district to increase the number of full-time faculty over the prior year in proportion to the amount of growth in funded credit FTES. The inverse applies when there are Workload Measure Reduction.

Full-Time Equivalent Students (FTES)

An FTES represents 525 class (contact) hours of student instruction/activity in credit and noncredit courses, generally 15 semester credit hours. Full-time equivalent student (FTES) is the workload measure used to compute state funding for California Community Colleges.

Functional Accounting

A system of accounting in which records are maintained to accumulate income and expenditure data by purpose and usually are further classified within generalized functional areas such as instruction, administration, or operations.

Financial Glossary

Fund

An independent fiscal and accounting entity with a self-balanced set of accounts for recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein.

Fund Balance

The difference between assets and liabilities in a fund. The fund balance is measured at a specific point in time and represents the balance from a prior specific point in time, plus revenues received during the intervening time period, minus expenditures made during the same time period.

Fund Group

Compilation of two or more individual funds used to report sources and uses of resources in providing some major service or group of services.

GAAP (Generally Accepted Accounting Principles) and GAAS (Generally Accepted Audit Standards)

Uniform minimum standards and guidelines for financial accounting and reporting.

Gann Limitation

A ceiling on each year's appropriations supported by tax dollars. The limit applies to all governmental entities, including school districts. The base year was 1978-79. The amount is adjusted each year, based on a price index and the growth of the student population.

General Fund

The fund used to account for the ordinary operations of the district. It is available for any legally authorized purpose not specified for payment by other funds.

General Ledger

A record containing the accounts needed to reflect the financial position and the results of operations. General ledger accounts may be kept for any group of items of receipts or expenditures.

General Reserve

An account to record the reserve budgeted to provide operating cash in the succeeding fiscal year until taxes and state funds become available.

Financial Glossary

General Obligation Bonds (GO Bonds)

Debt instruments issued by districts (or other state or local public governmental bodies) to raise funds for public works and capital expenditures. These bonds are backed by the taxing and borrowing power of the entity that issues them.

Gift

Anything of value received from any source for which no repayment or service to the contributor is expected.

Governmental Accounting

The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of a governmental entity.

Governmental Accounting Standards Board (GASB)

The national authoritative accounting and financial reporting standard-setting body for governmental entities.

Governmental Funds

Grouping of funds used to account for activities directly related to an institution's educational l objectives. These funds include the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Project Funds.

Governmental-Type Activities

Those activities of a government that are carried out primarily to provide services to citizens and that are financed primarily through taxes and intergovernmental grants.

Governor's Budget

The Governor proposes a budget for the state each January, which is revised in May (the May Revise) in accordance with updated revenue projections.

Grants

Contributions or gifts of cash or other assets from a government or private organization to be used for a specified purpose, activity or facility.

Gross Profit

Net sales less cost of goods sold exclusive of selling and general expenses within the Proprietary or Enterprise Funds.

Financial Glossary

Gross Sales

Total sales before deduction of sales returns and sales allowance.

Headcount

Represents an unduplicated count of students enrolled in at least one credit course.

Imprest Account

An account into which a fixed amount of money is placed to make minor disbursements or for a specific purpose. As disbursements are made a voucher is completed to record their date, amount, nature, and purpose. At periodic intervals, or when the money is completely expended, a report with substantiating vouchers is prepared and the account is replenished for the exact amount of the disbursements, and appropriate general ledger accounts are charged. The total of cash plus substantiating vouchers must at all times equal the total fixed amount of money set aside in the imprest account. (See Petty Cash and Revolving Cash Account.)

Income

A term used in proprietary fund-type accounting to represent (1) revenues, or (2) the excess of revenues over expenses.

Indirect Expenses or Costs

The elements of cost necessary in the production of a good or service that are not directly traceable to the product or service. Usually these costs relate to expenditures that are not an integral part of the finished product or service, such as rent, heat, light, supplies, management and supervision.

In-Kind Contributions

"Third party in-kind contributions" means the value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies, and other expendable property and the value of goods and services directly benefiting and specifically identifiable to the project or program.

