

Oregon Community College Accounting Manual

A Guide for Classification of Revenue and Expenditure Accounts

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FOREWORD

This publication presents standards which will help build compatibility among the accounting and financial reporting systems used by Oregon's community colleges. By standardizing definitions and reporting formats, fair and comparable representations of financial activity across the community colleges can be conveyed to federal, state, local, and other constituencies.

In addition to setting accounting standards and guidelines, this document also serves as a reference manual for facilitating the colleges' completion of the annual Revenue and Expenditure report. Those sections that are applicable to reporting are so noted. The Revenue and Expenditure report, currently in a computer spreadsheet format, is designed to summarize a single institution's activities within primary revenue and expenditure categories. This format eases aggregation and statewide summarization of data by staff at the Department of Community Colleges and Workforce Development.

Cross references between this document and specific sections of the Revenue and Expenditure Report (referenced with line numbers) have been provided where possible to aid in completion of the report. The Financial Accounting and Reporting Manual for Higher Education-National Association of college and University Business Officers (NACUBO) is incorporated as Exhibit 1 to align Oregon's accounting and reporting system with national standards to facilitate post-secondary educational reporting. It is understood that references in the NACUBO manual to Hospitals and to Research are not applicable in Oregon Community colleges. Terminology parallels are as follows:

NACUBO	Oregon Community Colleges
Vocational/Technical	Professional Technical
Academic Support	Instructional Support
Institutional Support	College Support
Public Service	Community Service

For further information regarding the accounting and financial reporting system used in Oregon community colleges, contact the Department of Community Colleges and Workforce Development, 378-8648.

INTRODUCTION

ORS 294.356 charges the State Board of Education with prescribing the “classification of revenue and expenditure accounts” for community colleges “with the approval of the Department of Revenue.” Pursuant to this statute, the State Board of Education adopted Oregon Administrative Rule 581-43-265 (renumbered as 581-41-250 and then as 589-002-0900): 581-41-250. Reporting Requirements

- (1) Colleges are to submit, on or before January 30 of each year, reports of the revenues and expenditures, classified according to the format supplied by the Department [the Department of Community Colleges and Workforce Development].
- (2) Colleges are required to submit enrollment reports for fourth week estimates by Friday of the fifth week of each term, and a term-end enrollment report by Friday of the sixth week following the close of each term. If reports are outstanding at the time of the quarterly payments, payment to the college(s) not reporting may be delayed at the discretion of the Commissioner.
- (3) Colleges are required to submit to the Department one copy of their final audits no later than January 2 of each year following the year for which the audits are conducted.
- (4) Rules governing the classification of revenue and expenditure accounts for community colleges are contained in the Community College Accounting Manual published by the Department (latest edition). Budget documents and audit reports will conform to these rules. The State Board of Education adopts this publication to fulfill its responsibilities by reference as set forth in ORS 294.356. (Appendix A) The guidelines referred to in the rule are presented in this document. In keeping with ORS 294.356(1), the Department of Revenue has approved the classification of revenue and expenditure accounts set forth herein. It is the responsibility of each Oregon community college to present local budgets, maintain accurate records, and supply information to the Department of Community Colleges and Workforce Development in accordance with these guidelines. Community college districts were required to be in compliance with OAR 581-41-250 (renumbered as 589-02-0900), beginning with the 1988-89 fiscal year.]

Relationship to Overall Reporting System

These guidelines are compatible with the statewide community college information system currently operated by the Department of Community Colleges and Workforce Development in cooperation with the community college districts. In addition, these guidelines will provide a framework for design and implementation of the financial component of the Oregon Community College Unified Reporting System (OCCURS) currently under development. Uniformity in the use of revenue and expenditure classifications brings several advantages to the overall reporting system: more comparable, timely data, simplified procedures, and more cost-effective operations.

Guidelines in Perspective

A complete accounting system includes (1) definitions, (2) structure, (3) process. Definitions are essential to good communication. Structure provides a format for presenting information based on the predetermined definitions. Process refers to all of the practices and procedures used in the accounting cycle; e.g., files design, bookkeeping, inventory control, data processing. The guidelines on the following pages are concerned with establishing uniformity among the community colleges in their use of definitions and structure thereby providing a basis for effective statewide communication concerning fiscal matters, Process is left to the determination of each college district, since each college must address its own special conditions.

For reporting to the Department of Community Colleges and Workforce Development, the classification of revenue and expenditure accounts requires following the definitions as described in this document.

Background

Guidelines were first adopted by the State Board of Education on December 10, 1976, with the provision that the college districts be in compliance within a two-year period. A revised document was issued and adopted in 1987 based on the experience gained in the use of the 1976 draft, as well as the need to incorporate new and amended sections of the Oregon local budget laws. Community college districts are required to be in compliance with budgeting and reporting guidelines given in this document within 12 months of its approval by the State Board of Education. The current statute language of guidance applicable to community colleges, such as Local Budget Law 294.305-294.565, is binding on the colleges.

Accounting Period

The accounting period for Oregon community colleges is July 1 through June 30 annually.

STRUCTURE: REVENUE AND EXPENDITURE CLASSIFICATION

The structure of the reporting system is established by the revenue and expenditure classifications. The Revenue and Expenditure Report, Exhibit 2 (to be attached annually for the appropriate fiscal year), shall serve as a basis for revenue identification. Each college must provide detail within each classification as required. Classifications need not be used by a college in any fund if they are not applicable.

At a minimum, in budget documents and financial statements, colleges are to provide within each fund: 1) Revenue Source(s) (by object classifications or by sub-object classifications) and 2) Expenditure Detail (by functions and function sub-categories; or programs, activities, object classifications and object sub-classifications (budget document only)).

All CCs are currently required to utilize a Dept. of Revenue (DOR) Form ED-50 (Education District) to certify and categorize the taxing district's property taxes to the county assessor. If, at the highest level, a CC budgets and appropriates by function (Instruction, etc.) they can use ODE or CCWD Acctg. Manual functions.

If they use ODE functions (Instruction, Spt. Svcs., etc.) they must complete ED forms 1-3. If they use CCWD functions (Instruction, Inst. Spt., etc), then they can use the ODE, CCWD and IPEDS Crosswalk chart to assist in completing ED Forms 1-3 as given in Appendix I.

