
CHAPTER 16 – GLOSSARY

Preface

The glossary is in a constant state of improvement. It contains items that are primarily related to the business end of education, concentrating on revenues and expenditures in particular. Items were obtained from local districts, documents from the Fiscal Analysis Department of the Minnesota House of Representatives, Minnesota statutes, and texts on accounting.

The technical definition of dimension codes for items such as fund, finance, organization, source, program, object and course are contained in the individual chapters by the same names.

A

abatement: A reduction of a previously recorded expenditure or receipt item by such things as refunds, rebates, and collections for loss or damages to school property.

abatement of expenditure: Cancellation of a part or the whole of a charge previously made, usually due to refunds, rebates, resale of materials originally purchased by the school district, or collections for loss or damage to school property. Applies to both current expense and capital outlay. The term "abatement" does not include tuition, fees, or rentals.

abatement of revenue: Cancellation of part or the whole of any specific revenue previously received, usually federal grants or subventions, or refunds of money previously received through error.

account: An accounting record in which the results of transactions are accumulated; shows increases, decreases, and a balance.

accountability: The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals.

accounting: A service activity designed to accumulate, measure, and communicate financial information about economic entities for decision-making purposes.

accounting cycle: The procedures for analyzing, recording, classifying, summarizing, and reporting the transactions of a business.

accounting model: The basic accounting assumptions, concepts, principles, and procedures that determine the manner of recording, measuring, and reporting an entity's transactions.

accounting system: The set of manual and computerized procedures and controls that provide for identifying relevant transactions or events; preparing accurate source documents, entering data into the accounting records accurately, processing transactions accurately, updating master files properly, and generating accurate documents and reports.

account payable: An amount owed to a supplier for goods or services purchased on credit; payment is due within a short time period, usually 30 days or less.

account receivable: A current asset representing money due for services performed or merchandise sold on credit.

accrual basis accounting: A system of accounting in which revenues and expenses are recorded as they are earned and incurred, not necessarily when cash is received or paid.

accrued expenses: Expenses that arise through adjusting entries when accounting for unrecorded expenses.

accrued liabilities: Liabilities that arise through adjusting entries when accounting for unrecorded liabilities.

accumulated depreciation: The total depreciation recorded on an asset since its acquisition; a contra account deducted from the original cost of an asset on the balance sheet.

activity: A specific line of work carried on by a school district in order to perform its functions.

adjusted marginal cost pupil units: The current pupil units or sum of 77 percent of the adjusted pupil units computed using current year data, plus 23 percent of the adjusted pupil units computed using prior year data, whichever is greater.

adjusted net tax capacity (ANTC): The net tax capacity of a school district as adjusted by the sales ratio (Net Tax Capacity divided by the sales ratio). The purpose of the adjustment is to neutralize the effect of different assessment practices among the taxing jurisdiction of the state.

adjusted pupil units: The sum of pupil units served plus pupil units whom the district pays tuition under an agreement with another district, minus pupil units for whom the district receives tuition under an agreement with another district.

adjusting entries: Entries required at the end of each accounting period to recognize, on an accrual basis, revenues and expenses for the period, and to report proper amounts for asset, liability, and owners' equity accounts.

administrative unit, intermediate: A unit smaller than the state which exists primarily to provide consultative, advisory, or statistical services to local basic administrative units, or to exercise certain regulatory and supervisory functions over local basic administrative units. An intermediate unit may operate schools or contract for school services, but it does not exist primarily to render such services. Such units may or may not have taxing and bonding authority.

administrative unit, local basic: An administrative unit at the local level that exists primarily to operate schools or to contract for school services. Normally, taxes can be levied against such units for school purposes. These units may or may not have the same boundaries as county, city, or town boundaries. (This term is used synonymously with the terms *school system* and *LEA*.)

admissions: Money received for a school-sponsored activity such as a dance or football game. Admissions may be recorded in separate accounts according to the type of activity.

adult basic education (ABE): Learning experiences concerned with the fundamental tools of learning for adults who have never attended school or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education to increase self-confidence, self-determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.

adult education: College, vocational, or occupational programs, continuing education or noncredit courses, correspondence courses, and tutoring, as well as courses and other educational activities provided by employers, community groups, and others.

ad valorem taxes levied by another government unit: Taxes levied for school purposes by a government unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after a LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount. Separate accounts may be maintained for real property and for personal property.

ad valorem taxes levied by LEA: Taxes levied by a LEA on the assessed valuation of real and personal property located within the LEA which, within legal limits, is the final authority in determining the amount to be raised for school purposes. Separate accounts may be maintained for real property and for personal property.

adverse opinion: Audit report indicating the auditor believes the overall financial statements are so materially misstated or misleading that the statements do not fairly represent the financial position or results of the operations and cash flows.

agency fund: A fund used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds assets for others and performs duties as directed.

agent: One who represents, acts for, and accounts to another. The powers of a general agent are broad. The agent initiates transactions in the name of a principal and carries on operations within a large discretionary area. The agent functions often resemble those of a general manager. A special agent, on the other hand, is restricted to the performance of a single act or the conduct of a single transaction.

aggregate days attendance: The sum of the days present (actually attended) of all pupils when school was actually in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *day in session* and *day of attendance*.

aggregate days membership: The sum of the days present and absent of all pupils when school was in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *day in session* and *day of attendance*.

aid anticipation note: A note issued in anticipation of reception of state aid for districts that expect to experience a temporary cash-flow shortfall.

allot: To divide an appropriation into amounts for certain periods or for specific purposes.

allotment: A portion of an appropriation or special fund set aside to cover expenditures and encumbrances for a certain period or purpose.

allotment ledger: A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures, encumbrances, the next balance, and other related information. See also *appropriation ledger*.

alternative learning center (ALC): These are year-round educational service areas that take students who are at risk of not completing high school.

alternative learning programs (ALP): These are year-round or traditional school year programs that serve at-risk students. The programs are more closely aligned to a host district.

amortization of debt: (a) Gradual payment of an amount owed according to a specified schedule of times and amounts; (b) Provision for paying a debt by means of a Sinking Fund.

