



Glossary of School Finance Terms

Published by
Wisconsin Association of School
District Administrators (WASDA)
And
Wisconsin Association of School
Business Officials (WASBO)
January 2003

Acknowledgements

We gratefully acknowledge the efforts of Nicholas C. A. Alioto and Roger J. Dickson of the Public Business Consulting Group, LLC for their efforts in compiling and authoring this document. The authors express their appreciation to the following individuals, who provided assistance with its development: Larry Krebs of the Neenah School District, Dennis Hanson of the Wisconsin Department of Public Instruction, Tom Griggs of Godfrey & Kahn, S.C. and Nelson Flynn of Michael Best & Friedrich, LLP.

The definitions provided herein were compiled by the authors and rewritten using their own knowledge and definitions from the following sources: Wisconsin Department of Public Instruction, Robert W. Baird and Company, and the glossaries from the departments of public instruction from Indiana and Michigan.

This publication may be reprinted without permission courtesy of the Wisconsin Association of School District Administrators and the Wisconsin Association of School Business Officials.

A limited supply of additional copies are available for a fee. Contact the WASDA office for more information or go to www.wasda.org or www.wasbo.com to view online.

This publication was commissioned by the
Wisconsin Association of School District Administrators
and
Wisconsin Association of School Business Officials
and authored by



Foreward

School finance can be daunting to understand, even for seasoned administrators. Some terms can have different meanings, depending on the context in which they are used.

Frequently, school board members, interested parents and community members are asked for their opinions or to support topics ranging from approving the budget at the Annual Meeting of Electors to supporting or opposing proposed legislation that will impact their school district. In an effort to help increase the understanding of common school finance terms, the Wisconsin Association of School District Administrators (WASDA) and the Wisconsin Association of School Business Officials (WASBO) retained Public Business Consulting Group, LLC (PBCG) to produce this Glossary of School Finance Terms for the layperson.

The purpose of this glossary is to provide definitions of terms that are currently used in school finance discussions. The definitions used herein are written for the layperson. The definitions are appropriate for this intended purpose, however, in their simplification they lose some of their accuracy for the practicing administrator. This document should not be used as a technical guide for professionals with responsibility for implementing the many regulations associated with management of school district finances.

Each school district and school finance conversation is unique, therefore, every term that is encountered may not be included in this glossary. In the event that you encounter a term for which you would like clarification, contact your local school district administrator, the Wisconsin Department of Public Instruction (DPI) website at <http://www.dpi.state.wi.us/dpi/dfm/sfms/sectj.html>, or feel free to contact the authors at info@pbcg.biz.

Sincerely,

Gene Hamele
WASDA President

Woodrow Wiedenhoeft
WASBO President

Dr. Miles Turner
WASDA Executive Director

Dr. Donald Mrdjenovich
WASBO Executive Director



Table of Contents

To enhance its usefulness, this document groups terms by seven broad categories. A complete alphabetic listing of all terms defined herein is provided in the index. Within the definitions, other terms defined in this document are italicized.

For terms related to:	Go to page:
Accounting and Reporting.....	2
Budgeting.....	6
Cost Calculations	7
Debt Transactions.....	8
Pupil Counting & Reporting	11
School Funding	13
Taxation	14
Index	16