However if, at the highest level, a CC budgets and appropriates by program and object code (personal svcs., etc.), they must complete Forms LB 1-4. (Form LB 4 is only used for funds with multiple programs.) In Appendix J see decision tree "Selecting the Correct Forms for CC Budgets – A Decision Tree" on use of these various forms. Also, see chart "ODE, CCWD and IPEDS Functions/Funds Crosswalk". This chart is intended to guide the reader of these systems' data through major fiscal functions/funds which may/may not align. It is not intended to be a precise, detailed crosswalk among the systems. Appendices A-H includes additional CC Budget guidance.

A. Fund Classifications

Funds available to a college are identified as follows:

Governmental

1. General Fund
2. Special Revenue Fund
3. Capital Projects Fund (Plant Fund)
4. Debt Service Fund
5. Reserve Fund

Proprietary

1. Enterprise Fund
2. Internal Service Fund

Fiduciary

1. Agency and Trust Fund
2. Endowment Fund
3. Financial Aid Fund

B. Functions (Educational and General); category applicable to each fund. NOTE: *IPEDS functions may be used in place of the functions listed immediately below. Also, see OED, CCWD and IPEDS Functions/Funds Crosswalk, APPENDIX I, of this manual.

1. Instruction
2. Instructional Support
3. Student Services
4. Community Services
5. College Support Services
6. Plant Operation and Maintenance
7. Plant Additions
8. Financial Aid
9. Contingency and Reserves
10. Transfers

*IPEDS – Integrated Post-Secondary Education Data System

C. Function Sub-Categories

1. Instruction Function Sub-Categories Include:

The instructional function sub-categories are based on programmatic categories or by organizational unit as determined by all colleges jointly through OCCURS. Instruction sub-categories are under review.

- a. General Academic Instruction or Lower Division Transfer
- b. Professional Technical Education
- c. Developmental Education
- d. Other Reimbursable
- e. Non Reimbursable

2. Instructional Support Function Sub-Categories Include:

- a. Academic Administration
- b. Library
- c. Educational Media Services

- d. Course and Curriculum Development
 - e. Academic Personnel Development
 - f. Academic Computing Support
 - g. Ancillary Support
3. Student Services Function Sub-Categories Include:
 - a. Management of Student Services
 - b. Registration and Admissions
 - c. Student Records
 - d. Counseling/Guidance
 - e. Student Placement
 - f. Financial Aid Administration
 - g. Student Health Services
 - h. Student Activities/Programs
 - i. Intercollegiate Athletics
 - j. Intramural Athletics
 - k. Student Insurance (Professional liability, health, accident)
 - l. Student Child Care (including resource and referral)
 4. Community Services Function Sub-Categories Include:
 - a. Conferences
 - b. Concerts and Plays
 - c. Public Lectures
 - d. College Radio Station
 - e. Museum, Gallery, Planetarium
 - f. Transportation
 5. College Support Function Sub-Categories Include:
 - a. Governing Board
 - b. President's Office
 - c. Institutional Research and Planning (noninstructional)
 - d. Public Information and Community Relations
 - e. Business Office
 - f. Computer Services (admin.)
 - g. Personnel Office (Human Resources)
 - h. Campus Security
 - i. Staff Development
 - j. Liability and Fidelity Insurance
 - k. Legal and Audit Services
 - l. Elections
 - m. Communications
 6. Plant Operation/ Maintenance Function Sub-Categories Include:
 - a. Physical Plant Administration
 - b. Operation/Maintenance of Buildings
 - c. Operation/Maintenance of Grounds Insurance
 - d. Custodial Services
 - e. Utilities
 - f. Property and Boiler

7. Plant Additions Function Sub-Categories Include:
 - a. Construction
 - b. Major Repairs
 - c. Remodeling
 - d. Equipment

8. Financial Aid Function Sub-Categories Include:
 - a. Scholarships/Grants
 - b. Tuition Discounts/Waivers
 - c. Loans
 - d. Work Study
 - e. Other

9. Contingency and Reserves Function Sub-Categories Include:
 - a. Designated
 - b. Undesignated

D. Object Classifications

REVENUES:

1. State Sources
2. Federal Sources
3. Local Sources
4. Other Sources

EXPENSES:

1. Personal Services (PS)
2. Materials and Services (M & S)
3. Capital Outlay (CO)
4. Transfers to Other Funds
5. Contingency

E. Sub-Object Classifications

REVENUES: (See Exhibit 2 Supplemental Schedule 1” for selected Programs/Items)

1. State Sources Sub-Object Classifications include:
 - a. State Aid for Operations
 - b. State Aid for Construction
 - c. Grants and Contracts
 - d. Other
2. Federal Sources Sub-Object Classifications include:
 - a. Federal Aid for Operation
 - b. Federal Aid for Construction
 - c. Grants and Contracts
 - d. Other
3. Local Sources Sub-Object Classifications include:
 - a. Taxes
 - b. Tuition
 - c. Instructional Fees
 - d. Special Fees
 - e. Grants and Contracts

f. Other

4. Other Sources Sub-Object Classifications include:
 - a. Net Working Capital
 - b. Transfers In
 - c. Sales of Goods and Services
 - d. Interest Income
 - e. Other

EXPENSES: (See ORS 294.352, (Appendix B)

1. Personal Services (PS) Sub-Object Classifications

Examples:

- a. Professional Salaries, Full-time (FT) i.
- b. Professional Salaries, Part-time (PT) j.
- c. Classified Salaries, F.T. k.
- d. Classified Salaries, P.T. l.
- e. Students Wages
- f. Health Insurance m.
- g. Dental Insurance n.
- h. Life Insurance
- i. Disability Insurance
- j. PERS
- k. Unemployment Insurance
- l. Workers' Compensation Insurance
- m. Social Security
- n. Other Payroll Expenses (all or any part of payroll expenses may be budgeted here)
- o. Staff, tuition waivers

2. Materials and Services (MS) Sub-Object Classifications

Examples:

- a. Office Supplies
- b. Printing and Duplicating
- c. Travel
- d. Professional or Contract Services h. Publicity & Publications
- e. Fees and Dues
- f. Materials for Resale
- g. Equipment Repair

3. Capital Outlay (CO) Sub-Object Classifications

Examples:

- a. Land
- b. Buildings
- c. Equipment Outlay

DEFINITIONS

Accrued Salaries and Benefits Salary and fringe benefit costs incurred during the current accounting period which are not payable until a subsequent accounting period.