amortization: The process of cost allocation that assigns the original cost of an intangible asset to the periods benefited.

amount available in debt redemption funds: An account in the General Long-Term Debt group of accounts which designates the amount of assets available in a Debt Redemption Fund for the retirement of neural obligation term bonds.

amount to be provided for payment of bonds: An account in the General Long-Term Debt group of accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

annualization: The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost \$500,000 for six months of operation is \$1,000,000.

annual report: A document that summarizes the results of operations and financial status of a company for the past year and outlines plans for the future.

annuity: A series of equal amounts to be received or paid at the end of equal time intervals.

apportionment: (1) The act of apportioning; (2) An item of receipts resulting from the act of apportioning, such as state apportionment (see *allotment*.)

apportionment aid: A semi-annual distribution of the Endowment Fund included in the foundation program aid calculation.

apportionment notice: A monthly or periodic advice of apportionment from one office to another as from the county auditor to the school district.

appraisal: The act of making an estimate of value, particularly of the value of property, by systematic procedures that include physical examination, pricing, and often estimates. Also, the value established by estimating.

appraised value: The value established by appraisal (see *appraisal*).

appropriations: An authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation.

appropriations cap: Legislatively-placed limits on spending in the biennium following the budget period under consideration. Caps allow spending projections to be lower than they would otherwise be under current law.

appropriations (federal funds): Budget authority provided through the congressional appropriation process that permits federal agencies to incur obligations and to make payments.

appropriations (institutional revenues): An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

arbitrage: The financial gain that can be garnered by selling bonds and reinvesting the bond proceeds at a higher rate.

architecture and engineering: Pertains to architectural and engineering activities related to land acquisition and improvement and building acquisition, construction, and improvements.

articulation: The interrelationships among the financial statements.

assessed valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

assessment: (1) The process of making the official valuation of property for the purpose of taxation; (2) The valuation placed upon property as a result of this process. **Note:** *Assessment* is sometimes used to denote the amount of taxes levied but such usage is not recommended since it fails to distinguish between the valuing process and the, tax levying process. The term is also used erroneously as a synonym for *special assessment*.

assessment roll: In the case of real property, the official list containing the description of each parcel of property and its assessed valuation. In the case of other property, the official list containing the name and address of each owner of such property and its assessed value. Note: In the case of real property, too, the name and address of the last known property owner are frequently shown. These additional facts are, however, usually given merely for convenience and are not essential to make the assessment legal.

assessment, special: A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public and of special benefit to the owners of such properties.

assets: Economic resources that are owned or controlled by an entity.

attendance officers: Persons who enforce the compulsory attendance laws, analyze causes of non-attendance, and help to improve the attendance of individual pupils.

attendance, aggregate days: See *aggregate days attendance*.

audit: The result of an independent accountant's review of the statements and footnotes to ensure compliance with generally accepted accounting principles and to render an opinion on the fairness of the financial statements.

audit committee: Members of a client's board of directors who are responsible for dealing with the external and internal auditors.

audit report: A report issued by an independent CPA that expresses an opinion about whether the financial statements fairly present a company's financial position, operating results, and cash flows in accordance with generally accepted accounting principles.

audited voucher: A voucher which has been examined and approved for payment.

average daily attendance (ADA): The aggregate attendance of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

average daily membership (ADM): The aggregate membership of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

B

balanced budget: The requirement imposed on the state's general fund biennial budget that revenues must be greater than or equal to expenditures.

balance sheet: The financial statement showing the financial position of a fund or school district at a specified date.

bank reconciliation: The process of systematically comparing the cash balance as reported by the bank with the cash balance on the company's books and explaining any differences.

base: Usually calculated from the most recent amount spent by an agency for a program. The base is the agency's current spending level with adjustments made for costs not likely to recur.

biennium: Minnesota has a two-year (biennial) budget period. The legislature appropriates the major portion of the budget in the odd-numbered year session, and makes adjustments as needed during the even-numbered years.

bilingual education: Programs in which students with limited English proficiency are taught using their native language.

board of education, public: The elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a geographical area. These bodies are sometimes called school boards (in Minnesota), governing boards, boards of directors, school committees, or school trustees. This definition relates to the general term and covers state boards, intermediate administrative unit boards, and local basic administrative unit boards.

board secretary: The individual performing the duties of the secretary of the board of education.

board treasurer: The individual performing the duties of the treasurer of the board of education.

bond: A contract between a borrower and a lender in which the borrower promises to pay a specified rate of interest for each period the bond is outstanding and repay the principal at the maturity date.

bond attorney: The attorney who approves the legality of a bond issue.

bond carrying value: The face value of bonds minus the unamortized discount or plus the unamortized premium.

bond discount: The difference between the face value and the sales price when bonds are sold below their face value.

bond indenture: A contract between a bond issuer and a bond purchaser that specifies the terms of a bond.

bonding: Authorization to provide for issuance of debt instruments, as well as the use of money raised through the issuance for capital projects.

bond maturity date: The date at which a bond principal or face amount becomes payable.

bond premium: The difference between the face value and the sales price when bonds are sold above their face value.

bond rating: Ratings for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds. Better bond ratings result in lower interest rates for the bonds issued.

bond referendum: Funding for a proposed public building or major remodeling project submitted for local voter approval.

book value: The net amount shown in the accounts for an asset, liability, or owners' equity item.

books of original entry: The record in which various transactions are formally recorded for the first time, such as cash journal, check register, or general journal. Where machine bookkeeping is used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry.