Instructional Aide

A person employed to assist classroom instructors and other certificated personnel in the performance of their duties; in the supervision of students; and in instructional tasks which, in the judgment of the certificated personnel to whom the Instructional aide is assigned, may be performed by a person not licensed as a classroom instructor (Ed. Code,§88243).

Financial Glossary

Internal Control Structure

An organization plan in which employees' duties are arranged and records and procedures are designated to provide a self-checking system, thereby enhancing accounting control over assets, liabilities, income, and expenditures. Under such a system the employees' work is subdivided so that no one employee performs a complete cycle of operations.

Interest

A fee charged a borrower for the use of money.

Interfund Accounts

Accounts in which transactions between funds are reflected.

Interfund Transfers

Money that is taken from one fund and added to another fund without an expectation of repayment.

Internal Audit

An examination made by one or more employees to make continuous or periodic checks to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically, accounting and reporting procedures are reliable, and the organization'sobjectives are being achieved.

Internal Control Structure

A plan of organization in which employees' duties are arranged and records and procedures designated to provide a system of self-checking, thereby enhancing accounting control over assets, liabilities, income, and expenditures. Under such a system the employees' work is subdivided so that no one employee performs a complete cycle of operation; such procedures call for proper delegation by designated officials.

Internal Service Funds

A subgroup of the Proprietary Funds Group used to account for the financing of goods or services provided on a cost reimbursement basis by one department to other departments within or outside the community college district.

Financial Glossary

Intrabudget Transfers

Amounts transferred from one appropriation account to another within the same fund.

Intrafund Transfer

The transfer of moneys within a fund of the district.

Inventory

A detailed list showing quantities and description of property on hand at a given time. It may also include units of measure, unit prices, and values.

Instructional Service Agreement: An agreement with a third party to provide instruction which is open to all students and is eligible for apportionment if specific criteria are met.

Investments

Securities, real estate, etc., held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term excludes fixed assets used in governmental operations.

Invoice

An itemized statement of charges from the vendor to the purchaser for merchandise sold or services rendered.

Journal

Any accounting record in which financial transactions of an entity are formally recorded for the first time, (e.g. the cash receipts book, check register, and journal voucher.)

Journal Voucher

A form provided for the recording of certain transactions or information in place of, or supplementary to, the journal or registers.

Judgments

Amounts due to be paid or collected by an entity as the result of court decisions.

Ledger

A group of accounts in which the financial transactions of a governmental unit or other organization are recorded. (See also General ledger and Appropriation ledger.)

Financial Glossary

LEA (Local Educational Agency)

A public board of education or other public authority legally constituted within a state for either administrative control of or direction of, or to perform service functions for, public elementary or secondary schools in: a city, county, township, school district, or other political subdivision of a state; or such combination of school districts or counties a state recognizes as an administrative agency for its public elementary or secondary schools. Any other public institution or agency that has administrative control and direction of a public elementary school or secondary school. As used in title 34 Code of Federal Regulations, part 400, 408, 525, 526, and 527 (vocational education programs), the term also includes any other public institution or agency that has administrative control and direction of a vocational education program.

Levy

The imposition of taxes, special assessments, or service charges for the support of governmental activities; the total amount of taxes, special assessments, or service charges imposed by a governmental unit.

Lease Revenue Bonds

Bonds secured by a lease agreement and rental payments. Community colleges use lease revenue bonds to finance construction or purchase of facilities.

Liabilities

Debt or other legal obligations (exclusive of encumbrances) arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

Long-term Debt

A borrowing that extends for more than one year from the beginning of the fiscal year.

Lottery Funds

The share of income from the State Lottery, which has added about 1-3 percent to community college funding. A minimum of 34 percent of state lottery revenues must be used for “education of pupils.”

Mandated Costs

Expenditures that occur as a result of (or are mandated by) federal or state law, court decisions, administrative regulations, or initiative measures.

Financial Glossary

Marginal costs

Costs incurred as a result of adding one unit of enrollment or production.

Matching Funds

The value of third-party, in-kind contributions and that portion of the costs of a grant supported project or program not borne by the Federal government.