Activity As defined in ORS 294.311 (2) (Appendix C), “means a specific and distinguishable service performed by one or more organizational components of a municipal corporation to accomplish a function for which the municipal corporation is responsible.” Related activities intended to accomplish a major service or function may constitute a program.

Agency Fund See NACUBO definition ¶375.

Appropriation As defined in ORS 294.311(3) (Appendix C), “appropriation means an authorization granted by the governing body to make expenditures and to incur obligations for specific purposes, and shall be limited to a single fiscal year, or to the budget period for municipal corporations preparing biennial budgets”

Auxiliary Fund See NACUBO definition ¶317

Capital Asset See ‘Capital Outlay’ below.

Capital Grants Grants which are restricted by the grantor for the acquisition and/or construction of fixed assets.

Capital Outlay An object classification that includes expenditures for the acquisition or increase of visible, tangible personal property of a nonconsumable nature. Capital outlay refers only to items with a unit cost as locally determined. Also see ORS 294.352 (6), (Appendix B).

Capital Projects Fund See NACUBO definition ¶380.

College Support Services See NACUBO definition ¶337.

Communications A sub-category under “College Support.” Telephone, data transmission, and other communications expenses not directly charged to a particular department or activity.

Community Service A function category expenditure for activities established primarily to provide non-instructional services beneficial to groups external to the institution. Includes such activities as concerts, plays, lectures, campus radio station, etc. Contributions to transportation systems are included in this category.

Computer Services (Administrative) The expenses incurred in providing non-instructional computer services.

Contingency A function category for budgeting funds to be used for unanticipated needs at the time budgets are prepared. Moneys in this classification must be transferred to an approved budget line prior to expenditure.

Curriculum Development A sub-category under “Instructional Support.’ This sub-category includes expenditures for activities established either to significantly improve or to add to the institution’s instructional offerings, but only to the extent that such activities are formally organized and/or separately budgeted.

Debt Service Fund A fund established to account for the accumulation of resources for, and the payment of, general long-term debt, principal and interest. See also NACUBO ¶384.

Deferred Revenues A deferred revenue is recognized as a revenue of a subsequent accounting period and a liability of the current period. Such amounts are measurable but not available. An example of deferred revenue is tuition and fees recorded prior to July 1 for summer term when summer term is predominantly conducted after July 1 and is considered consistently as the first term of the fiscal year.

Early Retirement Early retirement should be counted as a part of the cost per FTE, but only the current expenditure amount (payout to employee). Some colleges may be setting aside amounts to build up a reserve for future cash payments. This should be excluded from early retirement expense.

Employee Benefits Sub-objects within the object classification of personal services that include all costs incurred by the college that are related to compensation, including employee tuition waivers.

Encumbrances As defined in ORS 294.311 (10) (Appendix C), “encumbrances means obligations in the form of **purchase orders**, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.”

Endowment Fund See NACUBO definition ¶356.

Enterprise Fund See NACUBO definition ¶317

Equipment Repair A sub-object within the object classification of Materials and Supplies (MS) which is an expense incurred in returning capital equipment to its operational condition.

Federal Sources An object classification for moneys received or made (Revenue) available to the college by the federal government wherein the federal government has stipulated their use for construction or support of other specific programs. This item also includes grants and contracts. Includes moneys stipulated for a particular use by a federal agency although the funds may be administered by the state. Also see ORS 294.311(16), (Appendix C).

FTE Full-time equivalent students. An annualized FTE equals 510 clock hours.

Function An information element that groups expenditures and other financial uses according to the purpose for which costs are incurred. Functions will be used under each fund classification as appropriate. Also see ORS 294.356(2), (Appendix A).

Function Sub-Categories Subgroups of Functions.

Fund Balance As defined in ORS 294.311(14), fund balance means the excess of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of fiscal period, it represents the excess of the funds assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

Fund Classifications A fiscal and accounting entity with a self-balancing set of accounts used to record specific kinds of transactions including resources and the expenditures associated with them. Institutions establish funds to account for individual sources of revenue and associated expenditures. This is done primarily to ensure fiduciary responsibility to fund sources and to facilitate administrative convenience and control by separating different kinds of financial transactions. For example, expenditures associated with the ongoing activities of the institution are separated from those associated with Federally-funded student financial aid programs. In certain instances, institutions will include revenues from a variety of sources in the same fund if they are subject to the same fiduciary responsibilities and

administrative controls. The fund classifications for community colleges in Oregon are set forth in the initial section of this document.

General Fund This fund includes all of the activities directly associated with carrying out those operations related to the colleges basic educational objectives. All moneys not included in some other specific fund are included in the General Fund. All costs associated with the generation of RFTE should be reflected in this fund. (LIMITED EXCEPTION: See Special Revenue Fund). Includes revenues and expenses of ABE/GED/ESL. See also NACUBO definitions ¶301 and ¶302.

Grants and Contracts (Revenue) This sub—object classification includes revenue from business and governmental agencies that are received or made available for specific projects or programs. It is assumed that in a case of a grant or a contract, the legislative body made appropriations to a governmental agency, which in turn enters into contracts with, or made grants to, individual institutions. This revenue may be from a federal, state, or local agency or organization. See also NACUBO definition ¶313 and ORS 294.311 (16), (Appendix C).

Indirect Costs Expenditures not specifically identified with a particular activity center. This would include administrative cost allowances. Indirect costs recovered should be reported as unrestricted revenues in the appropriate fund (the General Fund in most cases).

Instruction See NACUBO definition ¶332.

Instructional Fees Moneys paid to the college by students to offset instructional costs. Should be identifiable as a separate item of revenue.

Instructional Support See NACUBO definition ¶335.