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. The budget usually consists of three parts. The first part contains a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them. The second part consists of schedules supporting the summary. The schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

budget document: The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

budgetary accounts: Those accounts necessary to reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts. See *also proprietary accounts*.

budgetary control: The control or management of the business affairs of the school district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

budgeting: Pertains to budget planning, formulation, administration, analysis, and evaluation.

building - for insurance purposes only: The term *building* includes fixed equipment, and the term 'contents' means movable equipment and supplies within the building.

building: One continuous structure, which may or may not be connected with other structures by passageways. It includes the building itself and the plumbing, heating, ventilating, mechanical, and electrical work, and lockers, cabinets, and shelves, which are built into the building. Two structures connected by a breezeway, a covered walkway, or tunnel would be two buildings.

building acquisition, construction, and improvements: Pertains to building acquisition through purchase or construction, and building improvements. It includes initial installation or extension of service systems and other built-in equipment, as well as building additions.

building construction fund: A fund used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans.

business documents: Records of transactions used as the basis for recording accounting entries; includes invoices, check stubs, receipts, and similar business papers.

business expenses: Expenses that have been paid or incurred in the course of business and that are ordinary, necessary, and reasonable in amount.

business: An organization operated with the objective of making a profit from the sale of goods or services.

C

calendar year: An entity's reporting year, covering 12 months and ending on December 31.

callable bonds: Bonds for which the issuer reserves the right to pay the obligation before its maturity date.

capital: The total amount of money or other resources owned or used to acquire future income or benefits.

capital account: An account in which a proprietor's or partner's interest in a firm is recorded; it is increased by owner investments and net income and decreased by withdrawals and net losses.

capital expenditure: An expenditure that is recorded as an asset because it is expected to benefit more than the current period.

capital gain: The excess of the selling price over the cost basis when assets, such as securities and other personal and investment assets, are sold.

capital lease: A leasing transaction that is recorded as a purchase by the lessee.

cash: Coins, currency, money orders, checks, and funds on deposit with financial institutions; the most liquid of assets.

cash balance: Total amount of cash to the credit of a governmental unit (school district), as of a given date.

cash basis: Gross income is recognized when cash is received.

cash basis accounting: A system of accounting in which transactions are recorded and revenues and expenses are recognized only when cash is received or paid.

cash disbursements journal: A special journal in which all cash paid out for supplies, merchandise, salaries, and other items is recorded.

cash discount: An allowance received or given if payment is completed within a stated period. The term is not to be confused with *trade discount*.

cash over and short: An account used to record overages and shortages in petty cash.

cash receipts journal: A special journal in which all cash received from state aid, levies, interest, rent, or other sources, is recorded.

categorical aid: Educational support funds provided from a higher governmental level and specifically limited to (earmarked for) a given purpose; for example, special education, transportation, or vocational education.

census: The school census is an enumeration and collection of data, as prescribed by law, conducted each year to determine the number of children of certain ages resident in a given district and to secure other information pertinent to education by the state board of education.

certified public accountant (CPA): A special designation given to an accountant who has passed a national uniform examination and has met other certifying requirements; CPA certificates are issued and monitored by state boards of accountancy or similar agencies.

chart of accounts: A list of all accounts generally used in an individual accounting system. In addition to account title, the chart includes an account number that has been assigned to each account. Accounts in the chart are arranged with accounts of a similar nature. For example, assets and liabilities.

charter (articles of incorporation): A document issued by a state that gives legal status to a corporation and details its specific rights, including the authority to issue a certain maximum number of shares of stock.

check: A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his/her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable; and it differs from a voucher in that the latter is not an order to pay. A voucher check combines the distinguishing marks of a voucher and a check. It shows the propriety of a payment and is an order to pay.

classified balance sheet: A balance sheet in which assets and liabilities are subdivided into current and non-current categories.

class rate: A state-determined rate that establishes the relative property tax burdens among different classes of property.

clearing accounts: Accounts used to accumulate total receipts or expenditures either for later distribution among the accounts to which such receipts or expenditures are properly allocable, or for recording the net differences under the proper account. *See also revolving fund, prepaid expenses, petty cash.*

closed transaction: A transaction that is completed within the accounting period; both the purchase and payment or sale and receipt of payment occur within the same accounting period.

closing entries: Entries that reduce all nominal, or temporary, accounts to a zero balance at the end of each accounting period, transferring their pre-closing balances to a permanent balance sheet account.

co-curricular activities: Co-curricular activities are comprised of the group of school-sponsored activities, under the guidance or supervision of qualified adults, designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups at school events, public events or a combination of these for such purposes as motivation, enjoyment, and improvement of skills. Related to a credit-granting mechanism, such as a course or standard. *See also student body activities.*

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

combined elementary and secondary school: A school that encompasses instruction at both the elementary and secondary levels. Examples of combined elementary and secondary school grade spans would be grades K-12 or grades 5-12.

community education fund: A fund used to account for all financial activities of the Community Education program.

comparability: The characteristic of commonality among or between selected elements measured in terms of identical constants. The accuracy of the measurement of the degree of comparability is usually dependent on the number of constants applied.

comparative financial statements: Financial statements in which data for two or more years are shown together.

compensatory revenue: A portion of general education revenue based on the number of students in a school district that qualify for free and reduced-price lunches.

compound journal entry: A journal entry that involves more than one debit, more than one credit, or both.

compounding period: The period of time for which interest is computed.

consignee: A vendor who sells merchandise owned by another party, known as the consignor, usually on a commission basis.

consignment: An arrangement whereby merchandise owned by one party (the consignor) is sold by another party (the consignee), usually on a commission basis.

consignor: The owner of merchandise to be sold by someone else, known as the consignee.

consolidated financial statements: Statements that report the combined operating results, financial position, and cash flows of two or more legally separate but affiliated companies as if they were one economic entity.

constant dollars: Dollar amounts that have been adjusted by means of price and cost indexes to eliminate inflationary factors and allow direct comparison across years.

construction contracts payable: Amounts due by an LEA on contracts for construction of buildings, structures, and other improvements.

construction contracts payable: Retained percentage. Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

construction work in progress: The cost of construction work undertaken but not yet completed.

consultant: A person who gives professional or technical advice and assistance. A consultant may perform his services under contract (purchased services) or he may be an employee on the payroll of a state agency.

consumer price index (CPI): This price index measures the average change in the cost of a fixed market basket of goods and services purchased by consumers.

contingent fund: Assets or other resources set aside to provide for unforeseen expenditures, or for anticipated expenditures of uncertain amount.

contingent liability: A potential obligation, dependent upon the occurrence of future events.

contra account: An account that is offset or deducted from another account.

