2025-26 BUDGET BOOK

"Students are our focus and we are known by their success"

COMMUNITY COLLEGE DISTRICT

OBJECTIVE AND PURPOSE

California community college districts are required by regulations (*CCR §*58300 et seq.) to prepare financial reports and annual budgets that report all their actual and projected revenues and expenditures on forms as provided by the Chancellor's Office.

The objective of this document is to provide an overview of the District's fund structure, and revenue and expenditure classifications that feeds into the District's annual budget. The annual budget is an important element in communicating to the District's constituents and one of the most significant responsibilities and requirements for a community college district.

The community college district budget is a plan of proposed expenditures for operations and estimated revenue for a given period of time (fiscal year). The budget represents the operational plans of the district in terms of economic decisions. Budget requirements and processes are described in the California Code of Regulations, beginning with Section 58300.

Once the budget is adopted, the total amount designated as proposed expenditures for each major object of expenditure classification is the maximum allowed without additional governing board authorization for transfers between major classifications or from the reserve for contingencies, in accordance with California Code of Regulations Section 58307.

GENERAL FUND FINANCIAL DATA SUMMARY

REVENUE AND EXPENDITURE CLASSIFICATIONS

For reporting revenues and expenditures, uniform major account classifications are required of California community college districts. Revenue classification is primarily by source and purpose. Expenditure classification is by object and by activity.

The following is a summation of the revenue and expenditure reporting classifications:

Revenue Classifications
A. Federal (8100)
B. State (8600)
C. Local (8800)
D. Other Financing Sources (8900)

Expenditure Classifications
A. Academic Salaries (1000)
B. Classified Salaries (2000)
C. Employee Benefits (3000)
D. Supplies and Materials (4000)
E. Other Operating Expenses (5000)
F. Capital Outlay (6000)
G. Other Outgo (7000)

REVENUE SUMMARY

A. Federal Revenues

Unrestricted federal revenue represents a small percentage of the total General Fund revenue. The District's General Fund Federal revenues are for PELL administrative costs.

B. State Revenues

Unrestricted State revenues account for the major part of the total General Fund budget. These revenues include general state apportionment, accounted for in the Student-Centered Funding Formula (SCFF). The SCFF is used to calculate the District's primary operational revenue, also referred to as "Total Computational Revenue" (TCR). TCR is comprised of the following sources: state general apportionment, state Educational Protection Account (EPA), local property taxes (including revenues from Redevelopment Agencies (RDAs), and student enrollment fees. Other major revenues from the State in this classification are unrestricted lottery funds and mandated cost reimbursements.

C. Local Revenues

Local revenues account for a quarter of the total General Fund budget. Primary sources of local revenue include property taxes, enrollment fees, non-resident and international student tuition, interest income, community services fees, facility rentals, and student fees and fines. These sources also include other miscellaneous local revenue accounts.

D. Other Financing Sources

Other financing sources represent a small percent of total General Fund revenue and includes sale of assets and transfers into the General Fund from other District funding sources.

EXPENDITURE SUMMARY

A. Academic Salaries

The 1000 series object codes are used to record salary expenditures for employees in academic positions requiring minimum qualifications pursuant to Education Code §87356. A consideration in the budget process is the "50% Law" requiring at least 50% of the current expense of education be for salaries and benefits of classroom instructors.

B. Classified Salaries

The 2000 series object codes are used to record classified salaries. Classified Salaries reflect appropriations for salaries of employees in positions that do not require minimum qualifications established by the Board of Governors.

C. Employee Benefits

Employee benefits, object code series 3000, represent all expenditures for the employer's share of contributions to retirement plans, as well as other benefit costs such as worker's compensations, FICA, Health and Welfare, and State Unemployment Insurance.

D. Supplies and Materials

The Supplies and Materials classification 4000 is used to record all expenditures for instructional and non-instructional supplies and materials, including costs of freight, sales/use tax and handling charges. Supplies and materials are items that are expendable and quickly consumed or easily broken, damaged, or lost.

E. Other Operating Expenses

Object classification 5000 is used for expenditures for services, utilities, rents, travel, and other operating expenses.

F. Capital Outlay

Capital Outlay classification 6000 is used to record amounts paid for the acquisition of fixed assets or additions to fixed assets including land and site improvements, building purchase, construction or improvement, and equipment.

G. Other Outgo

The Other Outgo classification 7000 is used to record other expenses and non-expenditure disbursements, including inter-fund transfers.

SUMMARY OF DISTRICT FUNDS

FUND ACCOUNTING

California's community colleges utilize governmental accounting and operate on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for carrying on specific activities or obtaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund accounting, therefore, is used as a control device to separate financial resources and ensure that they are used for their intended purposes with the fund as the basic recording entity for reporting specified assets and liabilities and related transactional movements of its resources. Generally, funds are established to account for revenues and expenditures with common purposes and activities.

The District's financial statement reporting is on an accrual basis. The District will utilize the following funds to account for its various programs, revenues and expenditures:

SUMMARY OF DISTRICT FUNDS

GENERAL FUND (UNRESTRICTED SUB FUNDS) 10:

The primary operating fund of the District. It is used to account for the basic educational programs and ordinary operations of the District including instruction, student services, administration, maintenance, operations and unrestricted resources to be used for a specific purpose, as stipulated by the Board.

	GENERAL FUND (110)			BOARD DESIGNATED (112)		
	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	15,750,905	16,687,032	18,674,605	1,416,485	1,250,835	1,117,691
Prior Year Adjustment						
Adjusted Beginning Balance	15,750,905	16,687,032	18,674,605	1,416,485	1,250,835	1,117,691
481 - Federal	28,275	34,615	6,075,567	-	-	-
486 - State	72,887,861	78,595,575	80,928,155	-	-	-
488 - Local	25,300,194	25,979,819	28,047,785	2,000	3,000	-
489 - Other	555,141	752,195	1,082,782	356,584	102,547	30,000
Total Revenue	**98,771,471**	**105,362,204**	**116,134,290**	**358,584**	**105,547**	**30,000**
1000 - Academic Salaries	30,983,057	32,716,248	34,877,678	-	-	-
2000 - Classified Salaries	16,925,729	18,753,621	20,904,544	-	-	-
3000 - Employee Benefits	28,000,702	29,267,480	32,148,009	-	-	-
4000 - Supplies and Materials	721,559	827,539	796,597	-	-	-
5000 - Other Operating	8,238,197	8,107,205	11,083,298	72,670	33,410	412,782
6000 - Capital Outlay	987,113	788,852	819,705	-	6,008	608,727
7000 - Other Outgo	11,978,988	12,913,686	13,316,786	451,564	199,273	-
Total Expenses	**97,835,344**	**103,374,631**	**113,946,617**	**524,234**	**238,691**	**1,021,509**
Net Income (Loss)	936,127	1,987,572	2,187,673	(165,650)	(133,144)	(991,509)
Ending Balance	16,687,032	18,674,605	20,862,277	1,250,835	1,117,691	126,182