Interest Income Moneys received as interest on funds invested by the college or the amount of interest due the college, prorated to the accounting period. County-distributed interest on local property taxes should be reported within the local sources, Taxes sub-object classification.

Internal Service Fund A fund used to account for the financing of goods or services provided to other units of the college, or to other agencies, on a cost-reimbursement basis. Examples may include printing or computer support. Also see ORS 294.311(31), (Appendix C).

Local Sources An object classification for moneys received or made available to the college from taxes levied by the local board and other sources as described in ORS 294.361. See also ‘Taxes’ and ‘Tuition.’ For reporting purposes, several line items require detailed breakouts including:

- o Taxes - Must show current taxes, prior year’s taxes collected, interest on prior year’s taxes, and tax offsets on the designated lines.
- o Local revenues for Targeted Programs (See Exhibit 2, Supplemental Schedule 1)

Materials and Services An object classification that consists of all types of current operational expenses except those identified under other object classifications. Includes: supplies, communications, travel and other outside services.

Materials for Resale A sub-object within the object classification “Materials and Supplies” consisting of materials purchased for resale rather than use in operation.

Method of Accounting College accounts shall be maintained and reports prepared on the modified or full accrual basis of accounting as required by generally accepted accounting principles (GAAP).

Net Working Capital As defined in ORS 294.311(20) (Appendix C), “net working capital means the sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies and prepaid expenses less current liabilities and, if the encumbrance method of accounting is adopted, reserve for encumbrances. This term is not applicable to a strict cash basis accounting.” Also see “Working Capital or Intra- governmental Service Funds,” ORS 294.470, (Appendix D).

Object Classification As defined in ORS 294.311(22), “object classification means a grouping of expenditures on the basis of goods or services purchased, including, but not limited to, personal services, materials, supplies and equipment.”

Other Payroll Expenses A sub-object that may include any of the college costs of social security, PERS, medical, dental, life and disability insurance, unemployment insurance, Workers Compensation insurance, and other payroll-related items accruing to an employee. To be included under the object classification “Personal Services”.

Other Sources An object classification for revenues not specifically derived from state, federal, or local sources.

Outside Services Any service that is provided to the college by contract or agreement by an independent contractor or firm.

Personal Services An object classification that includes salaries, wages, and all objects of costs related to employment of individuals. Does not include cost of services provided by independent contractors. Includes “Other Payroll Expenses” as sub-objects within this object classification.

Plant Operation and Maintenance of Plant See NACUBO definition ¶338.

Prior Year’s Taxes (Revenue) See “Taxes”

Program As stated in ORS 294.311(25) (Appendix C), “program means a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.”

Reimbursable Full-Time Equivalency (RFTE) Basis for counting Oregon community college students enrolled in courses and programs, the costs of which are reimbursed by the state.

Reserves Within the Contingency and Reserves function category that identifies moneys for contingencies during the current fiscal year, or for an unappropriated ending fund balance for use in the following fiscal year. Also see ORS 294.371, (Appendix E). Contingencies and unappropriated ending fund balances must be appropriated separately.

Restricted and Unrestricted Fund’s Income Recognition According to accrual accounting restricted revenues (those with legal obligations to spend in a specific way) are only earned and reported when they have been expended for the purpose specified by the funder. Unrestricted revenues are reported as soon as they are earned, since there are no conditions attached to them and are available for use immediately.

Revenue The gross receipts and receivables of a governmental unit derived from taxes, licenses, fees and from all other sources, but excluding appropriations, allotments and return of principal from investment of surplus funds. (See ORS 294.311(29), Appendix C).

Sales of Goods and Services A sub-category within the Other Sources' classification. Moneys received for goods and services provided. For more detail see NACUBO definition ¶317.

Special Fees Moneys paid for non-instructional or optional services.

Special Revenue Fund A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that may be combined into a single fund that are legally restricted to expenditure for specific purposes. Special projects, grants, contracted out-of-district, and other contracts for designated purposes should be accounted for in this type of fund. Restricted federal projects are included here.

State Aid Construction for A sub-object classification. State funds received for major capital acquisition, plant additions, fixed equipment, and remodeling. See "State Sources (Revenue)" below.

State Aid for Operation A sub-object classification. See "State Sources (Revenue)" below.

State Sources (Revenue) An object classification. For moneys received or made available to the college through acts of the State Legislature which provide for state share of the cost of instruction or instructional aid. Also includes state grants and contracts and capital aid. Also see ORS 294.311(16), (Appendix C).

Student Deposits A liability account to record receipts from students for various purposes which a college may be required to repay in whole or in part. This could include deposits for breakage, reservations for admission, and similar charges.

Student Financial Aid Fund A fund established for the provision of loans, grants, stipends, or other aid to enrolled students. Includes student fee remissions, PELL grants, Perkins Loans, SEOG, and CWS, etc. These moneys are subject to legal and contractual requirements. Student tuition waivers (including senior citizen) must be listed in the Revenue report under Tuition and the Expenditure report under the Financial Aid function. They may be identified either in the General Fund or the Financial Aid Fund but not both, such that the arithmetic total of waivers from all funds will not exceed the total waivers granted. Such waivers are calculated in the cost per FTE totals. (For staff tuition waivers, see Employee Benefits.) See also NACUBO definition ¶350.

Student Services See NACUBO definition ¶336.

Sub-Object Classification Subgroups of Object classifications to provide detailed line items within budgets and financial reports; also see definition ORS 294.311(21) (Appendix C).

Taxes Taxes consist of 2 main components: Current Taxes and Prior Years Taxes. Amounts of Current Taxes budgeted should be reduced if Tax Offset revenue is budgeted.

Current Taxes Taxes levied and anticipated to be received during the current fiscal period. Colleges will apply the "60 day rule" to record taxes to be received by August 31.

Prior Year's Taxes Taxes levied for fiscal periods preceding the current one. This also includes receipts from foreclosed land sales, interest and penalties. Also see ORS 294.361(2), (Appendix F).

Tax Offsets A resource other than ad valorem taxes that is received by the county tax collector and applied to total taxes levied resulting in a decrease in ad valorem taxes spread in the tax rolls. A Tax Offset need not be estimated in the budget by taxing district unless it is reasonably anticipated and an amount may be estimated in good faith. NOTE: Tax offsets generally only now occur if another district dissolves.