Accounting and Reporting

Account	A method of categorizing financial transactions by type.
Accounting Period	The period of time represented by published financial statements. Wisconsin school districts prepare financial statements for a <i>fiscal year</i> beginning July 1st and ending June 30th, however, an accounting period can begin and end for other intervals; such as quarterly or monthly.
Accounts Payable	An <i>account</i> that reflects amounts owed by the district for goods and services received but not paid for at the date of the financial report. Accounts payable may include amounts owed to vendors, employees, financial institutions and others; except other governments or other <i>funds</i> . Amounts reported here are payable within a short period of time, usually less than one year.
Accounts Receivable	An <i>account</i> that reflects amounts owed to the district for goods and services. These amounts should be paid to the district within a short period of time, usually within one year.
Accrual	A method of accounting under which revenues are recognized when earned and expenditures are recognized when incurred, regardless of the timing of related cash flows. Most formal financial statements prepared on behalf of school districts are prepared using the accrual or <i>modified accrual</i> basis of accounting as contrasted with the <i>cash basis</i> .
Annual Report	A formal financial report filed with the DPI at the end of each <i>fiscal year</i> . The data in this report is used to calculate most state aids.
Audit	A formal examination of records and documents, and the securing of other evidence, for the purpose of determining whether transactions are complete and accurately recorded in the <i>accounts</i> ; and that the statements fairly represent the financial transactions and condition of the district. An independent audit of a school district's financial reports is required annually.
Balance Sheet	A formal financial statement that reports the value of assets, liabilities, and <i>fund balance</i> as of a specific date.
Budget Report	A formal report filed with the DPI each fall that details the school board approved budget for the <i>fiscal year</i> . <i>Also known as the Fall Report</i>
Capital Expansion Fund	A <i>fund</i> that may be authorized at an Annual Meeting of Electors in a common school district or by the school board of a unified school district for the purpose of accumulating monies to be used for acquiring, remodeling or maintaining buildings and sites. Monies budgeted into this <i>fund</i> are included in the district's total <i>revenue limit</i> . (Formerly referred to as a Capital Project Sinking Fund.)



Capital Outlay	<i>Expenditures</i> for assets such as land, buildings and certain equipment. Capital assets are generally characterized as those having a useful life of greater than one year and a cost greater than an amount established by the school district's business department.
Cash Balance	The actual cash on hand at a specific point in time. Many school districts will have a negative cash balance at some point in the year unless they borrow. Cash balance is contrasted to <i>Fund Balance</i> in that it includes only cash.
Cash Basis	A method of accounting under which transactions are recognized only when cash changes hands. An example of cash basis is an individual's income tax return that reports only cash received and paid, but does not recognize future earnings or amounts owed to others.
Chart of Accounts	<p>A list of financial account names and numbers used to record financial transactions. The Department of Public Instruction prescribes the use of a chart of accounts called the <i>Wisconsin Uniform Financial Accounting Requirements</i>. (<i>WUFAR</i>). The WUFAR uses a multi-dimensional coding structure that allows for recording transactions in such a manner as to allow financial reporting and analysis based on several characteristics. The dimensions common to all school districts in Wisconsin are:</p> <p>Fund—An independent fiscal and accounting entity, with its own set of assets, liabilities, <i>revenues</i> and <i>expenditures</i>, used to account for financial transactions in accordance with laws, regulations, or restrictions. The DPI requires reporting of various <i>revenues</i> and <i>expenditures</i> within specified funds.</p> <p>Function—An <i>account</i> designation that categorizes a reason or purpose served by a particular <i>expenditure</i> or made possible by a particular receipt.</p> <p>Location—An <i>account</i> designation that categorizes financial transactions by the building, department or operating unit given cause for the transaction.</p> <p>Object—An <i>account</i> designation that categorizes an article or service obtained from a specific <i>expenditure</i>.</p> <p>Source—An <i>account</i> designation that classifies <i>revenues</i> and other receipts according to their origin, such as local, state, or federal.</p> <p>Project—An <i>account</i> designation that categorizes the funding source of an <i>expenditure</i> or receipt. This coding is most often associated with projects that are funded with state or federal grants.</p>
Deferred Income	Income received in a given <i>fiscal year</i> but not earned until after the <i>fiscal year</i> has ended. For example, monies collected from parents for their child's food service account that remain in the account for use in the next school year.



Due to Other Funds Amounts owed by one *fund* to another. The recognition of interfund payables in one *fund* requires the recognition of an interfund receivable in another *fund*. Because of this relationship, the aggregate amount of interfund payables must equal the aggregate amount of interfund receivables at all times.

Due to Other Governments Amounts owed to other units of government, including other school districts.

Expenditures The costs of goods or services, whether paid or unpaid, including *expenses*, principal payments on outstanding debt and *capital outlay*.

Expenses The cost of goods or services, whether paid or unpaid, received by the district. Expenses do NOT include principal payments on outstanding debt and the cost of capital assets.

Financial Statements The document, published at periodic intervals, such as monthly, that provides a summary of the financial transactions of the school district for the specified reporting period or as of the date of the financial report.

Fiscal Year Wisconsin school districts prepare financial statements for a year that begins July 1st and ends June 30th.