contracted services: Service rendered by personnel who are not on the payroll of the school district, including all related expense covered by the contract.

contracts payable: Amounts due on contracts for goods and services received by an LEA.

control account: A summary account in the general ledger that is supported by detailed individual accounts in a subsidiary ledger.

control activities: Policies and procedures used by management to meet its objectives; generally divided into adequate segregation of duties, proper authorization of transactions and activities, adequate documents and records, physical control over assets and records, and independent checks on performance.

control environment: The actions, policies, and procedures that reflect the overall attitudes of top management, the directors, and the owners about control and its importance to the entity.

convertible bonds: Bonds that can be traded for, or converted to, other securities after a specified period of time.

cost: The amount of money or money's worth given for property or services. Costs may be incurred even before money is paid, that is, as soon as a liability is incurred.

cost accounting: That method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

cost benefit: Analyses which provide the means for comparing the resources to be allocated to a specific program with the results likely to be obtained from it; or, analyses which provide the means for comparing the results likely to be obtained from the allocation of certain resources toward the achievement of alternate or competing objectives.

cost center: The smallest segment of a program that is separately recognized in the agency's records, accounts, and reports. Program-oriented budgeting, accounting, and reporting aspects of an information system are usually built upon the identification and use of a set of cost centers.

cost effectiveness: Analyses designed to measure the extent to which resources allocated to a specific objective under each of several alternatives actually contribute to accomplishing that objective, so that different ways of gaining the objective may be compared.

cost ledger: A subsidiary record wherein each project, job, production center, process, operation, project, or service is given a separate account under which all items of its cost are posted in the required detail.

cost limit: The unit of product or service whose cost is computed.

cost of goods sold: The expense incurred to purchase or manufacture the merchandise sold during a period.

cost principle: The idea that transactions are recorded at their historical costs or exchange prices at the transaction date.

coupon bonds: Unregistered bonds for which owners receive periodic interest payments by clipping a coupon from the bond and sending it to the issuer as evidence of ownership.

credit: An entry on the right side of the account.

credit enhancement program: A process whereby local units may qualify for the acquisition of funds for cash flow purposes using aid or levy anticipation.

current: The fiscal year in progress.

current assets: Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash-temporary investments, and taxes receivable which will be collected near the balance sheet date.

current dollars: Dollar amounts that have not been adjusted to compensate for inflation.

current expenditures (elementary/secondary): Expenditures for the day-to-day operations of the schools. Expenditures for items lasting more than one year (such as school buses and computers) are not included in current expenditures.

current liabilities: Liabilities (debts) which are payable within a relatively short period of time, usually no longer than a year. See also *floating debt*.

current loans: Loans payable in the same fiscal year in which the money was borrowed. See also *tax anticipation notes*.

current resources: Resources to which recourse can be had to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and, in case of certain funds, bonds authorized and unissued.

current year's tax levy: Taxes levied for the current fiscal period.

current-fund expenditures: See *expenditures*.

current-fund revenues: See *revenues*.

D

date of record: The date selected by a corporation's board of directors on which the shareholders of record are identified as those who will receive dividends.

day in session: A day on which the school is open and the pupils are under the guidance and direction of teachers in the teaching process. Days on which school is closed for such reasons as holidays, teachers' institutes, and inclement weather should not be considered as days in session.

day of attendance: Attendance needs to be taken at least once per day. A pupil who is present at the time attendance is taken is considered present for the full school day. When a pupil is absent at the time attendance is taken, the pupil is considered absent for the entire day. However, when attendance is taken more frequently (e.g., by period), the school needs to determine the point at which a pupil is considered absent for half day.

debentures: Bonds for which no collateral has been pledged. Unsecured bonds.

debit: An entry on the left side of an account.

debt financing: Acquiring funds by borrowing money from creditors in the form of long-term notes, mortgages, leases, or bonds.

debt limit: The maximum amount of bonded debt for which a governmental unit (school district) may legally obligate itself.

debt redemption fund: A fund established for the purpose of providing money for the payment of interest on outstanding serial bonds and for the payment of the principal on serial bonds as they come due.

debt securities: Financial instruments issued by a company that carry with them a promise of interest payments and the repayment of principal.

debt service: Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current loans. See also *current loans*.

declining balance depreciation method: An accelerated depreciation method in which an asset's book value is multiplied by a constant depreciation rate, such as double the straight-line percentage, in the case of double declining balance.

deduction: Business expenses or losses that are subtracted from gross income in computing taxable income.

deferred charges: Expenditures which are not chargeable to the fiscal period in which they were made but are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid expenses in that they usually extend over a long period of time and may or may not be regularly reoccurring costs of operation. See also *prepaid expenses*.

deferred maintenance: A delay of maintenance on buildings.

deficit: The excess of the obligations of a fund over the fund's resources.

delinquent taxes: Taxes remaining unpaid on and after the date on which they become delinquent by statute.

depletion: The process of cost allocation that assigns the original cost of a natural resource to the periods benefited.

deposits: Use of the account "Prepaid Expense and Deposits" is normally restricted to long-term investments deposited by the LEA as a prerequisite to receiving services and/or goods.

depreciation: (1) Loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence; (2) The process of cost allocation that assigns the original cost of plant and equipment to the periods benefited.

direct costs: Those elements of cost which can be easily, obviously, and conveniently identified with specific activities or programs, as distinguished from those costs incurred for several different activities or programs and whose elements are not readily identifiable with specific activities. See also *indirect costs*.

direct method: A method of reporting net cash flow from operations that shows the major classes of cash receipts and payments for a period of time.

direct services: Activities identifiable with a specific program. For example, activities concerned with the teaching-learning process are considered to be direct services for instruction.

disbursements: Payments in cash. See also *cash*.

disclaimer of opinion: A disclaimer indicating the auditor was unable to satisfy himself or herself that the overall financial statements were fairly presented in accordance with GAAP.

discount: The amount charged by a financial institution when a note receivable is discounted; calculated as maturity value times discount rate times discount period.

discount period: The time between the date a note is sold to a financial institution and its maturity date.