Transfers In (Revenue) A sub-object within “Other Sources” classification. Moneys transferred in as revenue to a fund from some other fund. Also see ORS 294.450 (Appendix G) and 294.460 (Appendix H).

Transfers Out An object classification that identifies moneys transferred from one fund to another. Also see ORS 294.450 (Appendix G) and 294.460 (Appendix H).

Tuition See NACUBO definition ¶311. The tuition and fees sub-object classifications includes all tuition and fees assessed (net of refunds) for educational purposes. Tuition and fees should be recorded as revenue although there is no intention of collection from the student. For students, the amount of remissions or waivers should be recorded as expenditures and classified as scholarships and fellowships within the Function Financial Aid. For employees, the amounts of remissions or waivers should be recorded as expenditures and classified as employee benefits within the function where the employee’s salary is classified.

For example, an employee of the business office receives a tuition waiver. The appropriate dollar value of the tuition waived should be recorded in revenues as tuition and the expenditure recorded in the function College Support Services. The expenditure may optionally be recorded in a specific Function sub-category, such as the Business Office.

Waiver Tuition and/or fees paid for by the college.

Unappropriated An estimated fund balance or requirement intended for use in the following fiscal year. No appropriation nor expenditure shall be made in the year for which the budget is applicable for the amount estimated pursuant to ORS 294.371 (see Appendix E).

APPENDIX A

294.356 Preparation of estimates by school and community college (CC) districts and by municipal corporations operating public utility or hospital. (1) Each school district and each *community college district* shall prepare its estimates of expenditures required by ORS 294.352 in accordance with the classification of revenue and expenditure accounts prescribed by rules of the State Board of Education with the approval of the Department of Revenue. The Department of Revenue shall be responsible for determining compliance.

(2) The term “organizational unit” shall not apply to hospitals, school districts and *community colleges* in preparing estimates of expenditures under ORS 294.352 or making appropriations under ORS 294.435. The term “organizational unit” shall not apply to hospitals in preparing the budget summary required by ORS 294.416.

(3) Notwithstanding ORS 294.352 (5), each municipal corporation which operates a public utility or hospital shall prepare its estimates for such operations in accordance with the generally accepted system of accounts for such operation or in accordance with the general system of accounts contained in ORS 294.311 to 294.520. [1963 c.576 §8a, 9; 1971 c513 §56; 1979 c.686 §4; 1993 c.112§1]

NOTE: Other CC budget guidance

a) Instead of utilizing Forms ED 1-3 or LB 1-4, CCs may use a narrative format with the information described in ORS 294.418. This format must include all information required by ORS 294.418.

b) In lieu of a CC’s governing body holding a public meeting on its budget, that CC can submit its budget to and request a public hearing by its county’s Tax Supervising and Conservation Commission (TSCC). This is per ORS 294.421(6) and 294.430. If the TSCC appropriately calls and conducts such a hearing, the CC is only required to publish only a brief version of the hearing notice and budget summary per ORS 294.421(4) [as is/has been the current practice of Mt. Hood CC in recent years.]

c) One CC, Portland, utilizes its major campuses to be programs and legal appropriation units in their budget. With ORS 294.311(32) defining a program as a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible, these campuses are currently deemed to be programs.

APPENDIX B

294.352 Estimates of expenditures required; form and contents. (1) Each municipal corporation shall prepare estimates of expenditures for the ensuing year.

(2) The estimates required by subsection (1) of this section shall be prepared by organizational unit or by program.

(3) Estimates required by subsection (1) of this section and prepared by organizational unit shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for special payments, debt service, interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an organizational unit.

(4) Estimates required by subsection (1) of this section and prepared by program shall be arranged for each activity of a program. Estimates under each activity shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for each program for special payments, debt service, interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an activity within a function. For common and union high school districts and community colleges, estimates required by this subsection shall be further detailed by object within each object classification.

(5) Estimates of expenditures for personal services, other than services of persons who receive an hourly wage or who are hired on a part-time basis, shall list the salary for each officer and employee, except that employees of like classification and salary range, (such range not to exceed that established by the governing body of the municipal corporation in accordance with its policy for setting salaries in each organizational unit or activity may be listed by the number of those employees, the limits of each salary range and the amount of their combined salaries.

(6) The general capital outlay estimate shall include separated amounts for land, buildings, improvements to land other than buildings and machinery and equipment which cannot be reasonably allocated to an organizational unit or activity.

(7) The debt service estimates shall include separate amounts for principal and interest of each bond issue in each fund.

(8) There may be included in each fund an estimate for general operating contingencies.

(9) If the estimates required by subsection (1) of this section are not prepared by fund, there shall be prepared a summary which cross references programs or organizational units to the appropriations required by ORS 294.435. [1979 c.686 §3 (enacted in lieu of 294.351);2001 c.135 § 6]

APPENDIX C

294.311 Definitions for ORS 294.305 to 294.520, 294.555 and 294.565. As used in ORS 294.305 to 294.520, 294.555 and 294.565, unless the context requires otherwise:

(1) “Accrual basis” means the recording of the financial effects on a municipal corporation of transactions and other events and circumstances that have cash consequences for the municipal corporation in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the municipal corporation.