GENERAL FUND (RESTRICTED SUB FUNDS) 12:

The Restricted sub fund is used to account for resources available for the operation and support of the educational programs that are specifically restricted by laws, regulations, donors, or other outside agencies as to their expenditure. Restricted general funds accounts for grants and categorical program, as well as activity related to work study students.

	WORKSTUDY (122)			CATEGORICAL 1 (123)			CATEGORICAL 2 (124)		
	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	-	-	-	14,783,295	8,242,018	6,624,460	3,024,053	6,354,055	3,303,797
Prior Year Adjustment									
Adjusted Beginning Balance	-	-	-	14,783,295	8,242,018	6,624,460	3,024,053	6,354,055	3,303,797
481 - Federal	483,527	523,439	464,548	3,064,517	5,171,475	13,039,627	6,224,432	841,289	1,573,908
486 - State	-	-	-	14,074,963	14,935,126	31,448,909	13,279,345	7,684,500	16,816,407
488 - Local	-	-	-	557,632	608,268	1,821,319	1,316,300	1,471,405	1,851,590
489 - Other	178,860	220,592	200,000	462,578	701,126	355,728	4,059,147	4,251,156	4,032,978
Total Revenue	**662,387**	**744,031**	**664,548**	**18,159,690**	**21,415,995**	**46,665,583**	**24,879,224**	**14,248,350**	**24,274,883**
1000 - Academic Salaries	-	-	-	3,434,423	4,073,410	4,962,058	1,455,168	1,757,952	2,721,318
2000 - Classified Salaries	608,766	688,744	609,094	2,863,231	3,468,777	5,338,498	2,111,473	2,560,293	3,794,402
3000 - Employee Benefits	7,167	8,833	9,000	3,068,314	3,596,890	5,087,754	1,995,483	2,405,646	3,358,238
4000 - Supplies and Materials	-	-	-	689,474	380,436	571,529	1,121,274	965,218	3,283,796
5000 - Other Operating	-	-	-	5,799,618	4,677,980	21,563,478	2,509,856	1,880,594	4,041,497
6000 - Capital Outlay	-	-	-	1,203,279	796,957	3,112,540	2,317,353	1,903,100	2,983,540
7000 - Other Outgo	46,454	46,454	46,454	7,642,628	6,039,103	12,515,780	10,038,615	5,825,805	7,157,079
Total Expenses	**662,387**	**744,031**	**664,548**	**24,700,967**	**23,033,553**	**53,151,637**	**21,549,222**	**17,298,608**	**27,339,870**
Net Income (Loss)	-	-	-	(6,541,277)	(1,617,558)	(6,486,054)	3,330,002	(3,050,258)	(3,064,987)
Ending Balance	-	-	-	8,242,018	6,624,460	138,406	6,354,055	3,303,797	238,810

SUMMARY OF DISTRICT FUNDS

BOND INTEREST AND REDEMPTION FUND (21):

This fund is to be used only to record transactions related to the receipt and expenditure of local revenues derived from the property tax levied for the payment of the principal and interest on outstanding bonds of the district. The fund is typically maintained by the County Treasury as the county assessor's office accounts for property tax receipts and the related principal and interest payment to the bond holders.

	BOND DEBT REDEMPTION SFID 1 210 (MERCED)			BOND DEBT REDEMPTION SFID 2 211 (LOS BANOS)		
	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	3,358,491	3,159,267	3,151,514	1,464,183	1,530,608	1,630,815
Prior Year Adjustment						
Adjusted Beginning Balance	3,358,491	3,159,267	3,151,514	1,464,183	1,530,608	1,630,815
481 - Federal				-	-	-
486 - State				-	-	-
488 - Local	2,934,372	3,606,525	3,654,952	1,359,077	1,474,768	1,432,954
489 - Other	-	-	-	-	-	-
Total Revenue	**2,934,372**	**3,606,525**	**3,654,952**	**1,359,077**	**1,474,768**	**1,432,954**
1000 - Academic Salaries	-	-	-	-	-	-
2000 - Classified Salaries	-	-	-	-	-	-
3000 - Employee Benefits	-	-	-	-	-	-
4000 - Supplies and Materials	-	-	-	-	-	-
5000 - Other Operating	-	20,433	2,500	-	27,690	-
6000 - Capital Outlay	-	-	-	-	-	-
7000 - Other Outgo	3,133,596	3,593,845	3,587,452	1,292,652	1,346,871	1,397,954
Total Expenses	**3,133,596**	**3,614,278**	**3,589,952**	**1,292,652**	**1,374,561**	**1,397,954**
Net Income (Loss)	(199,224)	(7,753)	65,000	66,425	100,207	35,000
Ending Balance	3,159,267	3,151,514	3,216,514	1,530,608	1,630,815	1,665,815

CHILD DEVELOPMENT FUND (33):

The Child Development Fund is the fund designated to account for all revenues for, or from the operation of, child care and development services, including student fees for child development services.

CHILD DEVELOPMENT (330)	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	13,497	27,987	98,909
Prior Year Adjustment			
Adjusted Beginning Balance	13,497	27,987	98,909
481 - Federal	1,262,130	1,414,317	2,753,794
486 - State	1,451,100	1,666,468	2,265,239
488 - Local	45,532	72,870	45,000
489 - Other	-	-	-
Total Revenue	**2,758,762**	**3,153,655**	**5,064,033**
1000 - Academic Salaries	-	-	-
2000 - Classified Salaries	1,233,248	1,520,841	1,989,148
3000 - Employee Benefits	1,034,217	1,266,000	1,625,787
4000 - Supplies and Materials	174,332	146,313	220,435
5000 - Other Operating	95,106	39,004	1,179,932
6000 - Capital Outlay	159,993	48,998	44,003
7000 - Other Outgo	47,376	61,576	103,637
Total Expenses	**2,744,272**	**3,082,733**	**5,162,942**
Net Income (Loss)	14,490	70,922	(98,909)
Ending Balance	27,987	98,909	(0)

SUMMARY OF DISTRICT FUNDS

FARM FUND (34):

The Farm Operation Fund is the fund designated to receive all moneys from the sale of produce, livestock, and other products of any farm operation of the district.

