

**California Community Colleges**

**BUDGET AND  
ACCOUNTING MANUAL**

2012 Edition

in accordance with *Education Code* Section 70901 and 59011  
for required use by California Community Colleges

Prepared under the direction of the  
**College Finance and Facilities Planning Division of the Chancellor's Office**  
**California Community Colleges**

with the cooperation of the  
**Association of Chief Business Officers Board**





## Publishing Information

---

The California Community Colleges, *Budget and Accounting Manual, 2012 Edition*, was approved by the Board of Governors. This edition was prepared under the direction of the Fiscal Policy Division of the Chancellor's Office in cooperation with the Association of Chief Business Officers Board. The members of the Board of Governors at the time this edition of the manual was approved were:

Scott Himmelstein, *San Diego*  
Manuel Baca, *Diamond Bar*  
Geoffrey L. Baum, *Pasadena*  
Natalie Berg, *San Francisco*  
Joseph J. Bielanski, Jr. *San Francisco*  
Danny Hawkins, *San Jose*  
Lance T. Izumi, *Sacramento*  
Peter Mac Dougall, *Santa Barbara*  
Deborah Malumed, *Long Beach*  
Henry A.J. Ramos, *San Luis Obispo*  
Gary Reed, *Porterville*  
Jurena Storm, *Oakland*  
Ning Yang, *Sacramento*

The California Community Colleges, *Budget and Accounting Manual* was distributed under the provisions of the Library Distribution Act and *Government Code* Section 11096.

Copies of the manual are available on a limited basis. Requests should be sent to the Chancellor's Office, Fiscal and Business Services Unit, 1102 Q Street, Sacramento, CA 95814-6511. This manual is also available on the Internet at the Chancellor's Office Website at <http://www.cccco.edu/> within the Fiscal Policy Division.



---

# *Table of Contents*

---

	<b>Page</b>
<b>Preface</b> .....	i
<b>Acknowledgments</b> .....	iii
 <b><i>CHAPTER 1 Introduction</i></b>	
INTRODUCTION .....	1-2
Authority .....	1-2
Authoritative Requirements .....	1-2
Objective and Purpose.....	1-4
Background .....	1-4
ACCOUNTING OVERVIEW .....	1-6
Accounting: The Language of Business.....	1-6
Government versus Private Accounting: Measurement Focus and Basis of Accounting.....	1-6
Fund Accounting .....	1-7
Revenue and Expenditure Classification.....	1-7
Annual Financial Report and Audit.....	1-7
BUDGETING OVERVIEW .....	1-10
General Requirements .....	1-10
Important Date.....	1-10
 <b><i>CHAPTER 2 Fund Structure</i></b>	
GENERAL.....	2-2
GOVERNMENTAL FUND TYPES .....	2-3
10 General Fund.....	2-6
11 Unrestricted Subfund	
12 Restricted Subfund	
20 Debt Service Funds.....	2-9
21 Bond Interest and Redemption Fund	
22 Revenue Bond Interest and Redemption Fund	
29 Other Debt Service Fund	
30 Special Revenue Funds .....	2-11
31 Bookstore Fund	
32 Cafeteria Fund	
33 Child Development Fund	
34 Farm Operation Fund	
35 Revenue Bond Project Fund	

39	Other Special Revenue Fund	
40	Capital Projects Funds .....	2-15
41	Capital Outlay Projects Fund	
42	Revenue Bond Construction Fund	
43	General Obligation Bond Fund	
4X	Other Capital Project Fund	
	PROPRIETARY FUNDS GROUP .....	2-19
50	Enterprise Funds .....	2-20
51	Bookstore Fund	
52	Cafeteria Fund	
53	Farm Operations Fund	
59	Other Enterprise Fund	
60	Internal Service Funds .....	2-23
61	Self Insurance Fund	
69	Other Internal Services Fund	
	FIDUCIARY FUNDS GROUP .....	2-26
70	Trust Funds .....	2-28
71	Associated Students Trust Fund	
72	Student Representation Fee Trust Fund	
73	Student Body Center Fee Trust Fund	
74	Student Financial Aid Trust Fund	
75	Scholarship and Loan Trust Fund	
76	Investment Trust Fund	
77	Deferred Compensation Trust Fund	
79	Other Trust Funds	
80	Agency Funds .....	2-34
81	Student Clubs Agency Fund	
82	Scholarship and Loan Agency Fund	
83	Foundation Agency Fund	
84	Joint Powers Agreement (JPA) Custodian Agency Fund	
85	Deferred Compensation Agency Fund	
89	Other Agency Funds	

### ***CHAPTER 3 Accounting For Revenues and Other Financing***

GENERAL.....	3-2
CLASSIFICATION OF REVENUES AND OTHER FINANCING SOURCES ...	3-3
8100 Federal Revenues.....	3-4
8110 Forest Reserve	
8120 Higher Education Act	
8130 Workforce Investment Act (formerly Job Training Partnership	
8140 Temporary Assistance for Needy Families (TANF)	
8150 Student Financial Aid	
8160 Veterans Education	
8170 Career and Technical Education Act (CTEA)	