May Revise

The Governor revises his or her budget proposal in May in accordance with up-to-date projections in revenues and expenses.

Measurement Focus

The accounting convention that determines:

1. Which assets and which liabilities are included on a government's balance sheet and where they are reported there, and

2. Whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

Modified Accrual Basis (modified cash basis)

The accrual basis of accounting adapted to governmental funds. Revenues and other financial resources (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is, when they become both "measurable" and "available" to finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred (except for inventories of materials and supplies that may be considered expenditures either when purchased or when used, and prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed). All governmental funds, expendable trust funds and agency funds use the modified accrual basis of accounting.

Multiyear Financial Plan (MYFP)

A plan that presents financial estimates of programs in tabular form for a period of years. These estimates would reflect the future financial impact of current decisions. Data in the MYFP should be organized along the lines of the program structure.

Financial Glossary

Net Assets

The residual value left for future expense after deducting all liabilities from all assets within the entity-wide financial statements.

Net Profit

Gross profit less selling and general expenses.

Noncredit

Courses that are taught for which no college credit is given. Adult education and basic English as a Second Language are two examples. The state reimbursement for non-credit education is less than for credit courses.

Nonexpendable Trust Fund

A Trust Fund, the principal of which may not be expended. Nonexpendable Trust Funds are accounted for on a full accrual basis of accounting.

Nonrevenue Receipts

Amounts received that either incur an obligation that must be met at some future date or change the form of an asset from property to cash and therefore decrease the amount and value of property. Money received from loans, sale of bonds, sale of property purchased from capital funds, and proceeds from insurance adjustments constitute most nonrevenue receipts.

Nonresident Tuition

A student who is not a resident of California is required, under the uniform student residency requirements, to pay tuition. The fee shall not be less than the average statewide cost per student, and is set by the local board of trustees.

Object Code

The system of codes used in the California community colleges to classify budget and expenditures. The general classification numbers are:

1000 Certificated salaries

2000 Classified salaries

3000 Employee benefits

4000 Books, supplies, materials

5000 Operation expenses

Financial Glossary

6000 Capital outlay

7000 Other outgo

8000 Revenues

Obligations

Amounts that an entity may be legally required to pay out of its resources. Included are not only actual liabilities, but also unliquidated encumbrances. (See also Liabilities.)

OMB

The United States Office of Management and Budget (Web site: www.omb.gov).

OMB Circular A-21

Defines direct and indirect costs for purposes of accounting for Federal fund.

OPEB

Other Post-Employment Benefits, primarily retiree healthcare benefits. Operating Expenses. Expenses related directly to the fund’s primary activities. Operating Income. Income related directly to the fund’s primary activities.

Operating Budget

The current General Fund operating expenditures excluding food services, community services, capital outlay, and outgoing transfers.

Operating Expenses

Expenses related directly to the entity's primary activities. Generally used in proprietary funds and the full accrual entity-wide financial statements.

Operating Income

Revenues received directly related to the entity's primary activity. Generally used in proprietary funds and the full accrual entity-wide financial statements.

Opportunity Costs

The value of an activity or opportunity that must be foregone to implement an alternative.

Outsourcing

The practice of contracting with private companies for services such as data processing, food services, etc.

Financial Glossary

Overdraft

The amount by which checks, drafts, or other demands for payment on the treasury or on a bank account exceed the amount of the balance upon which they are drawn; or the amount by which encumbrances and expenditures exceed the appropriation to which they are chargeable.

P1 and P2

See Apportionment, above.

Par Value

The nominal or face value of a security.

Payroll Register

A document accompanying one or more orders on a fund for the payment of salaries or wages to employees which contains the names of such employees and provides information substantiating such orders.

Payroll Warrant

A document used as an order or a requisition on funds of an entity to pay salaries or wages.

Periodic Inventory

A system whereby the entity performs a physical count of its inventory periodically, at least annually at fiscal year-end.

Perpetual Inventory

A system whereby the inventory quantities and values for all purchases and issuances are recorded directly in the inventory system as they occur.

PERS (or CalPERS) California Public Employees' Retirement System

One of the two major retirement systems in which community college employees participate. State law requires district classified employees, districts and the State to contribute to the fund for full-time classified employees.