Fund Balance Represents the cumulative of surpluses and deficits over the years. The fund balance is often equated with the financial condition of a school district, however, it does not take into consideration long-term obligations (see *Net Assets*). Fund Balance contrasts with *cash balance* in that it includes certain amounts that are owed to or owed by the school district.

GASB

For more information:
www.gasb.org

The Governmental Accounting Standards Board (GASB) was established to improve standards of state and local governmental accounting and financial reporting that ultimately is designed to result in a greater understanding by users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. GASB has responsibility to establish accounting rules and standards used by governmental agencies. GASB is equivalent to the Financial Accounting Standards Board (FASB) which sets accounting standards for the private sector. The standards created by these bodies are referred to as *generally accepted accounting principals (GAAP)*. GASB and FASB are not governmental agencies. The State of Wisconsin requires school districts to prepare financial reports in conformance with the *GAAP*.

Source: Governmental Accounting Standards Board, mission statement.



Generally Accepted Accounting Principles GAAP	Uniform standards and guidelines to financial accounting and reporting which govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices.
Inter-governmental Cooperation Agreements	Agreements, formerly known as 66:30 Agreements to provide joint services with other governmental entities.
Local Education Agency (LEA)	A term used by the state and federal governments to identify school districts and other local agencies that provide educational services. There is a numerical identification number assigned to each LEA.
Modified Accrual	A method of accounting that recognizes most transactions on a <i>cash basis</i> with modification for specific types of transactions that are reported on an <i>accrual basis</i> . Most formal financial statements prepared on behalf of school districts are prepared using the <i>accrual</i> or modified accrual basis of accounting.
Net Assets	The amount remaining after subtracting total liabilities from total assets on an accrual basis. Net assets are the most accurate indicator of a school district's financial condition.
Proprietary Fund	A <i>fund</i> that meets the criteria established by <i>GASB</i> as a business-type activity. Generally, charges for services would comprise a significant element of the total revenues in a proprietary fund. The Food Service <i>Fund</i> is the most common school district proprietary fund.
Revenues	Amounts received by or due to the school district that result in an increase in fund balance. Revenues, however, do not include <i>expenditure</i> refunds, residual equity transfers, debt proceeds, or operating transfers-in.
Segregated Revenues	Revenues raised by the state for a specific purpose. For example, gasoline taxes are segregated for road construction. Various proposals for changes in school finance regulations propose segregating a portion of sales taxes for school purposes.



Budgeting

Appropriation	A legal authorization granted by a school board to make <i>expenditures</i> and to incur obligations for specific purposes.
Budget	A plan of financial operation embodying an estimate of proposed <i>revenues</i> and <i>expenditures</i> for a given accounting period, usually July 1 st through June 30 th .
Budget Amendments	School boards may amend the adopted budget during the <i>fiscal year</i> with a two-thirds vote of the school board. Such amendments must be published in the district's official newspaper within 10 calendar days for common school districts.
Deficit Spending	The amount by which total <i>expenditures</i> exceed total <i>revenues</i> for the <i>fiscal year</i> . Deficit spending results in a reduction of <i>fund balance</i> .
Encumbrance	A budgetary procedure that reserves funds at the time a purchase order is issued or upon entering into a contract.
Entitlement	An apportionment, typically from the federal or state government, that is received based on specific qualifications rather than through a competitive process.
Site Based Budgeting	A method of allocating resources to individual schools within a school district. Most frequently, funds are allocated based on the number of pupils at each school site and a site governance council that determines how the budgeted amount will be allocated within the site. There are a number of methods for allocation of amounts to sites, such as the number of special needs students, grade levels served, nature of the physical facility, special programming offered, or other equalizing factors. There are several variations to site based budgeting, for instance, some districts only allocate non-personnel costs and continue to budget personnel centrally while other districts allocate the number of positions and allow the site some discretion as to how they are utilized.
Zero-based Budgeting	A method of budgeting that assumes all past <i>expenditures</i> are optional and must be re-authorized in the new budget in competition with all other budgetary requests.