(2) “Activity” means a specific and distinguishable service performed by one or more organizational components of a municipal corporation to accomplish a function for which the municipal corporation is responsible

(3) “Appropriation” means an authorization granted by the governing body to make expenditures and to

- incur obligations for specific purposes and shall be limited to a single fiscal year or to the budget period for municipal corporations preparing biennial budgets.
- (4) “Budget” means a plan of financial operation embodying an estimate of expenditures for a given period or purpose and the proposed means of financing the estimated expenditures.
- (5) “Budget document” means the estimates of expenditures and budget resources as set forth on the estimate sheets, tax levy and the financial summary.
- (6) “Budget resources” means resources to which recourse can be had to meet obligations and expenditures during the fiscal year covered by the budget.
- (7) “Cash basis” means the system of accounting under which transactions are recognized only in the period during which cash is received or disbursed.
- (8) “Current year” means the fiscal year in progress.
- (9) “Encumbrance method of accounting” means the method of accounting under which outstanding encumbrances are recognized as reductions of appropriations and the related commitments are carried in a reserve for encumbrances until liquidated, either by replacement with an actual liability or by cancellation. This method of accounting may be used as a modification to the accrual basis of accounting in accordance with generally accepted accounting principles.
- (10) “Encumbrances” means obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.
- (11) “Ensuing year” means the fiscal year following the current year.
- (12) “Expenditure” means, if the accounts are kept on the accrual basis, the total charge incurred, whether paid or unpaid, including expense, provision for retirement of debt not reported as a liability of a fund from which retained and capital outlay and may include encumbrances. If the accounts are kept on the cash basis, the term covers only actual disbursement, the drawing of the check or warrant for these purposes and not encumbrances, except that deferred employee compensation shall be included as a personal service expenditure where an approved deferred employee compensation plan is in effect for a municipal corporation.
- (13) “Fiscal year” means for municipal corporations with the power to levy a tax upon property, the fiscal year commencing on July 1 and closing on June 30, and for all other municipal corporations, an accounting period of 12 months ending on the last day of any month.
- (14) “Fund balance” means the excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund’s assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.
- (15) “Governing body” means the city council, board of commissioners, board of directors, county court or other managing board of a municipal corporation including a board managing a municipally owned public utility or a dock commission.
- (16) “Grant” means a donation or a contribution by one governmental unit to another unit. The donation or contribution may be made to aid in the support of a specified purpose or function or general purpose.
- (17) “Imprest cash account” means an account for handling minor disbursements whereby a fixed amount of money, designated as petty cash, is set aside for this purpose.
- (18) “Liabilities” mean probable future sacrifices of economic benefits, arising from present obligations of a municipal corporation to transfer assets or provide services to other entities in the future as a result of past transactions or events. The term does not include encumbrances.
- (19) “Municipal corporation” means any county, city, port, school district, union high school district, community college district and all other public or quasi—public corporations including a municipal utility or dock commission operated by a separate board or commission.
- (20) “Net working capital” means the sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies and prepaid expenses less current liabilities and, if the encumbrance method of accounting is adopted, reserve for encumbrances. This term is not applicable to a strict cash basis accounting.

- (21) “Object” means, as used in expending classification, articles purchased including, but not limited to, land, buildings, equipment and vehicles, or services obtained including, but not limited to, administrative services, clerical services, professional services, property services and travel, as distinguished from the results obtained from expenditures.
- (22) “Object classification” means a grouping of expenditures on the basis of goods or services purchased, including, but not limited to, personal services, materials, supplies and equipment.
- (23) “Organizational unit” means any administrative subdivision of a municipal corporation, especially one charged with carrying on one or more functions or activities.
- (24) “Population” means the number of inhabitants of a municipal corporation according to certified estimates of population made by the State Board of Higher Education.
- (25) “Program” means a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.
- (26) “Public utility” means those public utility operations authorized by ORS chapter 225.
- (27) “Receipts” means cash received unless otherwise qualified.
- (28) “Reserved for encumbrances” means a reserve representing the segregation of a portion of a fund balance to provide for un-liquidated encumbrances.
- (29) “Revenue” means the gross receipts and receivables of a governmental unit derived from taxes, licenses, fees and from all other sources, but excluding appropriations, allotments and return of principal from investment of surplus funds.
- (30) “Special revenue fund” means a fund properly authorized and used to finance particular activities from the receipts of specific taxes or other revenues.
- (31) “Internal service fund” means a fund of a fixed amount established to finance activities of a service nature. The amounts expended from the fund are restored thereto either by transfer from other funds or by repayment from other sources. [1963 c.576 §3; 1971 c.513 §55; 1975 c.319 §2; 1977 c.102 §4; 1977 c.305 §1; 1979 c.686 § [2001 c.135 § 24]

APPENDIX D

294.470 Internal service funds. (1) A municipal corporation may establish by ordinance or resolution one or more internal service funds. The ordinance or resolution creating the fund shall set forth in detail the following:

- (a) The appropriation or appropriations to be charged in order to provide the initial money for financing the fund;
 - (b) The object or purpose of the fund;
 - (c) The methods for controlling of expenditures and encumbering of such funds; and
 - (d) The sources from which the fund shall be replenished.
- (2) No person shall expend or encumber or authorize expenditures or encumbrance from funds created in accordance with sub-section (1) of this section in excess of the balance of that fund, or for a purpose for which there is no appropriation or source of reimbursement authorized at that time.
- (3) The anticipated expenditure for the ensuing year from an internal service fund created in accordance with subsection (1) of this section shall be budgeted as any other fund in accordance with ORS 294.305 to 294.520, 294.555 and 294.565, appropriations shall be made for each service fund in accordance with ORS 294,435 and expenditures from the internal service fund shall be regulated thereby.
- (4) Notwithstanding the limitations in ORS 294.305 to 294.520, 294.555 and 294.565 applicable to increasing the appropriations of funds during the current fiscal year, the governing body may increase appropriations internal service funds by ordinance or resolution.
- (5) The charges for services shall be computed by cover all costs for such services and the charges shall be periodically revised to eliminate any element of profit or loss. [1963 c.576 §30; 1975 c.319 §1; 1997 c.308 § 26; 2001 c.135 § 24]

APPENDIX E

294.371 Estimate of unappropriated ending fund balance for each fund. A municipal corporation may include in its budget an estimate of unappropriated ending fund balance for each fund, for use in the fiscal period following that for which the budget is being prepared. The estimate authorized by this section represents cash or net working capital which will be carried over into the year following the ensuing fiscal year for which the budget is being prepared. It shall not in any way reduce the cash balance or net working capital which becomes part of the budget resources provided in ORS 294.361 (1) to (3). The unappropriated ending fund balance authorized by this section shall become a budget resource at the close of the ensuing fiscal year or ensuing budget period for the succeeding year budget period. No appropriation nor expenditure shall be made in the year for which the budget is applicable for the amount estimated pursuant to this section [1963 c.576 §13; 1965 c.451 §4; 1997 c.308 § 9; 2001 c.135 § 8]

APPENDIX F

294.361 Contents of estimate of budget resources. (1) Each municipal corporation shall estimate in detail its budget resources for the ensuing year by funds and sources.