FARM (340)	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	72,705	97,956	101,069
Prior Year Adjustment			
Adjusted Beginning Balance	72,705	97,956	101,069
481 - Federal	-	-	-
486 - State	-	-	-
488 - Local	109,951	100,966	123,114
489 - Other	-	-	-
Total Revenue	**109,951**	**100,966**	**123,114**
1000 - Academic Salaries	-	-	-
2000 - Classified Salaries	-	-	-
3000 - Employee Benefits	-	-	-
4000 - Supplies and Materials	50,741	33,670	52,766
5000 - Other Operating	33,959	38,847	111,804
6000 - Capital Outlay	-	6,648	59,613
7000 - Other Outgo	-	18,688	-
Total Expenses	**84,700**	**97,853**	**224,183**
Net Income (Loss)	25,251	3,113	(101,069)
Ending Balance	97,956	101,069	-

SUMMARY OF DISTRICT FUNDS

CAPITAL PROJECTS (41):

The Capital Outlay Projects Fund is used to account for the accumulation and expenditure of moneys for the acquisition or construction of significant capital outlay items, and Scheduled Maintenance.

CAPITAL PROJECTS (410)	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	12,253,907	20,884,239	26,444,057
Prior Year Adjustment			
Adjusted Beginning Balance	12,253,907	20,884,239	26,444,057
481 - Federal	2,010,153	2,177,312	10,986,730
486 - State	1,365,280	965,310	1,182,049
488 - Local	644,601	639,893	511,000
489 - Other	19,964,262	11,756,683	12,352,368
Total Revenue	**23,984,296**	**15,539,198**	**25,032,147**
1000 - Academic Salaries	-	-	-
2000 - Classified Salaries	-	-	-
3000 - Employee Benefits	-	-	-
4000 - Supplies and Materials	-	2,728	-
5000 - Other Operating	1,524,235	55,776	2,073,761
6000 - Capital Outlay	13,733,532	9,802,218	46,921,819
7000 - Other Outgo	96,197	118,658	-
Total Expenses	**15,353,964**	**9,979,380**	**48,995,580**
Net Income (Loss)	8,630,332	5,559,818	(23,963,433)
Ending Balance	20,884,239	26,444,057	2,480,624

SUMMARY OF DISTRICT FUNDS

BOND CONSTRUCTION FUND (42):

Bond Construction Fund is the fund designated in *EC §*81961 for the deposit of proceeds from the sale of all community college revenue bonds authorized under the provisions of *EC §*81901. Such deposits are used to meet the costs of acquisition or construction and all expenses of authorized projects.

	BOND CONSTRUCTION SFID#1 MERCED (420)			BOND CONSTRUCTION SFID#2 LOS BANOS (421)			BOND CONSTRUCTION SFID#2.1 LOS BANOS (423)		
	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	5,532,256	460,217	-	81,405	82,030	-	-	-	(3,500)
Prior Year Adjustment									
Adjusted Beginning Balance	5,532,256	460,217	-	81,405	82,030	-	-	-	(3,500)
481 - Federal	-	-	-	-	-	-	-	-	-
486 - State	-	-	-	-	-	-	-	-	-
488 - Local	191,532	15,603	-	2,803	3,451	-	-	-	122,999
489 - Other	-	-	-	-	-	-	-	-	12,299,934
Total Revenue	**191,532**	**15,603**	**-**	**2,803**	**3,451**	**-**	**-**	**-**	**12,422,933**
1000 - Academic Salaries	-	-	-	-	-	-	-	-	-
2000 - Classified Salaries	-	-	-	-	-	-	-	-	-
3000 - Employee Benefits	-	-	-	-	-	-	-	-	-
4000 - Supplies and Materials	-	-	-	-	-	-	-	-	-
5000 - Other Operating	1,500	(19,608)	-	2,178	(27,690)	-	-	-	-
6000 - Capital Outlay	5,262,071	495,428	-	-	113,171	-	-	3,500	11,849,343
7000 - Other Outgo	-	-	-	-	-	-	-	-	570,090
Total Expenses	**5,263,571**	**475,820**	**-**	**2,178**	**85,481**	**-**	**-**	**3,500**	**12,419,433**
Net Income (Loss)	(5,072,039)	(460,217)	-	625	(82,030)	-	-	(3,500)	3,500
Ending Balance	460,217	-	-	82,030	-	-	-	(3,500)	-

SUMMARY OF DISTRICT FUNDS

ENTERPRISE FUND (51):

Enterprise fund is used for the District's Bookstore operation. The Bookstore Fund is the fund designated to receive the proceeds derived from the operation of a community college bookstore pursuant to *EC §*81676 when it is the intent of the governing board to recover, in whole or in part, the costs of providing the services.

BOOKSTORE (510)	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	(701,614)	(306,087)	(24,090)
Prior Year Adjustment			
Adjusted Beginning Balance	(701,614)	(306,087)	(24,090)
481 - Federal	-	-	-
486 - State	-	-	-
488 - Local	640,144	283,400	114,798
489 - Other	-	-	-
Total Revenue	**640,144**	**283,400**	**114,798**
1000 - Academic Salaries	-	-	-
2000 - Classified Salaries	132,966	-	53,736
3000 - Employee Benefits	101,414	-	52,600
4000 - Supplies and Materials	-	-	-
5000 - Other Operating	10,237	1,403	544
6000 - Capital Outlay	-	-	-
7000 - Other Outgo	-	-	-
Total Expenses	**244,617**	**1,403**	**106,880**
Net Income (Loss)	395,527	281,997	7,918
Ending Balance	(306,087)	(24,090)	(16,172)

SUMMARY OF DISTRICT FUNDS

SELF INSURANCE FUND (61):

Designated to account for the accumulation of moneys set aside to offset the total cost of retiree health benefits.