Cost Calculations

Cost

In general, an *expenditure* for goods (supplies, materials, equipment, land, buildings) or services (salaries, benefits, utilities, professional fees). There are many different ways in which costs can be assembled for various purposes. The following are the ones most often used in Wisconsin school districts:

Gross Cost—The sum of all non-duplicative *expenditures* of a *fund* or a school district. In determining gross costs, care must be taken to avoid double counting. For example, if a school building is financed from borrowed money, the total cost should include either the payment to the building contractor or the repayment of the borrowed money, but not both. Similarly, if a school district spends money for a school lunch program out of the food service fund and also transfers money from the general fund to the food service fund to help pay for the school lunch program, it should not count the transfer as an additional cost.

Net Cost—The *gross cost* of a *fund* or a school district minus costs paid for by certain receipts (typically federal aid, state *categorical aid*, and local non-tax receipts) of that *fund* or district.

Shared Cost—The cost used as the basis for computing state *general aid*. This cost is funded by a combination of property taxes and state *general aid* and includes the net cost of the general fund plus the net cost of the debt service fund. Shared cost is computed using a 3-tier system that measures one district's *cost per pupil* and *equalized value* per pupil against an amount specified by the state.

Cost per Pupil

Costs for a specified period of time divided by the number of pupils. There are three primary measures of costs that are stated on a per pupil basis.

Current Educational Cost (CEC)—The overall cost for instructional and instructional support services provided to district residents.

Total Education Cost (TEC)—The *CEC* plus transportation, certain *expenditures* for facility acquisitions, and debt service principal and interest.

Total District Cost (TDC)—The *TEC* plus food and community service costs.



Debt Transactions

Advance Refunding

Debt issued to refinance existing debt where the proceeds are received by the school district more than 90 days prior to the date the existing *bonds* will be retired. These proceeds are put into a “trust” and invested until they are utilized to pay off the existing debt. These transactions are typically done to either save money by refinancing at lower interest rates or to restructure the payment streams of the existing issue to more favorable terms. *NOTE: Tax-exempt municipal debt issued after 1986 may not be advance refunded more than once.*

Arbitrage

The difference between the combined interest rates on the investment of *bond* or *note* proceeds and the combined interest rates of the *bonds* or *notes* themselves. The ability of a school district to earn arbitrage is heavily regulated by federal income tax regulations.

Bank Qualified Debt

A debt issued in a year where the school district issues less than \$10 million of *general obligation debt*. Because there are certain tax benefits for banks that purchase bank qualified debt, banks may offer a lower interest rate.

Bond

A written obligation to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity. Bonds generally carry interest at a fixed rate, but may carry variable rates. Principal and interest payments are usually payable periodically. A bond can have a final maturity of no greater than twenty years.

Bond Anticipation Note

Short-term debt incurred to provide funds on an interim basis in anticipation of *long-term debt* being issued on a future date. This type of note is most commonly issued to provide interim funds for a capital project.

Bond Counsel

For more information:
<http://www.moody.com>
<http://www.standardandpoors.com>
<http://fitchratings.com>

A law firm experienced in the Wisconsin Statutes applicable to the issuance of school district obligations and federal income tax law applicable to debt transactions. Bond counsel usually prepares the documents for a debt transaction, and gives an opinion that the obligations are properly issued, are enforceable under state law, and are exempt from income taxation under federal tax law.

Bond Insurance

Insurance that protects the purchaser of the *bonds* in the event the school district defaults. This added security results in the bond issue receiving the highest possible *credit rating*, which results in lower interest rates on the *bonds*. School districts may decide to obtain bond insurance when the cost to do so is less than the interest savings.

Competitive Sale

A sale of obligations where bids are received from interested *underwriters* at a certain time and date. Most of the terms of the obligations are set prior to the competitive sale, and are announced in an official notice of sale. The bids of each *underwriter* reflect the interest rates proposed by such *underwriter*, with the lowest combined interest rate being the winner.



