

## Glossary

**AB:** Adopted Budget.

**AP:** Administrative Procedure.

**Accrual basis:** The method of accounting which 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.

**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.

**Allocation:** Division or distribution of resources according to a predetermined plan.

**Apportionment:** Allocation of state or federal aid, district taxes, or other moneys to community college districts or other governmental units.

**Appropriation:** A legal authorization granted by a legislative or governing body to make expenditures and incur obligations for a specified time and purpose.

**Appropriation for contingencies:** That portion of a current fiscal year’s budget not appropriated for any specific purpose and held subject to intrabudget transfer, i.e., transfer to other specific appropriations as needed during the fiscal year.

**ASO:** Associated Student Organization.

**Audit:** An official examination and verification 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. Audit procedures may also include examination and verification 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 a financial statement examination and compliance audit.

**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.

**Beginning fund balance:** Unencumbered resources available in a fund from the prior year after payment of the prior-year expenses.

**BFB:** Beginning Fund Balance.

**Bond:** Most often 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 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.

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

**Bonded debt:** The portion of district indebtedness represented by outstanding bonds.

**Bonds authorized and unissued:** Legally authorized bonds that have not been sold.

**BOT:** Board of Trustees.

**BP:** Board Policy.

**Budget document:** The instrument used by the budget-making authority to present a comprehensive financial program to the governing authority (form CCFS-311 for California community colleges).

Included is a balanced statement of revenues and expenditures (both actual and budgeted) as well as other exhibits.

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

**CalPERS (PERS):** California Public Employees' Retirement System.

**CalSTRS (STRS):** California State Teachers' Retirement System.

**Capital outlay:** The acquisition of or additions to fixed assets, including land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

**Categorical funding:** Allocations that are required to be spent in a particular way or for a designated program.

**CCC:** California Community College.

**CCCCO:** California Community College Chancellor's Office.

**CDCP:** Career Development and College Preparation program.

**Chart of accounts:** A systematic list of accounts applicable to a specific entity.

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

**COLA:** Cost-of-Living Adjustment.

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

**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.

**Deferred 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.

**Deficit factor:** Applied to apportionment revenue based on available funding from the California Community Colleges Chancellor's Office.

**Educational administrator:** Education Code Section 87002 and California Code of Regulations Section 53402(c) defines "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.

**EFB:** Ending Fund Balance.

**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 OASDI (Social Security) taxes, and workers' compensation payments. These amounts are not included in the gross salary but are over and above. While not paid directly to employees, they are a part of the total cost of employees.

**Ending fund balance:** Unencumbered resources available in a fund from the current year after payment of the current-year expenses.

**Enterprise funds:** A subgroup of the proprietary funds group 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 (expenses including depreciation) be 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.

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

**Expenditures:** Payment of cash or cash equivalent for payroll, goods or services, or a charge against available funds in settlement of an obligation.

**Expense of education:** This includes all general fund expenditures, restricted and unrestricted, for all objects of expenditure from 1000 through 5000, and all expenditures of activity from 0100 through 6700. (See also 50% Law.)

**Fifty Percent (50%) Law:** Education Code Section 84362, commonly known as the 50% Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

**Fiscal year:** A 12-month period to which the annual operating budget applies and, at the end of which, a government determines its financial position and the results of its operations. For governmental entities in the state of California, the period begins on July 1 and ends on June 30.

**FMP:** Facilities Master Plan.

**FTEF:** Shall mean “full-time equivalent faculty.” FTEF is expressed as the percentage of hours per week considered to be a full-time assignment.

**FTES:** Shall mean “full-time equivalent students.” The units of resident FTES are the primary basis of revenue to the college. A single unit of FTES represents 525 instructional contact hours. Annually, the state sets a level of funding for each college, expressed in units of FTES, that constitutes the vast majority of income to the institution.

**Full-time equivalent (FTE) 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 workload 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.