Petty Cash

A sum of money set aside on an imprest basis to make change or to pay small accounts for which the issuance of a formal voucher and check would be too expensive and time consuming. {See also Imprest account and revolving cash account.)

Financial Glossary

Posting

The act of transferring data in an account in a ledger the data, either detailed or summarized, from a book or document of original entry to an account in a ledger.

Prepaid Expenses

Goods or services for which payment has been made, but for which benefits have not been realized as of a certain date, (e.g. prepaid rent, prepaid interest, and premiums on unexpired insurance.) Expenses are recorded in the accounting period in which the related benefits are received.

Prior Years' Taxes

Taxes received in the current fiscal year for delinquencies or impounds in previous fiscal years.

Program

Category of activities with common outputs and objectives.A program may cut across existing departments and agencies.

Program Accounting

A system of accounting in which records are maintained to accumulate income and expenditure data by program rather than by organization or by fund.

Program Costs

Costs incurred and allocated by program rather than by organization or by fund.

Property Tax Rate

See Tax Rate.

Proposition 13

An initiative passed in June 1978 adding Article XIII A to the California Constitution. It provided that tax rates on secured property were restricted to no more than 1 percent of full cash value. Proposition 13 also defined assessed value and required a two-thirds vote to change existing or levy new taxes.

Proposition 39

An initiative passed in 2000 that reduced the voting threshold required for local bonds from two-thirds to 55% and added conditions for proposing and using bond funds.

Financial Glossary

Proposition 98

An initiative passed in November 1988, guaranteeing at least 40 percent of the state's budget for K-12 and the community colleges. The split was proposed to be 89 percent (K-12) and 11 percent (CCC), although the split has not been maintained.

Proprietary Funds Group

A group of funds used to account for those ongoing government activities which, because of their income-producing character, are similar to those found in the private sector.

Proration

Allocation of expenditures or income from a single source to two or more accounts to show the correct distribution of charges or income.

Protested (Impounded) Taxes

Tax money paid under protest and held by the county auditor pending settlement of the protest.

Purchase Order

A document authorizing the delivery of specified merchandise or the rendering of certain services and charging for them.

75/25 Ratio

The goal established by AB1725 for the ratio of classes taught by full-time faculty to those taught by part-time faculty. Districts not at the 75% level have an obligation to make progress toward the goal—a "full time faculty obligation (FTO)." Compliance is achieved through the use of the annual Faculty Obligation Number (FON).

Real Property

Property consisting of land, buildings, minerals, timber, landscaping, and related improvements.

Reasonable Assurance

The concept that internal control, no matter how well designed and operated, cannot guarantee an organization's objectives will be met. This is because of Inherent limitations in all internal control systems.

Rebate

Abatement or refund which represents the return of all or part of a payment.

Financial Glossary

Reclassification

Resignation of current year's income or expenditure items previously posted to one account and later determined to be more properly charged to a different account.

Refund

(Noun) An amount paid back or credit allowed on account of an over collection. (See Rebate.) (Verb) To pay back or allow credit for an amount because of an over collection or because of the return of an object sold. (Verb) To provide for the payment of an obligation through cash or credit secured by a new obligation.

Registered Warrant

A warrant that is registered for future payment on account of a present lack of funds and that is to be paid with interest in the order of its registration number.

Registers

A listing of transactions of like kind that may be totaled and summarized for convenience in posting, (e.g., payroll registers, warrant registers, and attendance registers.)

Reimbursement:

1. Repayments of amounts remitted on behalf of another party.

2. Interfund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund (e.g., an expenditure properly chargeable to a special revenue fund is initially made from the general fund and is subsequently reimbursed).

These transactions are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of expenditures or expenses in the fund reimbursed. (See also Refund.)

Replacement Cost

The amount of cash or other consideration that would be required today to obtain the same asset or its equivalent.

Requisition

A written demand or request, usually from one department to the purchasing officer or to another department,for specified articles or services.