Credit Rating	A rating that establishes the school districts relative risk to a purchaser of debt in comparison with other debt issued by other entities. Debt of public entities is rated by one or more of three rating agencies – Moody’s Investors Service, Standard and Poor’s and Fitch Investment Services.
Current Refunding	Debt issued to refinance existing debt where the proceeds are received by the school district less than 90 days prior to the date the existing <i>bonds</i> will be retired. These transactions are typically done to either save money by refinancing at lower interest rates, or to restructure the payment streams of the existing issue to more favorable terms. Unlike <i>advance refunding</i> issues, <i>tax-exempt</i> municipal debt may be current refunded as many times as deemed practical by the issuer.
Debt Limit	The maximum amount of debt that a school district is legally permitted to incur. The school district debt limit is 10% of <i>equalized value</i> for K-12 school districts and 5% of <i>equalized value</i> for K-8 and union high school districts.
Debt Margin	The difference between the <i>debt limit</i> and total outstanding debt.
Debt Service	<i>Expenditures</i> for the payment of principal and interest on <i>long-term debt</i> .
General Obligation Debt	The debt incurred by a school district, the repayment of which is secured by the district’s general taxing authority.
Long-term Debt	Debt that is issued for extended periods of time. Most long-term debt is associated with capital projects, however, other purposes could include refinancing a district’s prior year service liability with the Wisconsin Retirement System (WRS) or long-term operational debt in the event that a district has a negative <i>fund balance</i> .
Negotiated Sale	A sale of obligations where the <i>underwriter</i> is selected by the school district prior to the sale of the obligations. In a negotiated sale, the <i>underwriter</i> provides financial advice similar to that given by a financial advisor and, in contrast to a <i>competitive sale</i> , is the sole bidder on the obligations. A negotiated sale may be appropriate where the complexity of the <i>bond</i> issue or rapidly changing market conditions make a <i>competitive sale</i> impractical or unwieldy for the school district.
Non-referendum Debt	A special statutory provision that allows school boards to issue and have outstanding an amount of up to one million dollars of debt without referendum. The costs to repay the debt issued under this provision are within the district’s total <i>revenue limit</i> . Debt issued to refinance other existing debts is not included in this category of debt.
Official Statement	A compilation of facts and figures relative to the school district which gives any potential purchaser of debt information in order to formulate a bid. The official statement provides a political, economic, demographic and financial overview of the school district along with a detailed explanation of the specific debt issue.



Promissory Notes	A written obligation to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity. Notes generally carry interest at a fixed rate, but may carry variable rates. Principal and interest payments are usually payable periodically. A note can have a final maturity of no greater than ten years.
Revenue Bonds	Debt incurred, the repayment of which is secured by anticipated future <i>revenues</i> , such as food service sales.
Short-term Debt	Debt that is issued for short periods of time. Most short-term borrowing is in the form of <i>Tax and Revenue Anticipation Notes</i> for cash flow purposes or <i>Bond Anticipation Notes</i> as an intermediary step to issuing long-term debt for capital projects.
Taxable Debt	Obligations issued by the school district where the interest payments are NOT exempt from inclusion on federal income tax returns. School districts rarely issue taxable debt obligations, however, the refinancing of the Wisconsin Retirement System Prior Years Service Obligation is an example of a type of debt issue that is considered taxable.
Tax Exempt Debt	Obligations issued by the school district where interest payments are exempt from federal income taxation. Wisconsin school district debt is usually exempt from federal income taxes, but not from state income taxes. Double exempt debt is exempt from both federal and state income taxes.
Tax and Revenue Anticipation Notes (TRAN)	Debt that is issued by school districts for cash flow purposes. This debt must be repaid within thirteen months of issuance. Most school districts must borrow because <i>expenditures</i> of the <i>fiscal year</i> begin on July 1 st but state aid and property tax revenues are not received until later in the fiscal year.
Underwriter	A financial firm that initially purchases the <i>bonds</i> or <i>notes</i> in a <i>competitive sale</i> or a <i>negotiated sale</i> , and then resells them to the public.
Underwriter's Fee	A fee charged for the purpose of managing and administering the initial purchase and resale of the debt. The amount of the fee is based on the complexity of the debt issue and the sophistication of the issuer. Fees are usually expressed as a percentage of the size of the total debt incurred. Fees are negotiable.
Underwriter's Spread	The difference between the amount paid by the purchaser(s) to the school district and the amount received by the purchaser(s) on resale of the bonds.



Pupil Counting & Reporting

Aggregate Days of Attendance

The total number of days pupils are enrolled and actually present for all pupils for all days in session during a reporting period.

For instance; if a school has 100 pupils who were enrolled the entire year, 180 days of school and perfect attendance, the aggregate days of attendance would be 1800. If the total number of absences for all pupils was 100 days, the aggregate days of attendance would be 1700. If 1 of the pupils did not enroll until the 5th day of school, the aggregate days of attendance would be reduced by 4.

