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AP 6310 Accounting

San Bernardino Community College District follows the California Community Colleges *Budget and Accounting Manual* in accordance with Education Code Section 84030.

Accounting forms and procedures can be found on the Business & Fiscal & Business Services website.

AUTHORITATIVE REQUIREMENTS

The California Community Colleges' Board of Governors is responsible to define, establish, and maintain the budgeting and accounting structure and procedures for the California Community Colleges. This responsibility is defined in Education Code Section 70901. San Bernardino Community College District (SBCCD) shall follow the California Community Colleges *Budget and Accounting Manual* (BAM) in accordance with Education Code Section 84030.

In addition to the legal requirements of the *Education Code, California Code of Regulations* (Title 5), BAM, federal guidelines, and other applicable statutes and regulations, SBCCD is required to present its financial statements in accordance with generally accepted accounting principles (GAAP) for state and local governments. GAAP provide uniform minimum standards of and guidelines to financial accounting and reporting. They are the framework within which financial transactions are recorded and reported resulting in financial statements that provide comparability between governmental entities, consistency between accounting periods, and reliability for internal and external users of financial statements.

MEASUREMENT FOCUS & BASIS OF ACCOUNTING

In accordance with the BAM, SBCCD shall use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized only when they are earned, measurable, and available. Measurable is the ability to provide a reasonable estimate of actual cash flow. Revenues are available if collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.

However, in accordance with the BAM, SBCCD's private enterprise type activities shall use the flow of economic resources measurement focus and the full accrual basis of accounting. The full accrual basis is used to report all revenues earned and expenses incurred during the period, regardless of the timing of the cash flows.

FUND ACCOUNTING

Due to varied sources of revenue, some with restrictions and some without restrictions, SBCCD's accounting system shall be organized and operated on a fund basis.

Fund accounting shall be 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.

FINANCIAL REPORTING

SBCCD shall prepare and submit financial and budget reports as required by the California Community Colleges Chancellor's Office.

SBCCD's two primary financial reports are the *Annual Financial and Budget Report* (CCFS-311) and the Annual Audited Financial Statements.

CCFS-311

The CCFS-311's use is primarily as an "internal" financial report for use within the California Community Colleges System for comparing financial results across districts. It is the primary financial report used by the Chancellor's Office for evaluating a district's financial condition. The CCFS-311 is prepared using the modified accrual basis. Each district fund is reported distinctly. The CCFS-311 includes a statement of the actual revenues and expenditures for the fiscal year just completed, plus the estimated revenues and proposed expenditures for the succeeding fiscal year.

Annual Audited Financial Statements

The entity-wide financial statements, prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, are presented using the economic resource measurement focus and the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant interfund transactions are eliminated. Since SBCCD generally records financial transactions throughout the year using the modified accrual basis, conversion entries are required to present the entity-wide financial statements on the full accrual basis. The audited financial statements are comprised of three basic financial statements: Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

These financial statements and supplemental information with the independent auditor's report is the primary document for external reporting and evaluation of a district's financial condition.

References:

Budget and Accounting Manual

Attachments:

No Attachments