discount rate: The interest rate charged by a financial institution for buying a note receivable.

discounting a note receivable: The process of the payee's selling notes to a financial institution for less than the maturity value.

double entry: A system of bookkeeping which requires that every entry made to the debit side of an account or accounts will have a corresponding amount or amounts made to the credit side.

double entry accounting: A system of recording transactions in a way that maintains the equality of the accounting equation.

due from fund: An asset account used to indicate amounts owed to a particular fund by another fund in the same school district for goods sold or services rendered. It is recommended that sub-accounts be maintained for each inter-fund receivable.

due from government: Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that sub-accounts be maintained for each inter-fund receivable.

due to fiscal agent: Amounts due to fiscal agents, such as commercial banks, for servicing an LEA's maturing indebtedness.

due to fund: A liability account that indicates the amount of funds currently payable to another fund. The "due to" is used in conjunction with a "due from" account to reconcile from which account the money or other assets will be coming, and to which it will be going.

due to government: Amounts owed by the reporting LEA to the named governmental unit. It is recommended that subaccounts be maintained for each inter-fund receivable.

dues and memberships: Costs of memberships or assessments in professional or other organizations and payments to other agents for services rendered.

E

Early childhood family education (ECFE): Program offered through community education that provides services for children and parents.

Early childhood special education (ECSE): Program similar to ECFE for children with disabilities.

educational and general expenditures: See *expenditures*.

elementary school: A school classified as elementary by state and local practice and composed of any span of grades not above grade eight. Preschool or kindergarten is included under this heading only if it is an integral part of an elementary school or a regularly established school system.

Electronic Data Reporting System (EDRS): The system by which certain data is transmitted to the Minnesota Department of Education utilizing a computer.

employed: Civilian, noninstitutionalized persons who; 1) worked during any part of the survey week as paid employees; worked in their own businesses, professions, or farms; or worked 15 hours or more as unpaid workers in a family owned enterprise; or, 2) who were not working but had jobs or businesses from which they were temporarily absent due to illness, bad weather, vacation, labor-management disputes, or personal reasons, whether or not they were seeking another job.

employee benefits: Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement, and social security

encumbrance: Purchase orders, contracts, and salary 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 or when actual liability is set up.

endowment fund: A fund from which the income may be expended, but whose principal must remain intact. In Minnesota, the term is also applied to the income of the permanent school fund.

English Learner A program that provides intensive instruction in English for students with limited English proficient (EL).

enrollment: The total number of students registered in a given school unit at a given time, generally in the fall.

enrollment options: The program that allows students to open enroll to attend a school district other than the one in which they reside.

enterprise funds: Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges.

entity: An organizational unit (a person, partnership, or corporation) for which accounting records are kept and about which accounting reports are prepared.

entry: The record of a financial transaction in its appropriate book of accounts. Also, the act of recording a transaction in the books of accounts.

equalization: The process of; (1) reducing the tax rate or tax base disparities among different taxing jurisdictions; or, (2) reducing net tax disparities among different properties within the same class in a given taxing jurisdiction.

equity: Equity is the mathematical excess of assets over liabilities. Generally this excess is called Fund Balance.

estimated revenue: If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period. If the accounts are kept on a cash basis, the term designates the amount of revenues estimated to be collected during a given period.

estimated uncollectable taxes: A provision of tax revenues for that portion of taxes receivable which it estimated will not be collected. The account is shown on the balance sheet as a deduction from the Taxes Receivable account in order to arrive at the net taxes receivable. Separate accounts are maintained on the basis of tax roll year and/or delinquent taxes.

evaluation: The process of ascertaining or judging the value or amount of an action or an outcome by careful appraisal of previously specified data in light of the particular situation and the goals and objectives previously established.

exclusions: Gross receipts that are not subject to tax and are not included in gross income, such as interest on state and local government bonds.

expenditures: Charges incurred, whether paid or unpaid, which are presumed to benefit the current fiscal year. For elementary/secondary schools, these include all charges for current outlays plus capital outlays and interest on school debt.

expenditures per pupil: Charges incurred for a particular period of time divided by a student unit of measure, such as enrollment, average daily attendance, or average daily membership.

expenses: Costs incurred in the normal course of business to generate revenues.

external auditors: Independent CPAs who are retained by organizations to perform audits of financial statements.

external audits: Audits conducted by CPAs who are independent of the client company.

F

factor: To sell accounts receivable at a discount before they are due.

fair market value: The current value of an asset (e.g., the amount at which an asset could be sold or purchased in an arm's-length transaction).

family income: The combined income of all family members who are 14 years old and older living in the household for the period of one year. Income includes money income from jobs; net income from business, farm, or rent; pensions; dividends; interest; social security payments; and any other money income.

federal funds: Revenues received from federal government appropriations.

FICA (social security) taxes: Federal Insurance Contributions Act taxes imposed on employees and employers; used mainly to provide retirement benefits.

federal matching requirements: Requirements that a governmental unit commit a specific amount of state or local funds for a particular purpose to obtain federal funds for the same purpose.

FIFO (first-in, first-out): An inventory cost flow whereby the first goods purchased are assumed to be the first goods sold so that the ending inventory consists of the most recently purchased goods.

fiduciary funds: Account for assets held in a trustee capacity or as an agent for individuals, organizations, or other governmental units and/or funds.

financial accounting: The area of accounting concerned with reporting financial information to interested external parties.

Financial Accounting Standards Board (FASB): The private organization responsible for establishing the standards for financial accounting and reporting in the United States.

financial statements: Reports such as the balance sheet, income statement, and statement of cash flows, which summarize the financial status and results of operations of a business entity.

financing activities: Transactions and events whereby resources are obtained from, or repaid to, owners (equity financing) and creditors (debt financing).

fiscal year: An entity's reporting year, covering a 12-month accounting period. Minnesota schools run from July 1 to June 30.

formula allowance: A reference to the basic general education formula allowance, providing a district with a majority of its revenue from the state.

free lunch eligibles: The National School Lunch Program's assistance program for low-income children. Families with school-age children who fall below the poverty level and have no other significant assets are eligible to receive government assistance in the form of free or reduced-price school lunches.

full-time enrollment: The number of students enrolled in higher education courses with a total credit load equal to at least 75 percent of the normal full-time course load.

full-time equivalency (FTE): Full-time-equivalent number of positions, not the number of different individuals occupying the positions during the school year.

full-time worker: One who is employed for 35 or more hours per week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

functional currency: The currency in which a subsidiary conducts most of its business; generally, but not always, the currency of the country where it does most of its spending and earning.

fund: A sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

fund balance: A summary of revenues, expenditures, reserves and year-end balances for a fund or funds.