Aggregate Days of Membership

The total number of days pupils are actually enrolled for all pupils for all days in session during a reporting period. A pupil may be counted in membership even if not in attendance. However, the first and last days of enrollment for any pupil are determined as the first and last days, respectively, of that pupil's attendance during a given reporting period.

For instance; if a school has 100 pupils who were enrolled and present on the first and last days during a 180 day school year, the aggregate days of membership would be 1800. Membership would be unaffected by pupil absences that occur during the year, however, if 10 of those pupils did not enroll or were not present until the 11th day of school, the aggregate days of membership would be reduced by 100 (10 pupils times 10 days).

Average Daily Attendance (ADA)

The aggregate days of attendance during a given reporting period (typically a school year) divided by the number of days school is in session during that period.

Average Daily Membership (ADM)

The aggregate days of membership during a given reporting period (typically a school year) divided by the number of days school is in session during that period. However, for summer school, this formula is modified. An aggregate day of membership in summer school is determined by dividing the aggregate class minutes of membership for the summer session by 48,600. (The value 48,600 represents the number of class minutes in a typical school year, assuming six periods per day and 180 days per year.)

Enrollment

The total number of pupils enrolled, whether part-time, full-time, resident or non-resident. For state reporting purposes, students must be enrolled in a qualifying program. A pupil is considered enrolled whether in attendance on a specific count date or not, plus pupils enrolled in home bound instruction and non-graduates enrolled in qualifying alternative programs. If a pupil is absent without excuse for more than 20 consecutive school days, his or her enrollment is retroactively terminated to the last day of attendance.



Full-Time Equivalent (FTE) Enrollment

The result of a computation that divides the amount of time for a less than full-time activity by the amount of time normally required in a corresponding full-time activity.

Membership

The count of resident pupils only, to determine *general aid*. The count includes resident pupils regardless of enrollment in or out of the district, adjusted for *full time equivalency (FTE)* in accordance with the rules established by the DPI.

- Only district residents may be counted in membership.
- A pupil enrolled in a program operated by a CESA is counted by the district in which the child resides.
- A pupil concurrently enrolled in the school district and a County Children’s Disability Education Board (CCDEB) is counted by the district in which the child resides.
- A pupil for whom the district of residence pays tuition or similar charges is counted by the district in which the child resides rather than the district in which the child is enrolled.
- A pupil who transfers to another district as part of a program to promote racial and cultural balance is counted by the district in which the child resides rather than the district in which the child is enrolled.
- Pupils in kindergarten programs are counted in accordance with their percentage of full-time attendance. A full-day’s credit is given for a kindergarten pupil who attends school the same length of time as the first graders of the district
- Pupils must reach the prescribed age requirement on or before September 1 in order to be counted for the year.

Pupil Count

One of the methods prescribed by the DPI for counting pupils served by the school district. Different pupil count methods are necessary as the information required is dependent on the purpose for which it is used.

Pupil Weighting

A method of distributing funding according to the individual characteristics of each pupil. Weights or ratios are assigned for categories of pupil need or special costs and funds are allocated to districts based on their total weighted pupil count.

Wisconsin does not weight pupils at this time, but an example of weighting might be:

A school has 100 students; 10 of them are special needs, 20 of them qualify for free lunch. The state adopted a weighting formula that adds .3 FTE to each free lunch student and .7 FTE to each special needs student. Therefore; the weighted pupil count for this school is 113 (70 students weighted as 1 each plus 10 students weighted as 1.7 each plus 20 students weighted as 1.3 each).

Students With Disabilities (SWD)

The official classification, specified by the federal government, to describe students requiring special education services based on their disability.