RETIREE HEALTH BENEFITS (610)	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	4,114,401	4,100,281	4,269,053
Prior Year Adjustment			
Adjusted Beginning Balance	4,114,401	4,100,281	4,269,053
481 - Federal	-	-	-
486 - State	-	-	-
488 - Local	135,880	168,772	165,000
489 - Other	250,000	-	200,000
Total Revenue	**385,880**	**168,772**	**365,000**
1000 - Academic Salaries	-	-	-
2000 - Classified Salaries	-	-	-
3000 - Employee Benefits	400,000	-	-
4000 - Supplies and Materials	-	-	-
5000 - Other Operating	-	-	-
6000 - Capital Outlay	-	-	-
7000 - Other Outgo	-	-	-
Total Expenses	**400,000**	**-**	**-**
Net Income (Loss)	(14,120)	168,772	365,000
Ending Balance	4,100,281	4,269,053	4,634,053

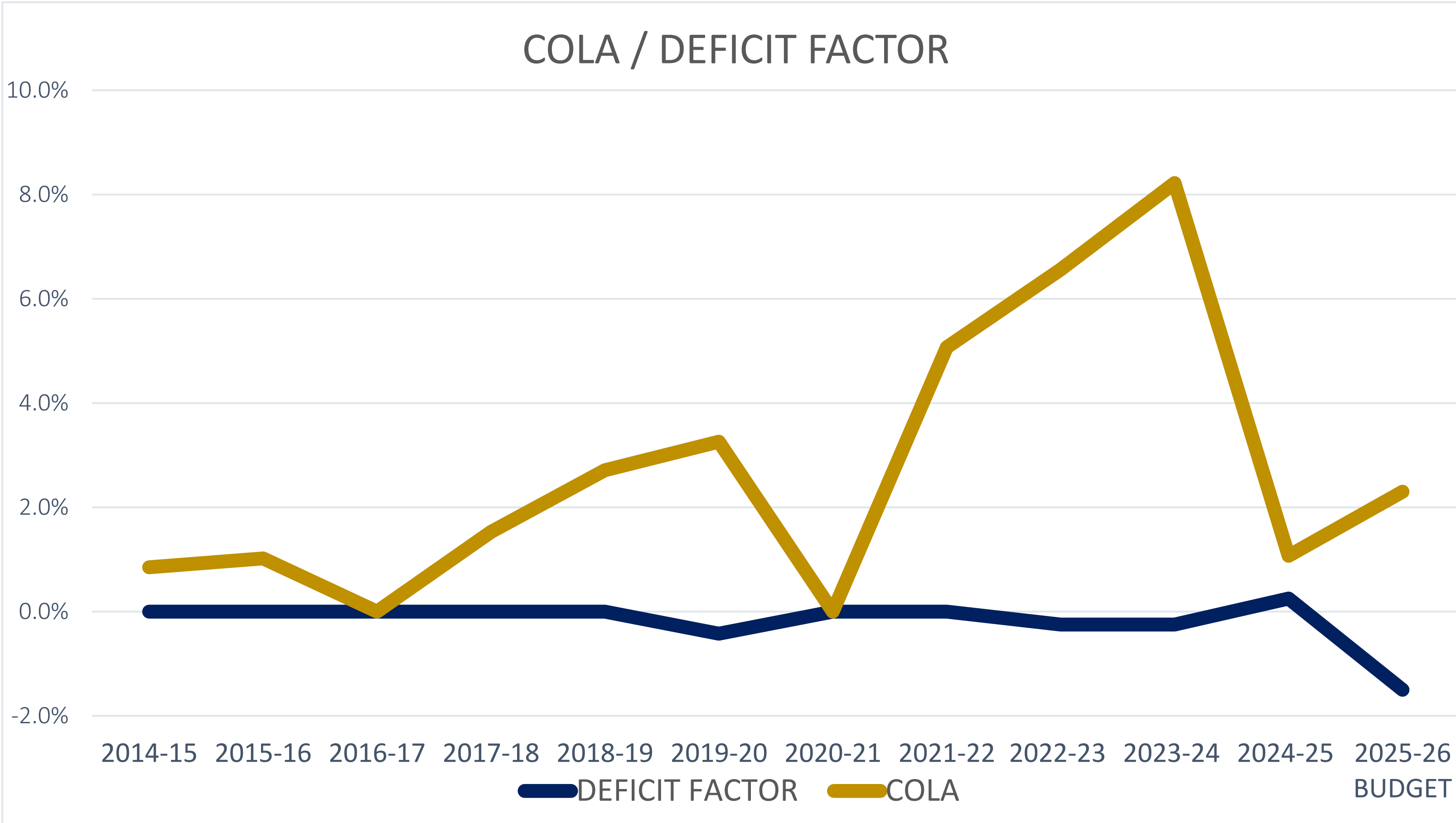
SUMMARY OF DISTRICT FUNDS

TRUST FUNDS (70):