Financial Glossary

Reserves

Funds set aside in a college district budget to provide for future expenditures or to offset future losses, for working capital, or for other purposes. There are different categories of reserves, including contingency, general, restricted and reserves for long- term liabilities.

Reserve for Encumbrances

The segregation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior year encumbrances.

Resources

All assets owned including land, buildings, cash, estimated income not realized, and, in certain funds, bonds authorized but unissued.

Restricted Accounts

Cash or other assets which are limited as to use or disposition by their source. Their identity is therefore maintained, and their expenditure or use is also recorded separately.

Restricted Funds

Money that must be spent for a specific purpose either by law or by local board action. Revenue and expenditures are recorded in separate funds. Funds restricted by board action may be called “designated” or “committed” to differentiate them from those restricted by external agencies. Examples of restricted funds include the federal vocational education act and other federal program funds; state “categorical” programs such as those for disabled and disadvantaged students; state monies targeted for specific purposes, such as instructional equipment replacement; grants for specific programs; and locally generated revenues such as the health and parking fees. Funds restricted by local board action may later be unrestricted by board action.

Retained Earnings

The accumulated earnings of a proprietary fund that are not reserved.

Retiree Health Benefits

Benefits provided to retirees provide health insurance, negotiated through collective bargaining. Also called “Other PostEmployment Benefits.”

Revenue

Income from all sources.

Financial Glossary

Revenue Bonds

Bonds whose principal and interest are payable exclusively from earnings of the funded facilities operations.

Revenue Bond Interest and Redemption Fund

The fund designated to pay current interest and principle on bonds issued from receipts recorded in the Revenue Bond Project Fund.

Revenue Bond Project Fund

The fund designated to receive revenues from operation and disburse moneys for operation and maintenance of auxiliary or supplementary facilities for individual or group accommodation acquired or constructed from authorized community college revenue bonds.

Revenue Limit

The specific amount of student enrollment fees, state and local taxes that a college district may receive per student for its general education budget. Annual increases are determined by Proposition 98 formula or the Legislature.

Revolving Cash Fund

A revolving cash account used to secure or purchase services or materials.

RFP

Request for Proposal RFQ: Request for Quote RFR: Request for Review RIF: Reduction in Force

Rollover Budgeting

A budget constructed by rolling forward the previous year's budget as the starting point and then making adjustments.

Sales and Use Tax

A tax imposed upon the sale of goods and services. The use tax is paid in lieu of the sales tax on goods purchased outside the state but intended for use in the state.

Schedules

Explanatory or supplementary statements that accompany the balance sheet or other financial statements.

Financial Glossary

Scheduled Maintenance

A defined schedule for major repairs of buildings and equipment. Some matching state funds may be available to districts for a scheduled maintenance program.

Scholarship and Loan Fund

The fund designated to account for moneys received and disbursed for scholarships, grants, and loans to students.

Secured Roll

Assessed value of real property, such as land, buildings, secured personal property, or anything permanently attached to land as determined by each county assessor plus the value of the property of public utilities as determined by the State Board of Equalization.

Securities

Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

Self-Insurance Fund

An Internal Service Fund designated to account for income and expenditures of self-insurance programs.

Separation of Duties

An internal control practice in that no one person has complete control over any financial transaction. Each person's work should routinely serve as a complementary check on another's work.

Serial Annuity Bonds

Consecutively numbered or otherwise identified notes or other evidence of obligation in which the annual payment of principal and interest combined are approximately the same each year.

Serial Bonds

Consecutively numbered or otherwise identified notes or other evidence of obligation redeemable by installment, each of which is to be paid out of income of the year in which it matures.

Financial Glossary

Shared Revenue

Revenue collected by one governmental unit but shared, usually in proportion to the amount collected, with another unit of government or class of governments.

Shortfall

An insufficient allocation of money, which will require additional appropriations, reduction in expenditures, and/or will result in deficits.

Short-Term Debt

Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes variable-rate debt, bond anticipation notes, tax revenue anticipation notes and revenue anticipation notes.

Site

Land which has been acquired or is in the process of being acquired.

Source Document

Any voucher or other document that supports an entry in the accounting records.