G

GAAP (generally accepted accounting principles): Authoritative guidelines that define accounting practice at a particular time. Full reference is United States GAAP.

GAAS (generally accepted auditing standards): Auditing standards developed by the American Institute of Certified Public Accounts (AICPA).

general ledger: A book, file or other device in which accounts are kept to the degree of detail necessary that summarizes the financial transactions of the district.

general fund: Typically, the largest fund in the budget. It is comprised of money not in other funds. Most of this fund is not earmarked for specific purposes.

generally accepted auditing standards (GAAS): Auditing standards developed by the American Institute of Certified Public Accounts (AICPA)..

general-purpose financial statements: The financial reports intended for use by a variety of external groups; they include the balance sheet, the income statement, and the statement of cash flows.

general obligation bonds (GO Bonds): Bonds that the state stands behind with its taxing powers.

government appropriation: An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

government grant or contract: Revenues from a government agency for a specific research project or other program.

gross tax liability: The amount of tax computed by multiplying the tax base (taxable income) by the appropriate tax rates.

H

high school: A secondary school offering the final years of high school work necessary for graduation, usually including grades 10, 11, 12 (in a 6-3-3 plan) or grades 9, 10, 11, and 12 (in a 6-2-4 plan).

higher education institutions (general definition): Institutions providing education above the instructional level of the secondary schools, usually beginning with grade 13. Typically, these institutions include colleges, universities, graduate schools, professional schools, and other degree-granting institutions.

horizontal analysis of financial statements: A technique for analyzing the percentage change in individual income statement or balance sheet items from one year to the next.



imprest petty cash fund: A petty cash fund in which all expenditures are documented by vouchers or vendors' receipts or invoices. The total of the vouchers and cash in the fund should equal the established balance.

income statement (statement of earnings): The financial statement that summarizes the revenues generated and the expenses incurred by an entity during a period of time.

income taxes payable: The amount expected to be paid to the federal and state governments based on the income before taxes reported on the income statement.

independent checks: Procedures for continual internal verification of other controls.

indirect costs: The assignable cost of items, such as heat and light, to an academic program. Those expenses that benefit the entire entity and, therefore, cannot be directly charged to a specific cost category or project activity.

indirect method: A method of reporting net cash flow from operations that involves converting accrual-basis net income to a cash basis.

indirect rate: This is the rate that reflects the fair share of the indirect expenses, usually general administrative expenses and certain other costs that are related to the program but cannot be readily and accurately identified as a direct cost or service.

inflation: An increase in the general price level of goods and services; alternatively, a decrease in the purchasing power of the dollar.

instructional expenditures (elementary/secondary): Current expenditures for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies and purchased instructional services.

interest: The payment (cost) for the use of money.

interest rate: The cost of using money, expressed as an annual percentage.

internal auditors: An independent group of experts in controls, accounting, and operations, who monitor operating results and financial records, evaluate internal controls, assist with increasing the efficiency and effectiveness of operations, and detect fraud.

internal control structure: Safeguards, in the form of policies and procedures, established to provide management with reasonable assurance that the objectives of an entity will be achieved.

internal service funds: Funds internal to the operation of a unit that provide a variety of services to that unit, such as a printing activity. The funds must recover the full costs of services provided through billing back.

inventory: Goods held for resale. It can also mean any unsold or unused goods such as those in a school foods program for adults and children.

itemized deduction: Amounts paid by an individual taxpayer for personal and quasi-business expenses that can be deducted in computing taxable income, such as medical expenses, property and income taxes, mortgage and investment interest, charitable contributions, moving expenses, casualty and theft losses, and certain miscellaneous expenses.

J

journal entry: A recording of a transaction where debits equal credits; usually includes a date and an explanation of the transaction.

journal: An accounting record in which transactions are first entered; provides a chronological record of all business activities.

K

kindergarten: This category of students includes transitional kindergarten, kindergarten, and pre-first-grade students and is traditionally found in schools of elementary age children.

kindergarten handicap (or disabled): This is a special category within kindergarten that provides for increased weighting of kindergarteners and therefore more revenue to a district.

L

lower cost or market (LCM): A basis for valuing certain assets at the lower of original cost or current market value.

lease: A contract that specifies the terms under which the owner of an asset (the lessor) agrees to transfer the right to use the asset to another party (the lessee).

ledger: A book of accounts in which data from transactions recorded in journals are posted and thereby classified and summarized.

lessee: The party that is granted the right to use property under the terms of a lease.

lessor: The owner of property that is rented (leased) to another party.

levy: A tax imposed on property, which a school board may levy, and limited by statute.

liabilities: Obligations measurable in monetary terms that represent amounts owed to creditors, governments, employees, and other parties.

license: The right to perform certain activities, generally granted by a governmental agency.

LIFO (last-in, first-out): An inventory cost flow whereby the last goods purchased are assumed to be the first goods sold so that the ending inventory consists of the first goods purchased.

Limited English Proficiency (LEP): A concept developed to assist in identifying those language-minority students (children from language backgrounds other than English) who need language assistance services, in their own language or in English, in the schools.

limited liability: The legal protection given stockholders whereby they are responsible for the debts and obligations of a corporation only to the extent of their capital contributions.

liquidation: The process of dissolving a business by selling the assets, paying the debts, and distributing the remaining equity to the owners.

liquidity: A company's ability to meet current obligations with cash or other assets that can be quickly converted to cash.

loan: Borrowed money that must be repaid.

local education agency (LEA): See *school district*.

long-term investment: An expenditure to acquire a non-operating asset that is expected to increase in value or generate income for longer than one year.

long-term liabilities: Debts or other obligations that will not be paid within one year.

losses: Costs that provide no benefit to an organization.