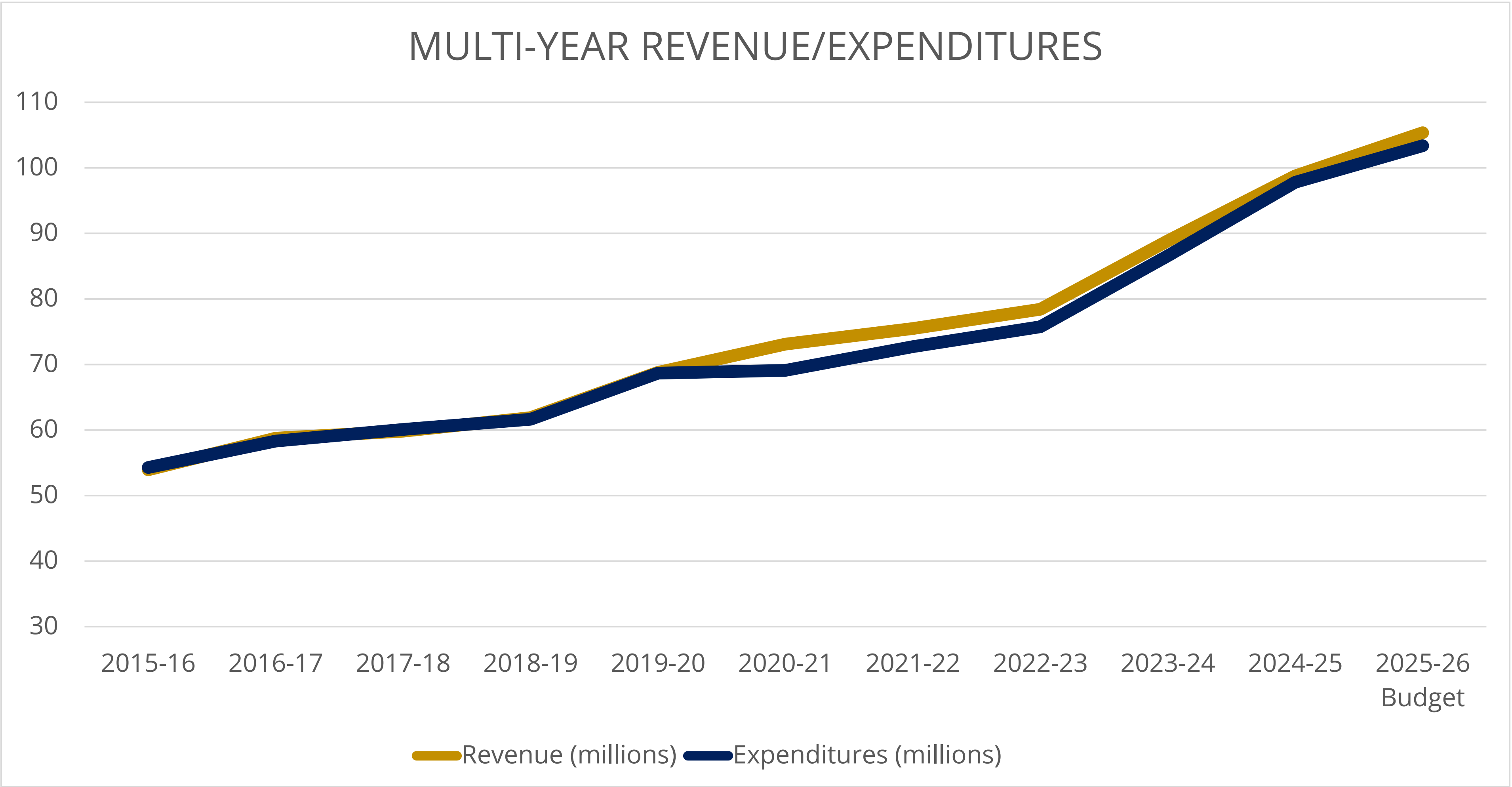
The District uses sub fund 710 for the Associated Students Trust Fund which is used to account for moneys held in trust by the district for organized student body associations. In addition, sub fund 720, the Student Representation Fee Trust Fund, is used to account for moneys collected pursuant to *EC* §76060.5 that provides for a student representation fee of two dollars per semester if approved by two-thirds of the students voting in the election. Last, is the Student Financial Aid Trust Fund which is used to account for the deposit and direct payment of government-funded student financial aid, including grants and loans or other moneys intended for similar purposes and the required district matching share of payments to students.

	ASMC (710)			STUDENT REPRESENTATION FEE (720)			STUDENT FINANCIAL AID (740)		
	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET	2023-24 ACTUAL	2024-25 ACTUAL	2025-26 BUDGET
Beginning Balance	333,699	395,017	470,231	87,781	100,361	106,377	-	-	-
Prior Year Adjustment	-						-		
Adjusted Beginning Balance	333,699	395,017	470,231	87,781	100,361	106,377	-	-	-
481 - Federal	-	-	-	-	-	-	25,551,190	32,824,278	18,263,416
486 - State	-	-	-	-	-	-	10,624,678	12,204,344	5,008,000
488 - Local	198,831	214,492	217,500	38,972	42,700	43,500	-	-	-
489 - Other	-	-	-	-	-	-	700,195	804,710	49,550
Total Revenue	**198,831**	**214,492**	**217,500**	**38,972**	**42,700**	**43,500**	**36,876,063**	**45,833,332**	**23,320,966**
1000 - Academic Salaries	-	-	-	-	-	-	-	-	-
2000 - Classified Salaries	42,690	44,376	46,158	-	-	-	-	-	-
3000 - Employee Benefits	29,644	31,367	33,306	-	-	-	-	-	-
4000 - Supplies and Materials	31,454	25,381	104,425	626	1,578	6,500	-	-	-
5000 - Other Operating	30,784	35,269	79,278	23,273	32,432	34,250	-	-	-
6000 - Capital Outlay	2,141	2,385	29,500	-	-	20,000	-	-	-
7000 - Other Outgo	800	500	3,000	2,493	2,674	1,190	36,876,063	45,833,332	23,320,966
Total Expenses	**137,513**	**139,278**	**295,667**	**26,392**	**36,684**	**61,940**	**36,876,063**	**45,833,332**	**23,320,966**
Net Income (Loss)	61,318	75,214	(78,167)	12,580	6,016	(18,440)	0	-	-
Ending Balance	395,017	470,231	392,064	100,361	106,377	87,937	0	-	-