Special Populations

Used to identify individuals with the same or similar characteristics. Commonly used in connection with categorical funding sources to identify eligible recipients. More specific information about certain categories of special populations may be obtained with the assistance of college staff working in those program areas.

Special Revenue Funds

A category of funds used to account for proceeds of specific legally restricted revenue for and generated from activities not directly related to the educational program of the college.

Specifications

Those particular qualities required of products or services

State Apportionment

An allocation of state money paid to a district on a monthly basis once the state budget is enacted.

Financial Glossary

Statements

Formal written presentations setting forth financial information. The term includes exhibits, schedules, and written reports.

Stipend

For career staff, a regular or fixed payment made to an individual in recognition of added responsibility.

Stores

1. System that enables supplies to be purchased in large quantities and charged to an asset account. The supplies are charged to the department when distributed.

2. The stockpiling of large amounts of supplies usually in a warehouse for future use.

3. Large quantities of supplies in storage.

STRS (CalSTRS) California State Teachers' Retirement System

State law requires that school district employees, school districts and the State contribute to the fund for full- time academic employees.

Student Body Fund

A fund to control the receipts and disbursements for student association activities.

Student Financial Aid Funds

Funds designated for grants and loans to students; includes federal Pell grants, College Work-Study, and the state funded EOPS grants and fee waiver programs.

Student Funding Formula (SCFF)

The Student Centered Funding Formula is all about ensuring community colleges are funded, at least in part, in how well their students are faring. It is upending how California's community colleges receive state money by basing general apportionments – discretionary funds available to community college districts – on three calculations:

1. A base allocation, which largely reflects enrollment.

2. A supplemental allocation based on the numbers of students receiving a College Promise Grant, students receiving a Pell Grant and students covered by AB 540.

3. A student success allocation based on outcomes that include the number of students earning associate degrees and credit certificates, the number of students transferring to four-year colleges and universities, the number of students who complete transfer-level

math and English within their first year, the number of students who complete nine or more career education units and the number of student who have attained the regional living wage.

Sub-recipient

A non-federal entity that expends Federal awards received from a pass-through entity to carry out a federal program but does not include an individual that is a beneficiary of the program. A sub-recipient may also be a recipient of other Federal awards directly from a federal awarding agency. Guidance on distinguishing between a sub-recipient and a vendor is provided in subpart B – Audits .210 (Uniform Guidance OMB Circular A 133).

Subsidiary Account

A related account that supports in detail the debt and credit summaries recorded in a controlling account.

Subsidiary Ledger

A group of subsidiary accounts, the sum of the balances of which equal the balance of the related controlling account.

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A non-federal entity that expends Federal awards received from a pass-through entity to carry out a federal program but does not include an individual that is a beneficiary of the program. A sub-recipient may also be a recipient of other Federal awards directly from a federal awarding agency. Guidance on distinguishing between a sub-recipient and a vendor is provided in subpart B – Audits .210 (Uniform Guidance OMB Circular A 133).

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A group of subsidiary accounts, the sum of the balances of which equal the balance of the related controlling account.

Financial Glossary

Subventions

Provision of assistance or financial support, usually from higher governmental units to local governments or college districts, for example to compensate for loss of funds due to tax exemptions.

Summary

Consolidation of like items for accounting purposes.

Supervisor

For the purpose of Education Code Section 84362 (the Fifty Percent Law), “Supervisor” means any employee having authority, on behalf of the district, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, discipline other employees, adjust their grievances, or effectively recommend such action, if the exercise of such authority is not of a merely routine or clerical nature.

Supplanting

To use one type of funds to provide goods or services previously paid for with another type of funds. Generally, it is prohibited to use state or federal funds to replace local funds.

Supply

A material item of an expendable nature that is consumed, wears out, or deteriorates in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

Surety Bond

A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document through nonperformance or through defalcation. For example, a surety bond might be required of a contractor or an official who handles cash or securities.

Suspense Account

An account to which postings are made temporarily pending determination of the proper account to be charged or credited.

Taxes

Compulsory charges levied within its boundaries by a governmental unit against the income or property of persons, natural or corporate, to finance services performed for the common benefit.