School Funding

Capital Assistance Formula	A reference in various proposals for school finance reform that provides state financial assistance for qualified capital projects.
Categorical Aid	<p>State or federal aid which is intended to finance or reimburse a specific category of instructional or supporting program or to aid a particular target group of pupils. The district may use the aid only for the purpose for which it is paid.</p> <p>Wisconsin categorical aids include special education, library (Common School Fund), driver education aid, integration aid, food service, bilingual/bicultural and other state aids.</p> <p>Federal categorical aids include No Child Left Behind, IDEA (special education), vocational education, food service, and other programs.</p>
Equalized Aid	A component of <i>general state aids</i> distributed to school districts based on a formula that takes into consideration each individual district's <i>equalized valuation, membership and costs</i> .
Foundation Plan	A school funding system that, generally, allocates a uniform per pupil amount to local school districts. Proposals for a foundation plan often provide a process whereby a school district may obtain additional funding related to specific populations served or through local school board or elector approval. <i>Also known as Basic Educational Grant</i>
General Aid	State aid which is not limited to any specific program, purpose, or target population but which may be used to finance the general educational program as determined by the recipient district.
General Aid Membership	The average of <i>membership</i> on the third Friday in September and the second Friday in January, plus: the prior year <i>ADM</i> for summer school, foster/group home equivalents and <i>FTE</i> for part-time high school pupils.
General Purpose Revenue (GPR)	The category of <i>revenues</i> raised by the state that is not designated for specific purposes. GPR generally includes <i>revenues</i> raised from sales and use taxes and state income taxes.
Impact Aid	Federal funds (unrestricted) paid to districts predominantly based on the number of federally (usually military) employed parents in the district or students of Native American descent. Impact aid may also be received as a payment in lieu of property taxes for federal forest land.
Indirect Cost Rate	The rate used to recover a portion of the general expenses of operating the district (overhead costs) to a specific grant or program. School districts may assess indirect costs to some state and federal grants.



Integration Aid	A state aid provided to encourage racial desegregation.
Partial School Revenues	That portion of total school <i>revenues</i> that is included in the state's definition of the amount to be funded under its commitment of providing 2/3rds funding. Partial revenues include the sum of state school aids and property taxes levied for school districts.
Qualified Economic Offer (QEO)	A provision in state statute that allows school boards to limit the annual increase in total compensation of certificated professional staff in accordance with rules established by the Wisconsin Employment Relations Commission.
Revenue Limit	A state imposed limit to the amount of property taxes a school district is permitted to <i>levy</i> . The maximum allowable <i>levy</i> is determined using the following factors: prior year's revenue limit, three year average <i>pupil count</i> , allowable per pupil revenue increase, special adjustments, exceptions, and the amount of <i>general state aid</i> to be received by the district in the current year. A district that exceeds the revenue limit will have <i>general state aids</i> reduced in the same <i>fiscal year</i> .
Transfer of Service	An exception allowed within the <i>revenue limit</i> computation that permits a school district to increase its <i>revenue limit</i> by the amount by which the district must assume responsibilities formerly provided by another unit of government. All transfers must receive approval from the DPI.
Vertical Equity	A term used in various proposals for school finance reform that attempts to create equity by weighting students according educational need.

Taxation

Assessed Valuation	The <i>property valuation</i> determined by the municipal (city, village, town, or county) assessor as of January 1 in any given year. It is important that property of equal value be assessed at equal amounts, but it is not necessary that the amounts reflect the true sale value of the property. State law requires that total assessments within a municipality be within 10 percent of <i>equalized valuation</i> no less frequently than every five years.
Assessment Ratio	The ratio of <i>assessed</i> to <i>equalized valuation</i> .
Equalized Valuation	The theoretical market value of property determined by multiplying the <i>assessed valuation</i> by an adjustment factor computed by the Wisconsin Department of Revenue. A different adjustment factor is applied for each type of property in each taxing district. The equalized value helps to assure each type of property will have comparable value regardless of local assessment practices.
Levy	The total amount of <i>real property</i> taxes certified by each school board as necessary to provide funding for the annual school <i>budget</i> .
Levy Rate	The dollar amount that is determined by taking the total tax <i>levy</i> and dividing it by the value of property to be taxed. Normally stated in terms of dollars and cents per \$1,000—see <i>Mill Rate</i> .