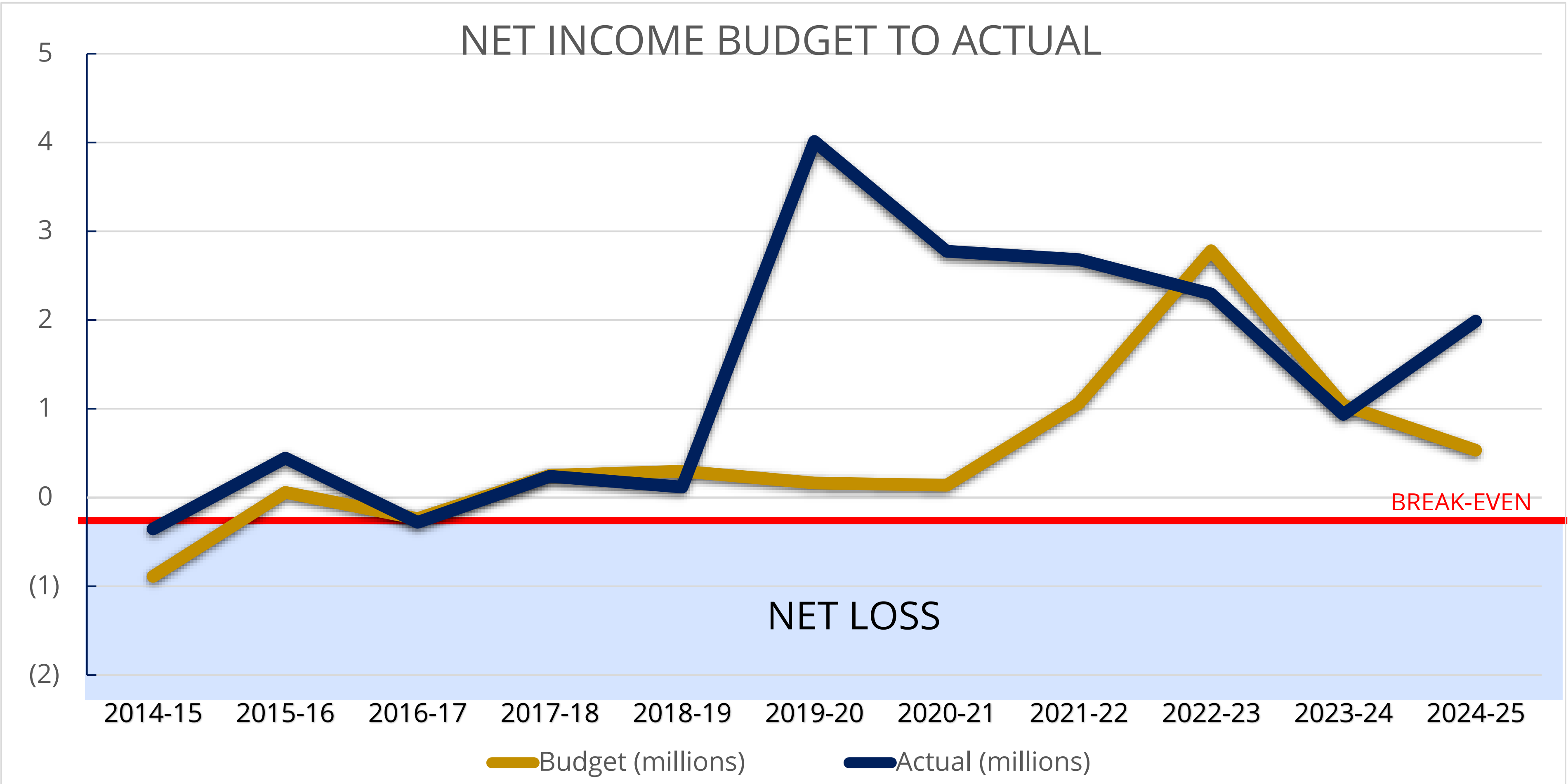
HISTORICAL DATA



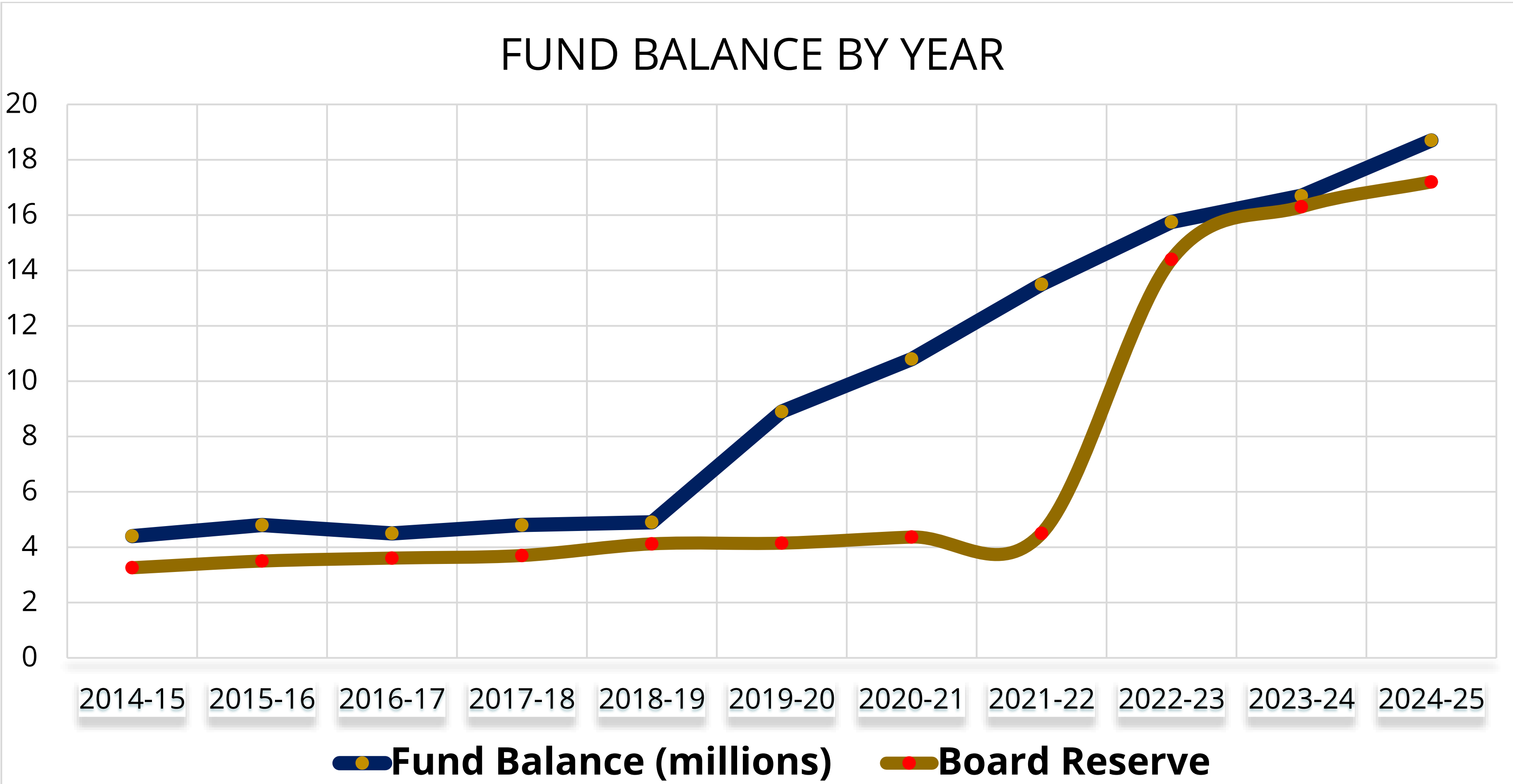
HISTORICAL DATA



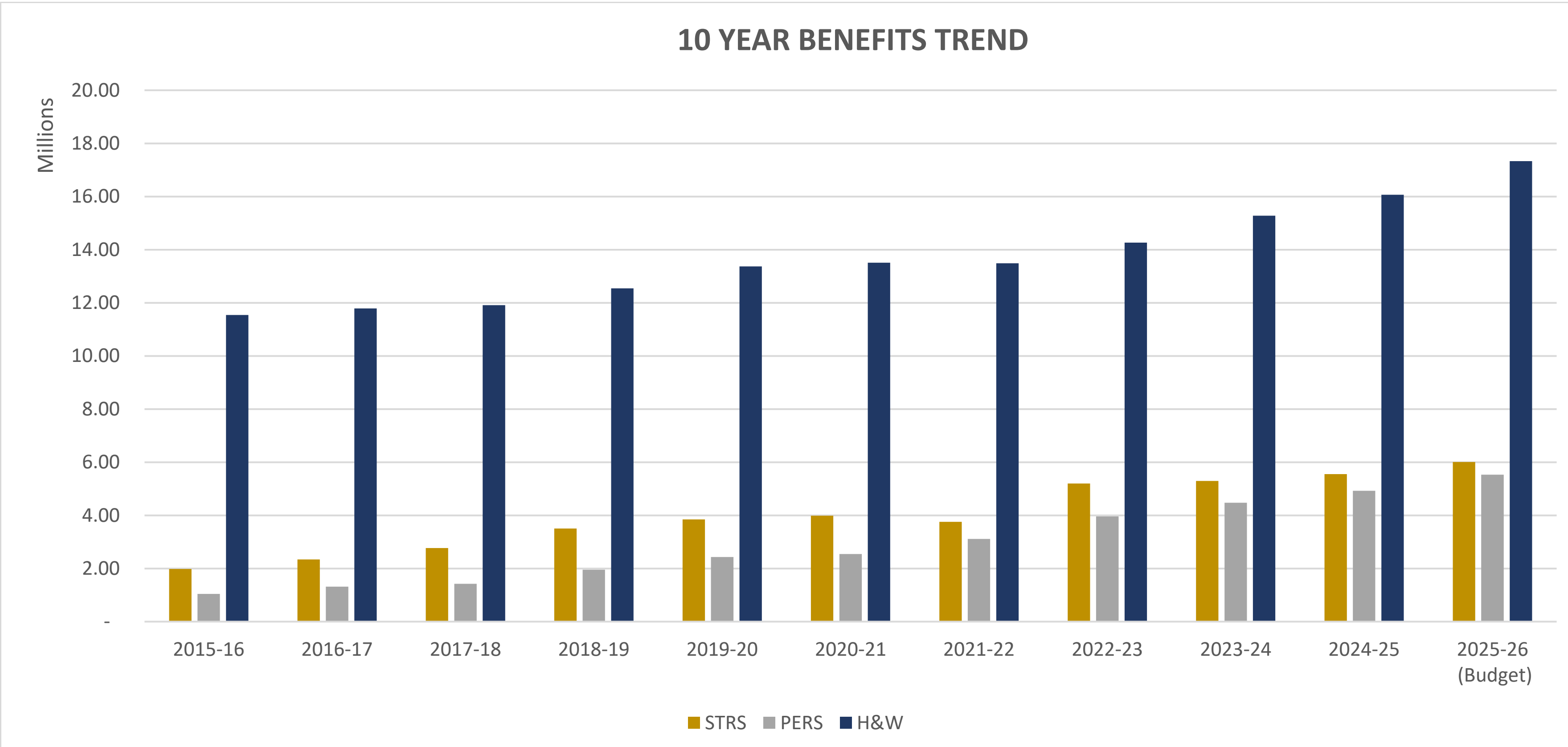
HISTORICAL DATA



HISTORICAL DATA



HISTORICAL DATA



GLOSSARY OF TERMS

Use of terms was compiled from the following sources: Understanding Funding, Finance and Budgeting" from the Chancellor's Office of the California Community Colleges, "Trustee Handbook" from Community College League of California and "California Postsecondary Education Commission -Glossary of Terms".

Accounting **-** The process of identifying, measuring and communicating financial information to permit informed judgments and decisions by users.

Accounts Payable **-** Accounts 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.

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

Apportionment - A state allocation to each district based on a funding formula. The three types of revenues that comprise the allocation amount are enrollment fees, local property taxes and state funds.

Apportionment Attendance Report (CCFS 320) **-** A report submitted three times a year for summer, fall and spring terms to report full-time equivalent student (FTES) attendance at Period 1 (P1), Period 2 (P2) and Annual. It is the primary basis of District's funding by the state.

Audit - An examination of documents, records and accounts for the purpose of determining; 1) that all present fairly the financial position of the district; 2) that they are in conformity with prescribed accounting procedures; and 3) that they are consistent with the preceding year.

Auxiliary Foundation - A separate entity created by a district as an auxiliary organization to receive, raise and manage funds from private sources.

Auxiliary Operations - Service activities indirectly related to teaching and learning. Food service and bookstore are considered auxiliary operations.

Backfill - Funds allocated by the Legislature to make up for revenues (e.g. student fee, property taxes) that were projected but not received.

Beginning Fund Balance - The funds that the district begins the year with, that include cash, accounts receivable, less accounts payable.

GLOSSARY OF TERMS

Block Grant -A fixed sum of money, not linked to enrollment measures, provided to a college district by the state.

Bonds - Investment securities or notes sold by a district through a financial firm for the purpose of raising funds for various capital expenditures. Prop 39 general obligation bonds are the most significant and require at least 55% vote of the electorate.

Board of Governors - The statewide governing board of the community colleges. The members are appointed by the Governor. The Board hires the Chancellor of the California Community Colleges System and makes policy decisions that affect all districts. The Board may be directed by the Legislature to regulate certain matters and it may choose to regulate others.

