



# *Appendix*



**New Albany-Floyd County Consolidated School Corporation**  
**New Albany, IN**  
**Glossary of Terms**  
**2015 Annual Budget**

This Glossary contains definitions of terms used in this guide and such additional terms as seen 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 districting 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. (See Indiana Fund Accounting System).

**Accrued Interest** – Interest accumulated between interest dates but not yet due.

**Appropriation** – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. Note: An appropriation is usually limited in amount and as to the time when it may be expended.

**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.

**Assessed Valuation** – The total dollar value assigned to all real property and improvements thereon, plus personal property subject to taxation.

**Average Daily Attendance (ADA)** – The average attendance of a school corporation taken over a three-week period commencing the first Monday after Labor Day in September. Kindergarten counts as one-half ADA.

**Average Daily Membership (ADM)** – The number of students residing in a school corporation and enrolled in a public school somewhere in Indiana on the second Friday after Labor Day in September. Kindergarten counts as one-half ADM.

**Base Levy, Frozen Levy, Maximum Normal Tax Levy** – The dollar amount of property taxes collected in calendar year 1973 with provision for minor adjustments. Except as provided for by adjustment, this levy is the ceiling on revenue available from the property tax.

**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 “Funded Debt.”

**Bonds Authorized and Issued** – The part of the school district debt that is covered by outstanding bonds of the district. Sometimes called “Funded 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.

**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.

**Budget Cycle, Legal Expectations** – A school budget must be advertised to its taxpayers twice before it is adopted in public hearing on or before October 24<sup>th</sup> of the current year. The budget is then reviewed by the Department of Local Government Finance (DLGF). Final review terminates when the DLGF certifies tax rates for the property tax collection. This cycle should be completed on or about January 1 because the new budget becomes effective that date.

**Capital Projects Fund** – Monies budgeted and accounted for in this fund may be used for specific capital types of expenditures. Money in this fund can also be used as a “down payment” on a new building. Lease rental can also be paid from this account. For property taxation purposes, establishment of this fund must have DLGF approval.

**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.

**Coding** – A system of numbering, or otherwise designating, accounts, entries, invoices, vouchers, etc. in such a manner that the symbol used reveals quickly certain required information.

**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** – Expenditures for the retirement of debt and expenditures for interest on debt.

**Debt Service Fund** – This fund is used to budget and account for receipts and expenditures necessary to meet annual long-term obligations of a school corporation. Expenditures from this fund may be used to make bond and/or lease rental payments, repay loans made for the purchase of school buses, and state construction loan repayments. Interest on loans taken for the purpose of any other fund can be paid from this fund. For taxation purposes, this fund is only used when long-term debt actually exists.

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

**Excessive Levy** – A school corporation may appeal for the purpose of making up a property tax shortfall that resulted when erroneous assessed values were used to determine the corporation's tax rate, and the error was discovered after the tax rates were finally approved by the State Tax Board. Shortfall appeals are not applicable when delinquencies in property tax payments have occurred.

**Expenditures** – This includes total charges incurred, whether paid or unpaid, for current costs, capital outlay, and debt service.

**Flat (State) Grant** – This is a method of distributing state money to local school corporations. A uniform dollar amount per some defined unit is paid to all corporations.

**Full Time Equivalent (FTE)** – An employee that is hired to fill a normal contract day is equivalent to 1 FTE.

**Fund** – An independent accounting entity with its own assets, liabilities, and fund balances. Generally, funds are established to account for financing of specific activities of an agency's operations.

**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 current operation purposes except pupil transportation. Expenditures from this fund may be made for items normally associated with the daily operation of school, such as salaries, supplies, utilities, etc.

**Governmental Funds** – Funds used to account for the acquisition, use and balances of expendable financial resources and the related revenues and expenditures. Expendable revenue and expenditures are assigned to a particular governmental fund type according to the purpose for which they may or must be used. Under current Generally Accepted Accounting Principals (GAAP), there are four governmental fund types; general, special revenue, debt service and capital projects.

**Indiana Fund Accounting System** – See Accounting System.

**Indirect Costs** – Cost associated with, but not directly attributable to, the providing of a product of 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. Administrative license is required.

**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 assessed valuation and sometimes referred to as yield.

**Property Tax Rate** – A statement in dollars and cents, expressed per each \$100 of assessed valuation that will yield a specified amount of money from property taxes. The yield is also referred to as a levy.

**Program** – Group activities, operations, or organizational units directly attaining specific purposes or objectives.

**Proprietary Funds** – These are sometimes referred to as “income determination”, “cash”, or “commercial type” funds, and are used to account for activities similar to private business activities.

**Revenues** – All funds received from external sources, net of refunds, and correcting transactions.

**School Budget** – A financial plan considering both revenue and expenditures necessary to meet the educational program of a school corporation. The budget is valid one year.

**School Budget Year** – The budget year is a 12-month period commencing January 1 and ending December 31 of a specified year.

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

**Transportation Fund** – Since January 1, 1980, each school corporation in Indiana which transports pupils is required to establish a Transportation Fund. This fund is the only fund from which transportation costs may be paid. This fund has taxation authority.

**Weighting or Additional Pupil Count** – This is a special method of granting additional state assistance on the basis of certain educational programs costing more than a regular program. One example is the vocational educational program.