M

maker: A person (entity) who signs a note to borrow money and who assumes responsibility to pay the note at maturity.

management accounting: The area of accounting concerned with providing internal financial reports to assist management in making decisions.

mandates: Requirements imposed by one level of government on another.

marginal cost pupil unit: Used to indicate pupil count. It is a calculation whereby 77 percent of the current year pupil count is added to 23 percent of the prior year pupil count.

market value: The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

matching principle: The concept that all costs and expenses incurred in generating revenues must be recognized in the same reporting period as the related revenues.

maturity date: The date on which a note or other obligation becomes due.

maturity value: The amount of an obligation to be collected or paid at maturity; equal to principal plus any interest.

Minnesota Automated Reporting Student System (MARSS): A system of pupil accounting which maintains essential data elements for each public school student attending school in Minnesota and reported by school districts to the state.

Minnesota Department of Education (MDE): The formal agency within the executive branch of government in Minnesota that oversees the operations of education, K-12 education in particular.

monetary measurement: The idea that money, as the common medium of exchange, is the accounting unit of measurement, and that only economic activities measurable in monetary terms are included in the accounting model.

N

natural resources: Assets that are physically consumed or waste away, such as oil, minerals, gravel, and timber.

net proceeds: The difference between maturity value and discount when a note receivable is discounted.

net realizable value of accounts receivable: The net amount that would be received if all receivables considered collectible were collected; equal to total accounts receivable less the allowance for uncollectible accounts; also called the book value of accounts receivable.

net sales: Gross sales less sales discounts and sales returns and allowances.

net tax capacity (NTC): This value is derived by multiplying the estimated market value of each parcel by the appropriate class (use) rate for that parcel.

net tax liability: The amount of tax computed by subtracting tax credits from the gross tax liability.

nominal accounts: Accounts that are closed to a zero balance at the end of each accounting period; temporary accounts generally appearing on the income statement.

noncash items: Items included in the determination of net income on an accrual basis that do not affect cash; examples are depreciation and amortization.

noncash transactions: Investing and financing activities that do not affect cash; if significant, they are disclosed below the statement of cash flows or in the notes to the financial statements.

nonoperating assets: Investment and other assets not used in a business but held to earn a return separate from operations.

nonprofit organization: An entity without a profit objective, oriented toward providing services efficiently and effectively.

non-resident student: A student whose legal residence is outside the geographical area served by the district.

non-supervisory instructional staff: Persons such as curriculum specialists, counselors, librarians, remedial specialists, and others possessing education certification but not responsible for day-to-day teaching of the same group of pupils.

note payable: A debt owed to a creditor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

note receivable: A claim against a debtor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

notes to financial statements: Explanatory information considered an integral part of the financial statements.

NSF (nonsufficient funds) check: A check that is not honored by a bank because of insufficient cash in the customer's account.

O

obligations: Amounts of orders placed, contracts awarded, services received, or similar legally binding commitments made by federal agencies during a given period that will require outlays during the same or some future period.

open transaction: A transaction that is not completed at the end of the accounting period; a purchase that has not yet been paid for or a sale where payment is yet to be collected when the accounting period ends.

operating activities: Transactions and events that enter into the determination of net income.

operating assets: Long-term, or noncurrent, assets acquired for use in the business rather than for resale; includes property, plant, and equipment; intangible assets; and natural resources.

operating lease: A simple rental agreement.

other revenues and expenses: Items incurred or earned from activities that are outside, or peripheral to, the normal operations of a firm.

outlays: The value of checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements.

P

part-time enrollment: The number of students enrolled in higher education courses with a total credit load less than 75 percent of the normal full-time credit load.

part-time worker: One who is employed for 1-34 hours a week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

payee: The person (entity) to whom payment on a note is to be made.

pension plan: A contract between a company and its employees whereby the company agrees to pay benefits to employees after their retirement.

petty cash fund: A small amount of cash kept on hand for making miscellaneous payments.

physical safeguards: Physical precautions used to protect assets and records, such as locks on doors, fireproof vaults, password verification, security guards.

post-closing trial balance: A listing of all real account balances after the closing process has been completed; provides a means of testing whether total debits equal total credits for all real accounts prior to beginning a new accounting cycle.

posting: The process of transferring amounts from the journal to the ledger.

postsecondary enrollment options (PSEO): A program that allows high school juniors and seniors to take courses at postsecondary institutions for high school credit.

prepaid expenses: Payments made in advance for items normally charged to expense.

primary financial statements: The balance sheet, income statement, and statement of cash flows, used by external groups to assess a company's economic standing.

principal (face value or maturity value): The amount that will be paid on a bond at its maturity date.

principal on a note: The face amount of a note; the amount (excluding interest) that the maker agrees to pay the payee.

prior-period adjustments: Adjustments made directly to Retained Earnings in order to correct errors in the financial statements of prior periods.

proration: A term describing an allocation that is based on a proportionate distribution of the total.

proper authorization: Policy regarding either a general class of transactions, such as inventory, or a specific transaction to achieve control objectives.

property, plant, and equipment turnover: A measure of how well property, plant, and equipment are being utilized in generating a period's sales; computed by dividing net sales by average property, plant and equipment.

property, plant, and equipment: Tangible, long-lived assets acquired for use in business operations; includes land, buildings, machinery, equipment, and furniture.

Public Employees Retirement Association (PERA): This group administers pension plans that cover local, county, and school district non-teaching employees.

Purchase Returns and Allowances: A contra-purchase account used for recording the return of, or allowances for, previously purchased merchandise.

purchases account: An account in which all inventory purchases are recorded; used with the periodic inventory method.

purchases journal: A special journal in which credit purchases are recorded.

pupil units: A count of resident pupils in average daily membership. See *weighted pupil units*.

Q

qualified opinion: Opinion issues when the work of the auditor has been limited in scope or the entity has failed to follow GAAS.