(2) Budget resources include but are not limited to: The cash balance (in the case of a municipal corporation on the cash basis) which will remain in each fund on the last day of the current year; taxes; fees; licenses; fines; forfeited bail; interest on deposits or on securities of any kind; endowments; annuities; penalties; sales of property or other assets or products of any kind; delinquent taxes; judgments; damages; rent; premiums on sales of bonds; reimbursement for services, road or other work performed for others; transfer or reverter of unused balances of any kind; reimbursement for services provided other funds; rebates; refunds of moneys heretofore paid on any account; apportionment, grant, contribution, payment or allocation from the federal or state government or any unit of government; taxes for the ensuing year computed in accordance with ORS 294.381; interfund revenue transfers; and revenues from any and all other sources of whatsoever kind or character.

(3) Budget resources shall not include (a) moneys accumulated under an approved employee deferred compensation plan, interest or investment returns earned on such moneys, and (b) grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific uses in the year of transfer. However, such grants, gifts, bequests or devises which have been partially received in a previous year or the receipt of which and the amount of which is known to take place in the ensuing year shall be included in budget resources. Such grants, gifts, bequests or devises may be placed in a trust and agency fund, to them be appropriated from such fund or funds. [1963 c.576 §10; subsection (4) enacted as 1965 c.604 §11; 1969 c.612 §3; 1977 c.102 §3; 1979 c.310 §4; 1997 c.308 § 8; 1999 c.632 § 4; 1999 c.1051 § 268; 2001 c.135 § 7; 2005 c.22 § 233]

APPENDIX G

294.450 Transfers of appropriations within fund or from one fund to another, appropriation of pass-through revenues Subject to the provisions contained in the charter of any city or county or in any law relating to municipal corporations:

(1) Except as provided in subsection (2) of this section, transfers of appropriations may be made within a given fund when authorized by official resolution or ordinance of the governing body. The resolution or ordinance shall state the need for the transfer, the purpose for the authorized expenditure and the amount of appropriation transferred.

(2) Transfers of general operating contingency appropriations which in aggregate during fiscal year exceed 15 percent of the total appropriations of the fund may be made only after adoption of a supplemental budget prepared for that purpose. All other transfers of general operating contingencies are subject to the provisions of subsection (1) of this section.

(3) Transfers of appropriations or of appropriations and a like amount of budget resources may be made from the general fund of the municipal corporations to any other fund when authorized by an official resolution or ordinance of the governing body. The resolution or ordinance shall state the need for the transfer, the purpose for the authorized expenditures embodied in the appropriation and the amount of appropriation transferred.

(4) It shall be unlawful to transfer appropriations from any special revenue fund to the general fund or any other special revenue fund.

(5) The transfers referred to in this section apply to transfers which occur after the budget has been approved and which are made during the year for which the appropriations are made. Nothing in this section shall prohibit or regulate lawful transfers which have been budgeted in accordance with the local budget law.

6) When a municipal corporation imposes taxes, fees or charges that, in accordance with applicable law or an intergovernmental agreement under ORS chapter 190, are required to be paid, on a pass-through basis, to another municipal corporation, the municipal corporation that imposes the taxes, fees or charges shall include the taxes, fees or charges in its budget and shall appropriate the estimated amount generated thereby. The appropriation shall take the form of an expense of the municipal corporation that imposes the taxes, fees or charges. If the actual amount collected from the taxes, fees or charges during a fiscal year or budget period exceeds the estimated amount included in the imposing municipal corporation's budget for the fiscal year or budget period, then upon determining that such excess exists the municipal corporation imposing the taxes, fees or charges shall appropriate such excess by means of a resolution or ordinance of its governing body, and no further action shall be required under ORS 294.305 to 294.565 to lawfully budget, appropriate or expend such excess. [1963 c576 §27; 1975 c.569 §1; 1979 c.310 §6; 1997 c.308 § 24; 1999 c.632 § 12; 2001 c.135 § 21]

APPENDIX H

294.460 Loans from one fund to another; commingling cash balances of fund. (1) It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body. The loans shall be made in compliance with the applicable requirements and limitations of this section. Loans made under this section shall not be made from:

(a) Debt service reserve funds created to provide additional security for outstanding bonds or other borrowing obligations that the municipal corporation has covenanted with the holders of such bonds or other borrowing obligations to maintain at certain specified levels. However, nothing in this paragraph is intended or shall be construed to prohibit loans from any such debt service reserve fund to the extent that the aggregate outstanding amount of the loans does not exceed the amount by which the amount in such debt service reserve fund exceeds the amount the municipal corporation has covenanted to maintain in the reserve fund with the holders of the related bonds or other borrowing obligations;

(b) Debt service funds created to account for moneys needed to make annual debt service payments on outstanding bonds or other borrowing obligations; or

(c) Moneys credited to any fund when, under applicable constitutional provisions, the moneys are restricted to specific uses unless the purpose for which the loan is to be made is a use allowed under such constitutional provisions.

(2) The resolution or ordinance authorizing any interfund loan permitted under this section shall:

(a) State the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is to be made and the principal amount of the loan.

(b) If the interfund loan is a capital loan, set forth a schedule under which the principal amount of the loan, together with interest thereon at the rate provided for in paragraph (c)(B) of this subsection, is to be budgeted and repaid to the lending fund. The schedule shall provide for the repayment in full of the loan over a term not to exceed five years from the date the loan is made.

(c) If the interfund loan is a capital loan, provide that the loan shall bear interest at an annual rate

equal to:

(A) The rate of return on moneys invested in the local government investment pool under ORS 294.805 to 294.895, as reported under ORS 294.875, immediately prior to the adoption of the ordinance or resolution authorizing the loan; or

(B) Such other rate as the governing body may determine.

(d) If the interfund loan is an operating loan, provide that the money loaned shall be budgeted and repaid to the fund from which the money was borrowed by the end of the ensuing year or ensuing budget period.