Board of Trustees -The local governing board of each community college district. Its members are elected by the voters in the District. The board hires the chief administrator of the district and directs the operations of the district. It makes policy decisions that are permitted or mandated at the local level.

Budget - A plan of financial operation for a given period for a specified purpose consisting of an estimate of revenue and expenditures.

Budget and Accounting Manual - Education Code Section 70901 enumerates the responsibilities of the Board of Governors, which includes the establishing, maintaining, revising, and updating the uniform budgeting and accounting structures and procedures for the California Community Colleges. This responsibility is embodied in the California Community Colleges Budget and Accounting Manual (BAM).

Capital Projects - Capital Projects Funds are used for the acquisition or construction of capital outlay items, e.g. buildings, major equipment.

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, instructional equipment, and student success (formerly matriculation).

Chart of Accounts - A systematic list of funds and accounts developed according to the California Community Colleges Budget and Accounting Manual (BAM) to uniformly capture revenues, expenditures and balance sheet activity.

GLOSSARY OF TERMS

Cost of Living Adjustment (COLA) - An increase in funding for revenue limits or categorical programs. Current law ties COLA to indices of inflation, although different amounts are appropriated in some years. There is no mandate that requires the state to provide COLA funding.

Deficit - In the context of a budget, a deficit is when revenues for the year are less than planned expenditures.

Deficit Factor - The percentage by which an expected allocation of funds to a school district or county office of education is reduced.

Disabled Student Programs & Services (DSPS) - Categorical funds designated to support and assist disabled students into the general college program.

Encumbered Funds - Obligations in the form of purchase orders, contracts, salaries, and other commitments for which budget are reserved.

Ending Balance - The funds remaining once the fiscal year end is closed and available for the new fiscal year.

Enrollment Cap - The state limits how many full-time equivalent students (FTES) that it will fund for the Community College System, and in turn, individual districts.

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

Expenditures - Amounts disbursed for all purposes.

Extended Opportunity Programs and Services (EOPS) - Categorical funds designated for supplemental services for disadvantaged students.

Fifty-Percent Law - State compliance requirement that mandates fifty percent of district expenditures in certain categories be spent for classroom instruction salaries and benefits.

Final Budget - The district budget that must approved by the board by September 15th, generally after the state allocation is determined. The Final Budget is also referred to as the Adopted Budget.

GLOSSARY OF TERMS

Fiscal Year - In California, it is defined as the period "beginning July 1 and ending June 30. Some federal grants use a fiscal year beginning October 1 and ending September 30.

FON (Full-Time Faculty Obligation Number) - State compliance requirement that a district's full-time faculty meet a mandated figure based on various measurements, including FTES growth. The goal established by AB1725 for the ration for full-time faculty to part-time faculty is also known at 75/25.

Full Time Equivalent Students (FTES) - A standardized measure used to indicate enrollment and workload. The State General Apportionment is primarily based on FTES.

Fund -A self-balanced set of accounts for recording cash and other financial resources, together with all related liabilities as permitted by the Budget and Accounting Manual (BAM).

Fund Balance - The difference between assets and liabilities.

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.

Governor's Budget - The Governor proposes a budget for the state each January for the fiscal year beginning the next July. It is the starting point for the budget development at the state level.

Growth - Enrollment growth is expressed in terms of FTES. Growth in FTES and growth in revenue both refer to an increase in excess of the prior year's funded enrollment level. When referring to the growth rate, the reference is to the rate at which the State will provide funding for FTES in excess of the prior year's funded enrollment.

Headcount - An unduplicated count of enrolled students.

GLOSSARY OF TERMS

Interfund Transfer -An interfund transfer is a transfer of monies from one fund to another fund. As an example, a transfer from the unrestricted general fund to the child development fund is an interfund transfer.

Lottery Funds -The minimum of 34 percent of lottery revenues distributed to public schools and colleges must be used for "education of pupils". Lottery income has added about 1-3 percent to community college funding. The funding has two components unrestricted (Non-Prop 20) and restricted (Prop 20).

Mandated Costs - College district expenditures that occur as a result of federal or state law, court decisions, administrative regulations, or initiative measures.

May Revise -The Governor's revised budget proposal in May for the next fiscal year in accordance with up-to-date projections in revenues and expenses.

Net Income/Loss -The difference between revenues and expenses for a given period.

State Deferrals **-** When apportionment revenue payments due to the district from the state for the fiscal year are delayed and paid later.

Student Centered Funding Formula (SCFF) **-** The SCFF is the formula that is used by the State of California to determine the allocation of funding for California Community Colleges. The formula is a weighted measurement of Full Time Equivalent Students (FTES); Supplemental data such as Pell and Promise grant recipients; and Student Success metrics such as associated degrees awarded, career technical education credits, transfer degrees awarded, and living wage earners.

STRS **-** State Teacher's Retirement System. State law requires that school district employees, school districts and the State contribute to the fund for full-time certificated employees.

Student Financial Aid Funds **-** Funds designated for grants and loans to students. Includes federal Pell grants, College Work-Study, and the state funds EOPS grants and fee waiver programs.

GLOSSARY OF TERMS

Sub fund **-** A fund may have multiple accounts that are also established as funds. Sub funds are combined for reporting purposes under the primary fund category.

Title 5 **-** The Section of the State Administrative Code that governs community colleges. The Board of Governors may change or add regulations to Title 5.

TOP Code **-** Taxonomy of Programs. Numbers assigned to programs to use in budgeting and reporting expenditures. The program code details the area of operations and specifies if a program is instructional or non-instructional.

TRANS **-** Districts finance short-term cash flow needs by issuing Tax Revenue Anticipation Notes (TRANS) through bond underwriters. The notes are paid off as cash is received by the district from enrollment fees, property taxes and state apportionment.

Transfers **-** Monies that are transferred from one object level account to another or fund one fund to another. Example: Transfer from supplies to equipment or transfer from the general fund to the capital projects fund.

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

Warrants **-** A written order drawn to pay a specified amount to a designated payee, also referred to as checks.

Workload Reduction **-** Reduced level of FTES for which districts are funded.

Workload Restoration **-** Increased level of FTES for which districts are funded for previous workload reduction.

WSCH **-** Weekly Student Contact Hours is part of the formula used to calculate FTES.