Financial Glossary

Taxes Receivable

An asset account representing the collected portion of taxes not yet apportioned to an entity at the close of the fiscal year.

Tax Revenue Anticipation Notes (TRAN)

Instruments issued to secure short-term moneys borrowed in expectation of collection of taxes.

Tax Liens

Claims by governmental units upon properties for which taxes levied remain unpaid.

Tax Rate

The amount of tax stated in terms of a unit of the tax base; for example, 25 mills per dollar of assessed valuation of taxable property.

Tax Rate Limit

The maximum rate of tax that a governmental unit may levy.

Tax redemption

Proceeds from the sale of tax delinquent property.

Tax Relief Subventions

Amounts received to compensate community colleges for revenues lost due to tax exemptions, such as for business inventory or owner occupied property.

Tax Roll

The list showing the amount of taxes levied against each taxpayer or property.

Tentative Budget

The preliminary budget approved by the Board of Trustees in June, prior to when state allocations have been finalized.

Term Bonds

Bonds of the same issue maturing at specified times.

Title 5, California Code of Regulations

The section of the California Administrative Code that regulates community colleges. The Board of Governors adopts Title 5 regulations. Available online at

http://government.westlaw.com/linkedslice/default.asp?RS=GVT1.0&VR=2.0&SP=CCR1000&Action=Welcome

TOP Code

Taxonomy of Programs, in which numbers are assigned to programs to use in budgeting and reporting.

Trade Discount

A reduction of the list price usually expressed as a percent and related to volume of business transacted (not to be confused with cash discount).

TRANs

Tax and Revenue Anticipation Notes: instruments issued to secure short-term moneys borrowed in expectation of collection of taxes and other revenues. The notes are paid off with operating revenue.

Trial Balance

A list of the balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or if their net balance agrees with a controlling account, the ledgers from which the figures are taken are said to be "in balance."

Trust Fund

A fund consisting of resources received and held by an entity as trustee to be expended or invested in accordance with the conditions of the trust.

Tuition

An amount charged to students for instructional services provided to students.

Unappropriated Fund Balance

The portion of a fund balance not segregated for specific purposes. All assets and estimated income available for appropriation are credited to the account and General Reserve; budgeted appropriations and other obligations are debited. The net value of the account represents the Unappropriated Fund Balance.

Unearned Revenue

Revenue received prior to being earned such as bonds sold at a premium. Advances received on Federal or State program grants or enrollment fees received for a subsequent period.

Financial Glossary

Unencumbered Balance

That portion of an appropriation or allotment not yet expended or obligated.

Unfunded FTES

FTES that are generated in excess of the enrollment/FTES cap.

Unit Cost

The total expenditure for a product, program, or service divided by the total quantity obtained or some other quantitative measure, e.g., total expenditure divided by number of students equals cost per student.

Unrealized Income

Estimated income less income received to date; also, the estimated income for the remainder of the fiscal year.

Unrestricted Funds

Generally those monies of the General Fund that are not designated by law or a donor agency for a specific purpose. They are legally regarded as unrestricted since their use is at the Board's discretion.

Unsecured Roll

Assessed value of personal property other than secured property.

Useful Life

The period of time that an asset is of physical useful value. It is established primarily for depreciation and insurance purposes.

Vacation Accruals

The amount of vacation accrued by employees but not yet taken. It may be shown as a liability.

Variable Costs

Those costs that fluctuate directly with enrollment or volume of business, as opposed to fixed cost.

Voucher

A written document that evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

Financial Glossary

Voucher warrant

A form embodying a warrant and voucher in one document.

Warrants

A written order drawn to pay a specified amount to a designated payee.

Warrants Payable

The face amount of warrants outstanding and unpaid.

Wire Transfer

This is an electronic transfer of funds from the district's bank to the bank account of the vendor. Funds being wired can be U.S. dollars or foreign currency to either U.S. bank or foreign bank. With a wire transfer nothing is mailed from accounts payable.

Withholding

Money deducted from an amount payable to an employee or a business (e.g., Federal and State income taxes withheld from employee payroll checks and by contract agreement the amount retained until final inspection and acceptance on construction projects).