R

real accounts: Accounts that are not closed to a zero balance at the end of each accounting period; permanent accounts appearing on the balance sheet.

review and comment: A process by which the commissioner of MDE reviews and comments on the feasibility and practicality of school district building projects.

receivables: Claims for money, goods, or services.

recourse: The right to seek payment on a discounted note from the payee if the maker defaults.

refund bonds: Bonds issued to pay off bonds already outstanding.

registered bonds: Bonds for which the names and addresses of the bondholders are kept on file by the issuing company.

reserved: An amount set-aside for some specified purpose.

resident student: A student whose legal residence is within the geographic area served by the district.

residual income: The amount of net income an investment center is able to earn above a specified minimum rate of return on assets.

revenue recognition principle: The idea that revenues should be recorded when; (1) the earnings process has been substantially completed; and, (2) an exchange has taken place.

revenues: Money received by a unit from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions.

revolving fund: A fund established in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

S

sales ratio: A statistical measure prepared by the Department of Revenue to measure the difference between the actual sales prices of property with the assessor's market values on those properties.

sales tax payable: Money collected from customers for sales taxes that must be remitted to local governments and other taxing authorities.

salvage, or residual, value: Estimated value or actual price of an asset at the conclusion of its useful life; net of disposal costs.

secured bonds: Bonds for which assets have been pledged in order to guarantee repayment.

segregation of duties: Strategy to provide an internal check on performance through separation of custody of assets from accounting personnel, separation of authorization of transactions from custody of related assets and separation of operational responsibilities from record keeping responsibilities.

Social Security (FICA) taxes: Federal Insurance Contributions Act taxes imposed on employees and employers; used mainly to provide retirement benefits.

sparsity revenue: That portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.

special funds: A grouping of revenues from certain sources from which certain expenditures are made. Revenues for these funds are usually dedicated and expenditures from the special funds are usually restricted for certain purposes.

special journal: A book of original entry for recording similar transactions that occur frequently.

Staff Automated Reporting System (STAR): The system by which staff data elements are recorded and transmitted to the Minnesota Department of Education (MDE).

standard unqualified audit report: Audit report indicating that all auditing conditions have been met, no significant misstatements have been discovered and remain uncorrected, and the auditors feel the financial statements are fairly stated in accordance with generally accepted accounting principles.

stated rate of interest: The rate of interest printed on the bond.

stated value: A nominal value assigned to no-par stock by the board of directors of a corporation.

statement of cash flows: The financial statement that shows an entity's cash inflows (receipts) and outflows (payments) during a period of time.

straight-line amortization: A method of systematically writing off a bond discount or premium in equal amounts each period until maturity.

straight-line depreciation method: The depreciation method in which the cost of an asset is allocated equally over the period of an asset's estimated useful life.

subsidiary ledger: A grouping of individual accounts that in total equal the balance of a control account in the General Ledger.

sum-of-the-years'-digits (SYD) depreciation method: The accelerated depreciation method in which a constant balance (cost minus salvage value) is multiplied by a declining depreciation rate.

T

tangible personal business property: Depreciable operating assets of a business, other than real property, including machinery, furniture and fixtures, automobiles and trucks, and equipment.

targeted services: These are K-8 intervention/prevention services provided outside the traditional school day and traditional school year to qualified learners.

tax anticipation note: A note issued in anticipation of collection of taxes, usually retireable only from tax collections from a local levy.

tax base: The value of commercial, industrial, residential, agricultural and other properties in a school district, city, municipality, and county.

tax capacity: The value of property that school districts and other units tax.

tax credit: A state allowed reduction on local property taxes.

Teachers Retirement Association (TRA): This group provides coverage for public school teachers throughout the state, except for teachers in the first class cities, and some teachers in community colleges, state universities and technical colleges.

term bonds: Bonds that mature in one lump sum at a specified future date.

time period (or periodicity) concept: The idea that the life of a business is divided into distinct and relatively short time periods so that accounting information can be timely.

transactions: Exchange of goods or services between entities (whether individuals, businesses, or other organizations), as well as other events having an economic impact on a business.

transfers: The movement of money between funds. A transfer must be consistent with legislative intent.

trial balance: A listing of all account balances; provides a means of testing whether total debits equal total credits for all accounts.

trust fund: A fund consisting of resources received and held by the district as trustee to be expended or invested in accordance with the conditions of the trust.

tuition student: A pupil for whom tuition is paid.

U

uncollectible accounts expense: An account that represents the portion of the current period's receivables that are estimated to become uncollectible.

unearned revenues: Amounts received before they have been earned.

Uniform Financial Accounting and Reporting Standards (UFARS): Minnesota's legally prescribed set of accounting standards for all school districts.

unlimited liability: The lack of a ceiling on the amount of liability a proprietor or partner must assume; meaning that if business assets are not sufficient to settle creditor claims, the personal assets of the proprietor or partners may be used to settle the claims.

unrecorded expenses: Expenses incurred during a period that have not been recorded by the end of that period.

unrecorded revenues: Revenues earned during a period that have not been recorded by the end of that period.

useful life: The term used to describe the life over which an asset is expected to be useful to the company; cost is assigned to the periods benefited from using the asset.

V

vertical analysis of financial statements: A technique for analyzing the relationships between items on an income statement or balance sheet by expressing all items as percentages.

voucher: A document that authorizes the payment of money and usually indicates the accounts to be charged.

W

warrant: An order drawn by the school board to the district treasurer ordering him/her to pay a specified amount to a payee named on the warrant.

weighted-average: A periodic inventory cost flow alternative whereby the cost of goods sold and the cost of ending inventory are determined by using a weighted-average cost of all merchandise available for sale during the period.

weighted pupil units: A varied weighting of pupils by grade. For example, a student in grades 1-6 may be counted as a 1.06 pupil unit, whereas a student in grades 7-12 may be counted as a 1.3 pupil unit.

work sheet: A columnar schedule used to summarize accounting data.

working capital: Current assets minus current liabilities.

working capital turnover: A measure of the amount of working capital used in generating the sales of a period; computed by dividing net sales by average working capital.

Y

yield: The return on an investment, usually presented as a percentage.