8190 Other Federal Revenues	
8600 State Revenues .....	3-6
8610 General Apportionments	
8620 General Categorical Programs	
8650 Reimbursable Categorical Programs	
8670 State Tax Subventions	
8680 State Non-Tax Revenues	
8690 Other State Revenues	
8800 Local Revenues .....	3-12
8810 Property Taxes	
8820 Contributions, Gifts, Grants, and Endowment	
8830 Contract Services	
8840 Sales and Commissions	
8850 Rentals and Leases	
8860 Interest and Investment Income	
8870 Student Fees and Charges	
8890 Other Local Revenues	
8900 Other Financing Sources .....	3-20
8910 Proceeds from Sale of Capital Assets	
8940 Proceeds from Long-Term Debt	
8980 Incoming Transfers	
REVENUE ABATEMENTS .....	3-23

#### ***CHAPTER 4 Accounting for Expenditures and Other Outgo***

GENERAL .....	4-2
CLASSIFICATION OF EXPENDITURES BY ACTIVITY .....	4-3
INSTRUCTIONAL ACTIVITIES .....	4-4
ADMINISTRATIVE AND SUPPORT ACTIVITIES .....	4-6
CLASSIFICATION OF EXPENDITURES BY OBJECT .....	4-22
1000 Academic Salaries .....	4-22
2000 Classified and Other Nonacademic Salaries .....	4-25
3000 Employee Benefits .....	4-27
4000 Supplies and Materials .....	4-31
5000 Other Operating Expenses and Services .....	4-32
6000 Capital Outlay .....	4-35
7000 Other Outgo .....	4-38
EXPENDITURE ABATEMENTS .....	4-41

#### ***CHAPTER 5 Accounting for the Balance Sheet***

*(Assets, Liabilities, and Equity)*

GENERAL .....	5-1
9100 Cash, Investments, and Receivables .....	5-4

9200 Inventories, Stores, and Prepaid Items.....	5-6
9300 Capital Assets.....	5-7
9400 Other Long-Term Assets.....	5-7
9500 Current Liabilities and Deferred Revenue .....	5-10
9600 Long-Term Liabilities.....	5-14
9700 Fund Balance .....	5-16

***CHAPTER 6 Governmental Accounting and Financial Reporting***

GENERAL.....	6-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A).....	6-4
BASIC FINANCIAL STATEMENTS.....	6-5
Statement of Net Assets .....	6-5
Statement of Revenues, Expenses, and Changes in Net Assets .....	6-5
Statement of Cash Flows.....	6-6
Notes to the Financial Statements .....	6-7
Required Supplementary Information.....	6-7
Supplementary Information.....	6-11
CONVERSION / CONSOLIDATION ENTRIES.....	6-14

***CHAPTER 7 Special Accounting Issues***

SPECIAL ACCOUNTING ISSUES .....	7-2
Separate Bank Accounts.....	7-2
Capital Leases.....	7-6

***SUBJECT INDEX***

***APPENDIX A – Common Terminology***

***APPENDIX B – Common Categorical and Restricted Programs***

***APPENDIX C – Fiscal and Legal Advisories and Opinions***

***APPENDIX D – Guidelines for Distinguishing Between Supplies  
and Equipment***

***APPENDIX E – Governmental Accounting Standards Board  
Statements***





---

## *Preface*

---

This revision of the Budget and Accounting Manual, effective \_\_\_\_\_, presents primarily technical changes to update and improve the accounting procedures of the California Community Colleges. No new program, nor increased level of district effort is mandated by this revision. Our goal continues to be to make those changes necessary to achieve greater conformance with generally accepted governmental accounting principles, promote greater consistency and validity of reported financial data, and make the manual more useful for all users.

There will always be accounting issues that need to be addressed. Therefore, it is expected that this manual will be periodically revised and updated.

Dr. Jack Scott  
Chancellor

Erik Skinner  
Executive Vice Chancellor  
for Programs

Dan Troy  
Vice Chancellor  
Fiscal Policy

Frederick E. Harris  
Assistant Vice Chancellor

Sacramento  
\_\_\_\_\_, 2012



---

## *Acknowledgements*

---

The following individuals served on the Fiscal Standards and Accountability Committee of the Association of Chief Business Officials (ACBO) Board and were responsible for the review and update of this manual:

<u>ACBO Fiscal Standards and Accountability Committee</u>	<u>District Representatives</u>	<u>Chancellor's Office</u>	<u>Accounting Advisory</u>
Fred Williams, Chair	Mazie Brewington	Frederick Harris	Heather McGhee
Kim McCord	Nathan Brown	Christine Atalig	Vicenti, Lloyd & Stutzman, CPA's
Rosalinda Buchwald	Tom Burke	Tracy Britten	Heidi White
Jeanette Gordon	Deborah Campbell	Glen Campora	Vavrinek, Trine, Day & Co., LLP CPA's
Sue Johnson	Raymond Chow	Michael Yarber	
Neomi Kanouse	Claudete Dain		
Theresa Matista	Patricia Davis		
Kevin McElroy	Nancy Funk		
Sue Reric	Cindy Grandgeorge		
Joanne Schultz	Diane Keelen		
Andy Suleski	Steve Kinsella		
	Phyllis Landerman		
	Serena Muindi		
	Beth Muller		
	Kindred Murillo		
	Suzie Payne		
	Mary Pringle		
	Deborah Rapp		
	Virgil Stanford		
	Tammy Weatherman		
	Barbara Yesnosky		
	Tracy Young		

In addition to these members of the ACBO Fiscal Standards and Accountability Committee, there were a number of additional district volunteers that provided input to this project. Their assistance is greatly appreciated.

Special thanks to Vavrinek, Trine, Day & Co., LLP for their assistance in providing technical assistance related to GAAP and Governmental Accounting Standards requirements and for putting the manual in its final form.