(3) The payment of any operating loans not repaid in the year or budget period in which the operating loan was made shall be budgeted as a requirement in the ensuing year or ensuing budget period.

(4) It shall be lawful to commingle cash balances of funds so long as all such fund moneys are segregated in the budget and accounting records.

(5) As used in this section:

(a) "Capital loan" means any interfund loan, or portion thereof, made for the purpose of financing the design, acquisition, construction, installation or improvement of real or personal property and not for the purpose of paying operating expenses.

(b) "Operating loan" means any interfund loan, or portion thereof, that is not a capital loan, including any interfund loan, or portion thereof, made for the purpose of paying operating expenses. [1963 c.576 §27b, 27c; 1979 c.310 §7; 1997 c.632 § 13; 2001 c.135 § 23]

APPENDIX I

ODE, CCWD and IPEDS Crosswalk

Oregon Dept. of Education	CCWD	IPEDS*
Instruction	Instruction	Instruction
Support Svcs	Instruction Support	Academic Spt
	College Spt Svcs	Institutional Support, Research
	Student Svcs	Student Svcs
	Financial Aid	Scholarships, fellowships
	Plant Op. & Maintenance	Operation & maintenance of plant
Enterprise & Community Svcs	Community Svcs (plus Aux. Enterprises split from Student Svcs. if compared to ODE)	Auxiliary enterprises and Public Svc
Facility Acquisitions	Plant Additions	Plant Additions
Interagency Fund Transactions	Transfers (between internal funds; different from ODE)	-
Debt Service	Debt Service	Debt
Contingency	Contingency (and reserves)	Restricted assets
Unappropriated ending fund balance	Ending fund balances (which could include appropriated funds)	-

NOTE: This chart is intended to generally guide the reader through major ODE and CCWD (and some IPEDS) categories which may/may not align. It isn't intended to be a precise, detailed crosswalk.

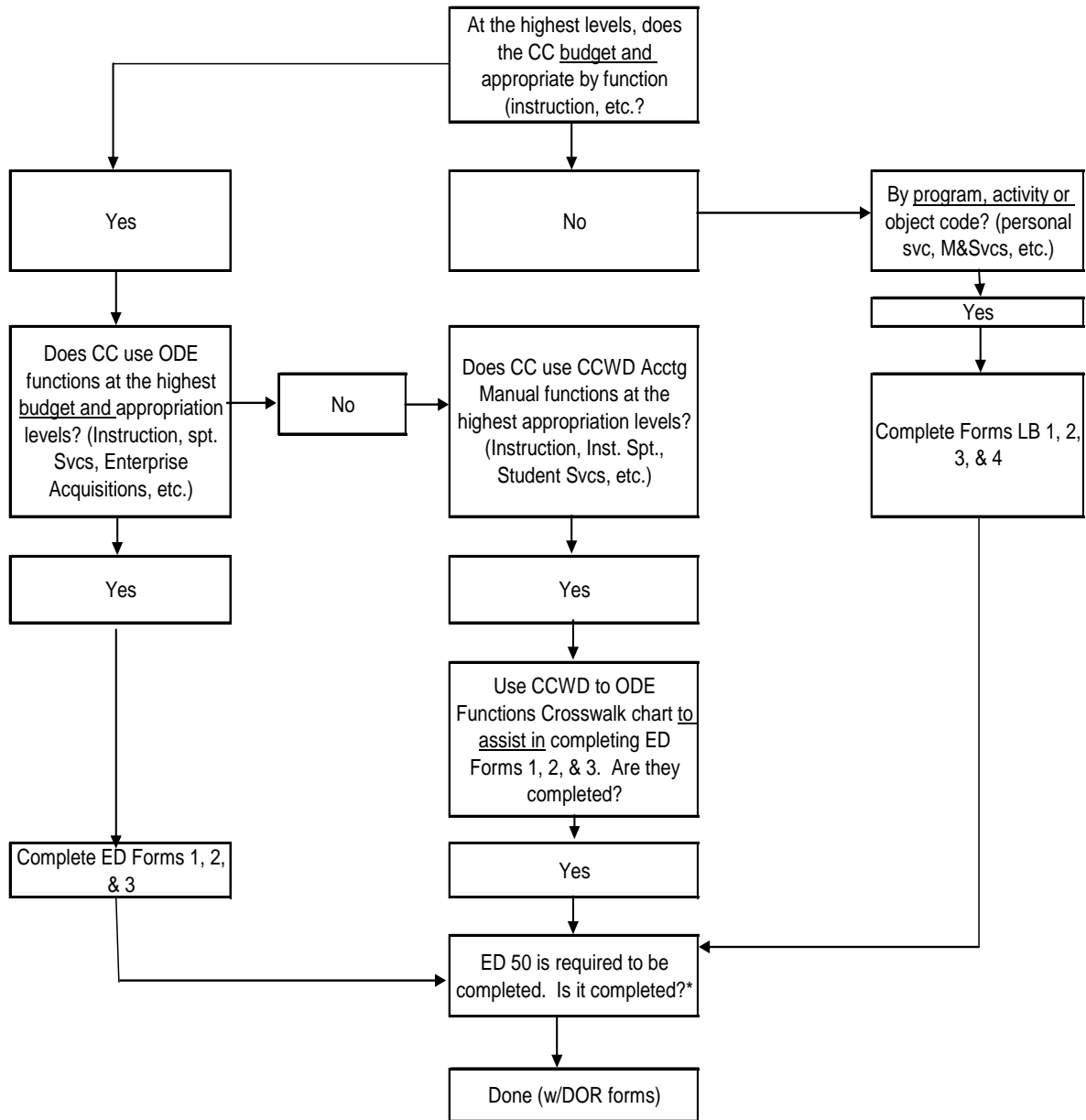
Also per DOR, interfund transfers, operating expenses not assignable to a function and operating contingency are concepts related to a fund, not functions, and can't be apportioned to functions.

*IPEDS (Integrated Postsecondary Education Data System)

3/8/2007

APPENDIX J

Selecting the Correct Forms for CC Budgets - A Decision Tree



NOTE: Forms listed above are Oregon Dept. of Revenue (DOR) forms