Work in Process (WIP)

An asset representing the value of partially completed work. (See also Construction in Progress)

Workload Measure Reduction

Utilized to quantify the reduction in FTES required when corresponding reductions in revenues have been imposed.

Work Order

A written authorization for the performance of a particular job containing a description of the nature and location of the job and specifications for the work to be performed.

WSCH

Weekly Student Contact Hours, the number of weekly hours that a student spends in classes for a full-census course (17 weeks), e.g. three WSCH for a three unit course. It is part of the formula used to determine faculty workload as well as apportionment.

Financial Glossary

Zero Based Budgeting

A budget constructed by starting each line allocation from zero – rather than the previous year's figure – and then justifying additions.

Financial Glossary

ACRONYMS

ALN	Assistance Listing Number
ACBO	Association of Chief Business Officials
ACCJC	Accrediting Commission for Community and Junior Colleges
ACH	Automated Clearing House
AcSEC	Accounting Standards Executive Committee
AEBG	Adult Education Block Grant
AICPA	American Institute of Certified Public Accountants
ASA	Administrative and Support Activities
BAM	Budget and Accounting Manual
BTA	Business Type Activity
CA	Controlling Account
CalWorks	California Works Opportunity an Responsibility to kids
CC	Civil Code
CCCCO	California Community Colleges Chancellor's Office
CCFS-311	Annual Financial and Budget Report
CCFS-311Q	Quarterly Financial Status Report
CCFS- 320	Apportionment Attendance Report
CCFS-321	Apprenticeship Attendance Report
CCFS- 323	Enrollment Fee Revenue
CCFS- 329	Local Property Tax Revenue
CCFS-350-A	Application for Exemption from the Fifty Percent Law
CCFS-350B	Findings of the Local Government Board regarding the Fifty Percent Law
CCFS-355	Maintenance Allowance
CCFS-360	Part-Time Faculty Health Benefits

Financial Glossary

CCFS-365	Part-Time Faculty Office hours
C.C.R.	California Code of Regulations
CDAM	Contracted District Audit Manual
CEE	Current Expense of Education
CFR	Code of Federal Regulations
CGC	California Government Code
CIP	Construction in Progress
COP	Certificates of Participation
CTEA	Career and Technical Education Act
CY	Current Year
DSPS	Disabled Students Programs and Services
Ed. Code	Education Code
EDP	Electronic Data Processing
EF	Enterprise Fund
EOPS	Extended Opportunity Programs and Services
EPA	Education Protection Account
ERAF	Educational Revenue Augmentation Fund
ETP	Employment Training Panel
FASB	Financial Accounting Standards Board
FTE	Full-Time Equivalent
FTEF	Full-Time Equivalent Faculty
FTES	Full-Time Equivalent Students
GAAFR	Governmental Accounting, Auditing, and Financial Reporting
GAAP	General Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association

Financial Glossary

GO	General Obligation (Bond)
IRS	Internal Revenue Service
ISF	Internal Service Funds
JPA	Joint Powers Agreement
LEA	Local Educational Agency
LC	Labor Code
MD&A	Management Discussion and Analysis
MYFP	Multiyear Financial Plan
NCGA	National Council on Governmental Accounting
OASDI	Old-Age, Survivors and Disability Insurance
OMB	Office of Management and Budget
OPEB	Other Post-Employment Benefits
PC	Penal Code
PERS	Public Employees' Retirement System
RDA	Redevelopment Agency
RFA	Request for Application
RFP	Request for Proposal
SAAM	Student Attendance Accounting Manual
SAS	Statement on Auditing Standards
SCFF	Student Centered Funding Formula
SEOG	Supplemental Educational Opportunity Grants
SRF	Student Representation Fee
STRS	State Teachers' Retirement System
TANF	Temporary Assistance for Needy Families
TCR	Total Computational Revenue
TOP	Taxonomy of Programs

Financial Glossary

TRANs	Tax Revenue Anticipation Notes
UBIT	Unrelated Business Income Tax
UI	Unemployment Insurance
WIA	Workforce Investment Act
WIP	Work in Progress