

Glossary of Terms

This glossary contains definitions of terms used in this binder and such additional terms as seem necessary to common understanding concerning Indiana budgetary accounting procedures for schools. Several terms which are not primarily budgetary accounting terms have been included because of their significance for school district accounting. The glossary is arranged alphabetically with appropriate cross-referencing where necessary.

Accounting System - The total structure of records and procedures which discover, record, classify, and report information on the financial position and operation of a school district or any of its funds, balanced account groups and organizational components.

Appropriation - The authority or right to expend public funds. Several appropriations comprise a school budget and except in the Capital Projects Fund appropriations are valid one calendar year. An appropriation can be increased by an Additional appropriation@ if funds are available.

Appropriation Account - A budgetary account set up to record specific authorization to spend. The account is credited with original and any supplemental appropriations and is charged with expenditures and encumbrances.

Art Institute Fund - This fund provides support for an art institute in the county with a maximum limit of one and one-half cents on each one hundred dollars of assessed valuation.

Assessed Value (AV) - The total dollar value assigned to all real property and improvements plus personal property subject to taxation. Effective March 1, 2001, the assessed value will be true tax value. Locally elected assessors determine property values with appraisal guides prescribed by the Department of Local Government Finance. These values may be changed by the county board of review. The Department of Local Government Finance assess all public utilities and may make adjustments to other assessments.

Average Daily Membership (ADM) - The number of students with legal settlement in the school corporation who are enrolled and attending school in the school corporation including students with legal settlement in another corporation where the parents are paying for the cost of education (cash transfer). Also, children of state employees residing on state property, children placed by the Division of Disability, Aging, and Rehabilitative Services (DARS), children placed by the Division of Mental Health (DMH), and children placed in the school corporation by county welfare, courts, or another licensed child placing agency. ADM also includes students who are enrolled in a public school and a nonpublic school, have legal settlement in a public school corporations and are receiving instructional services from the public school corporation. Students who were enrolled in the corporation in a prior year but who have not been attending or receiving services from the school corporation by the official count date cannot be included as part of the ADM. The ADM count date is the second Friday after Labor Day. Kindergarten is counted as one-half ADM.

Board of Education - The elected or appointed body which has been created according to state law and vested with responsibility for educational activities in a given geographical area.

Bond - A written promise, generally under seal, to pay a specific sum of money, called the face value at a fixed time in the future, called the date of maturity and carrying interest at a fixed rate, usually payable periodically. The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality.

Bonded Debt - The part of the school district debt which is covered by outstanding bonds of the district. Sometimes called AFunded Debt.@

Bonds Authorized and Issued - The part of the school district debt which is covered by outstanding bonds of the district. Sometimes called AFunded Debt.@

Bonds Authorized and Unissued - Bonds which have been legally authorized but not issued and which can be issued and sold without further authorization.

Bonds Issued - Bonds sold.

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

Budget Cycle - Legal Expectation - The school budget must be advertised to its taxpayers twice and be the subject of discussion at a public hearing before it is adopted. The last date for the first publication of the budget is to be made no less than ten days prior to the public hearing (IC 6-1.1-17-3). The last date for the second publication of the budget is to be made is no less than three days before the public hearing (IC 5-3-1-2). The last date for the public hearing of the budget is 10 days prior to the adoption of the budget (IC 6-1.1-17-5). The last date for adoption of the budget is September 20 (IC 6-1.1-17-5).

Budgetary Control - The control or management of the business affairs of the school district in accordance with an approved budget with the responsibility to keep expenditures within the authorized amounts.

Capital Projects Fund - The Capital Projects Fund (CPF) was established by the 1987 General Assembly in IC 21-2-15. A school corporation must annually prepare a three year CPF Plan, conduct a public hearing, publish notice of adoption, and allow taxpayers the right to file a petition objecting to the Plan. The first year of the Plan becomes a part of the annual budget. The CPF can be used for land acquisition and development, fees for professional services, educational specification development, building acquisition, construction and improvement, rental of buildings and equipment, purchase of mobile or fixed equipment, certain emergencies, maintenance of equipment, construction, repair, replacement, remodeling or maintenance of a school sports facility as long as the expenditure does not exceed 5% of the property tax levy, certain staff services, allocating funds for future projects, and transferring funds to the Repair and Replacement Fund. The Department of Local Government Finance has a detailed memorandum concerning the Capital Projects Fund.

Cash Basis - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Classification, Function - As applied to expenditures, this term has reference to an activity or service aimed at accomplishing a certain purpose or end; e.g. Regular Instruction, General Administration and Debt Service.

Classification, Object - As applied to expenditures, this term has reference to an article or service received; e.g. Salaries, Employee Benefits and Capital Outlays.

Common School Loan - Loans for the purchase of computer hardware and/or software. The loans are paid from the Debt Service Fund.

Contracted Services - Labor, material and other costs for services rendered by personnel who are not on the payroll of the local education agency.