**Fund:** An independent fiscal and accounting entity with a self-balancing 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 fund assets and fund liabilities of governmental and similar trust funds.

**GASB:** Governmental Accounting Standards Board.

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

**GFOA:** Government Finance Officers Association.

**Governmental Accounting Standards Board (GASB):** The 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 objectives. These funds include the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Project Funds.

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

**Hold Harmless:** Ensures that no district will receive less than it received in 2017-18. Thereafter, each district would be held harmless through 2021-22 based on 2017-18 TCR grown by COLA annually.

**Indirect expenses or costs:** Those elements of cost necessary in the production of a good or service, which are not directly traceable to the product or service. Usually these costs relate to objects of

expenditure that do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, and supervision.

**Instructional service agreement (ISA):** An agreement with a third party to provide instruction that is open to all students and is eligible for apportionment, if specific criteria are met.

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

**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.

**JPA:** Joint Powers Agreement.

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

**Load:** Shall mean the number of hours assigned to a full-time or full-time equivalent faculty member.

**Long-term debt:** A borrowing that extends for more than one year from the beginning of the fiscal year.

**Modified accrual basis (modified cash basis):** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (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 (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and (2) 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 are accounted for using the modified accrual basis of accounting.

**Object code:** Revenue or expenditure classification within the system-wide chart of accounts.

**OPEB:** Other Post-Employment Benefits.

**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.

**Other Post-Employment Benefits (OPEB):** Post-employment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

Other postemployment benefits that a retiree can be compensated for are life-insurance premiums, healthcare premiums, and deferred-compensation arrangements.

**P1:** First principal apportionment.

**P2:** Second principal apportionment.

**Par value:** The nominal or face value of a security.

**PBC:** Planning and Budget Committee.

**PERS:** California “Public Employees’ Retirement System”.

**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.

**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.

**Reimbursement:** (1) Repayments of amounts remitted on behalf of another party; and (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.

**Reserve:** An amount set aside to provide for estimated future expenditures or losses, for working capital, or for other specified purposes.

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

**Revenue:** Increase in net assets from other than expense or expenditure refunds or other financing sources (e.g., long-term debt proceeds, residual equity, operating transfers, and capital contributions).

**Salaries of Classroom Instructors:** Salaries of classroom instructors, as prescribed in California Code of Regulations (CCR), Title 5, Section 59204, means (1) “that portion of salaries paid for purposes of instruction of students by full-time and part-time instructors employed by a district; and (2) all salaries paid to classified district employees who are (a) assigned the basic title of “Instructional Aide” or other appropriate title designated by the governing board that denotes that the employees’ duties include instructional tasks, and (b) employed to assist instructors in the performance of their duties, in the supervision of students, and in the performance of instructional tasks.”

**SBRPSTC:** South Bay Regional Public Safety Training Consortium.

**SCC:** Shared Consultation Council.

**SCCD:** Southwestern Community College District.

**SCFF:** Student Centered Funding Formula.

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

**Self-Insurance Fund:** An internal service fund designated to account for income and expenditures of self-insurance programs.

**SERP:** Supplemental Employee Retirement Plan.

**SSCG:** Student Success Completion Grant.

**STRS:** California "State Teachers' Retirement System".

**Student Centered Funding Formula (SCFF):** Funds districts using a base allocation tied to enrollment, a supplemental allocation based on student demographics correlated with higher need students, and a student success allocation based on outcomes. 2018-19 was the first year of implementation of the SCFF.

**TB:** Tentative Budget.

**TCR:** Total Computational Revenue.

**Total computational revenue (TCR):** Describes the calculation of a district's total entitlement based on full-time equivalent students (FTES), infrastructure factors, and the number of colleges and centers a district operates. The TCR provides the basis for general apportionment funding to be distributed throughout the community college system. It is from this number that the California Community Colleges Chancellor's Office distributes apportionment as per the allocation process described in Title 5 Section 58770.