Current Expenditures Per Pupil - Current expenditures for a given period of time divided by a pupil unit of measure.

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants and notes, etc.

Debt Limit - The maximum amount of gross or net debt which is legally permitted.

Debt Service Fund - The debt service fund is used to budget and account for receipts and expenditures necessary to meet the annual debt obligations of the school corporation. Expenditures from this fund may be used to make bond and/or lease rental payments and state technology and construction loans. Interest on loans taken for the purpose of any other fund can be paid from the debt service fund. For taxation purposes this fund is only used when there is a need to retire debt. The tax rate must be sufficient to raise the amount necessary to meet the debt obligations during the year.

Encumbrances - Purchase orders, contracts, and/or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid.

Excessive Levy - If a school corporation needs more local revenue from the property tax than can be generated by its maximum normal levy, it may advertise a higher levy. If so, the State School Property Tax Control Board has some remedies available if dire emergency can be proven. Such requests must be advertised in a timely fashion and emergencies must be anticipated well in advance of their occurrence.

Expenditures - This includes total charges incurred, whether paid or unpaid, for current costs,

capital outlay, and debt service.

Full Time Equivalent (FTE) - An employee that is hired to fill a normal contract day is equivalent to one FTE.

Fund - A complete accounting entity reflecting financial transactions, both receipts and expenditures, of money for a specific purpose. The fund concept also applies to budget activities.

Fund Balance - The excess of assets of a fund over its liabilities.

General Fund - The General fund is used to budget and account for all receipts and expenditures for the basic operation and the programs of the school corporation. Expenditures from this fund may be made for items associated with the daily operation of a school corporation. This includes expenses for salaries of teachers, administrators, support staff, fringe benefits, supplies, heat, lights, maintenance and other day-to-day operation expenses.

Indirect Costs - Costs associated with, but not directly attributable to, the providing of a product or service. These costs are usually incurred by other departments in the support of operating departments.

Instruction - The activities dealing with the teaching of students or improving the quality of teaching.

Levy - (*Verb*) To impose taxes or special assessments. (*Noun*) The total of taxes or special assessments imposed by a governmental unit. See Property Tax Levy.

Personnel, Administrative - Personnel on the school payroll who are primarily engaged in activities which have as their purpose the general regulation, direction, and control of the affairs of the school district.

Personnel, Classified - Personnel occupying positions which have as their major responsibilities the preparing, transferring, transcribing, systematizing, preserving of written communications. They also include personnel engaged in the repairing and upkeep of grounds, buildings, and equipment. Support personnel whose positions do not require a teaching or administrative license.

Personnel, Instructional - Those who render services dealing directly with the instruction of pupils. A teaching license is required.

Property Tax Levy - The product of a specified tax rate and the assessed value. Levy terms include maximum and excessive.

Property Tax Rate - A statement in dollars and cents, expressed per each one hundred dollars of assessed valuation, that will yield a specified amount of money from property taxes. The yield is also referred to as the levy.

Program - Group activities, operations, or organizational units directly attaining specific purposes

or objectives.

Revenue - All funds received from external sources, net of refunds, and correcting transactions.

Revenue Receipt - Money received that adds to the monetary assets of the school corporation without a corresponding addition to the debt of the school corporation or a decrease in another asset(s) of the school corporation. The two most common revenue receipts are property tax revenue and money from state support.

School Budget - A financial plan considering both revenue and expenditures necessary to meet the educational program of the school corporation. The budget is valid one year. The actual calculation of a budget for an Indiana school corporation encompasses an 18 month period - the last 6 months of the prior budget and the 12 months of the new budget.

School Budget Year - The budget year is a twelve month period commencing January 1 and ending December 31 of a specified year.

School Bus Transportation Operating Fund - IC 21-2-11.5-2(a) requires each school corporation to establish a school transportation fund which is the exclusive fund for the payment of operating costs associated with the transportation program. Operating costs attributable to the school transportation fund are the salaries of drivers, the transportation supervisor, mechanics and garage employees, clerks and other transportation related employees. It will also pay for the cost of contracted transportation services, wages of independent contractors, contracts with common carriers, transportation related insurance, gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, and other transportation related expenses.

School Bus Replacement Fund - IC 21-2-11.5-2(b) requires each school corporation to establish a school bus replacement fund. The school bus replacement fund is the exclusive fund to pay for the replacement of school buses, either through a purchase agreement or under a lease agreement.

Special Education Pre-School Fund - The special education preschool fund was enacted by the 1991 General Assembly to enable school corporations to implement IC 20-1-6-14.1. This statute requires each school corporation to provide each special education preschool child with an appropriate special education. IC 21-2-117-3 requires each school corporation to establish a special education preschool fund to be used for the revenue and expenses to operate the preschool program. Revenue to the fund is from local sources and from state support.

Tax Rate - An amount of tax stated in terms of a unit of the tax base.

Weighted or Additional Pupil Count - This is a method of providing additional state assistance on the basis of certain educational programs costing more than a regular program.