Lottery Credit	A portion of lottery earnings designated for property tax relief. The lottery credit was discontinued as it was determined to be unconstitutional in October 1996.
Mill Rate	An amount, stated in “dollars and cents per thousand” that is calculated by dividing the total tax <i>levy</i> by the total value of property to be taxed.
Property Valuation	The dollar value placed on land and buildings for purposes of assessing and collecting property taxes. There are two commonly used methods of describing property valuation: <i>assessed and equalized</i> . Equalized valuation may either include or exclude a <i>Tax Incremental Finance</i> district.
Real Property	Property consisting of land, buildings, minerals, timber, landscaping, and all improvements thereto.
Reverse Referendum	A process where an action of a school board can be forced to referendum. For example, if the school board passes a resolution to borrow money the law could require that this action be posted in the official newspaper and, depending on collection of a specified number of signatures, the taxpayers could force the action to be placed on a ballot for a binding vote by the general electorate. <i>Also known as Permissive Referendum.</i>
School Levy Tax Credit	The school levy tax credit, shown on the individual property tax bill, is a reduction from the gross tax which would otherwise have been paid. The amount of the school levy credit paid to a municipality is based on the municipality’s share of a three-year average of the total statewide levy. Each municipality’s total credit is divided by the total value of the municipality’s taxable property to determine a rate which is applied to the individual tax bill. The school levy credit applies to all taxable property.
Tax Credits	Financial allowances made by the Legislature which are designed to provide property tax relief.
Taxes	Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.
Tax Incremental District (TID)	A financing mechanism available only to municipalities to provide incentives for economic development in a specified geographic area. Taxes collected within the TID are restricted to pay the cost of infrastructure related to development of the TID until such costs have been paid.
Tax Incremental Finance (TIF)	The amount of appreciation of <i>equalized valuation</i> of property within a designated geographical area that is above the base-level <i>equalized valuation</i> of the area at the time it was created. Property taxes on the TIF increment which would normally go to school districts, counties, technical college districts, and others, instead go to the municipality which created the TIF district to help that municipality pay for the cost of economic development within the district.



Index

- Account, 2
- Accounting Period, 2
- Accounts Payable, 2
- Accounts Receivable, 2
- Accrual, 2
- ADA, 11
- ADM, 11
- Advanced Refunding, 8
- Aggregate Days of Attendance, 11
- Aggregate Days of Membership, 11
- Annual Report, 2
- Appropriation, 6
- Arbitrage, 8
- Assessed Valuation, 14
- Assessment Ratio, 14
- Audit, 2
- Average Daily Attendance, 11
- Average Daily Membership, 11
- Balance Sheet, 2
- Bank Qualified Debt, 8
- Basic Educational Grant, 13
- Bond, 8
- Bond Anticipation Note, 8
- Bond Counsel, 8
- Bond Insurance, 8
- Budget, 6
- Budget Amendments, 6
- Budget Report, 2
- Capital Assistance Formula, 13
- Capital Expansion Fund, 2
- Capital Outlay, 3
- Cash Balance, 3
- Cash Basis, 3
- Categorical Aid, 13
- CEC, 7
- Chart of Accounts, 3
- Competitive Sale, 8
- Cost, 7
- Cost per Pupil, 7
- Credit Rating, 9
- Current Educational Cost, 7
- Current Refunding, 9
- Debt Limit, 9
- Debt Margin, 9
- Debt Service, 9
- Deferred Income, 3
- Deficit Spending, 6
- Due to Other Funds, 4
- Due to Other Governments, 4
- Encumbrance, 6
- Enrollment, 11
- Entitlement, 6
- Equalized Aid, 13
- Equalized Valuation, 14
- Expenditures, 4
- Expenses, 4
- Fall Report, 2
- FASB, 4
- Financial Accounting Standards Board, 4
- Financial Statements, 4
- Fiscal Year, 4
- Foundation Plan, 13
- FTE, 12
- Full-Time Equivalent (FTE) Enrollment, 12
- Function, 3
- Fund, 3
- Fund Balance, 3,4
- GAAP, 5
- GASB, 4
- General Aid, 13
- General Aid Membership, 13
- General Obligation Debt, 9
- General Purpose Revenue, 13
- Generally Accepted Accounting Principles, 5
- GPR, 13
- Gross Cost, 7
- Impact Aid, 13
- Indirect Cost Rate, 13
- Integration Aid, 14



Inter-governmental Cooperation	Tax and Revenue Anticipation
Agreements, 5	Notes, 10
LEA, 5	Tax Credits, 15
Levy, 14	Tax Exempt Debt, 10
Levy Rate, 14	Tax Incremental District, 15
Local Education Agency, 5	Tax Incremental Finance, 15
Location, 3	Taxable Debt, 10
Long-term Debt, 9	Taxes, 15
Lottery Credit, 15	TDC, 7
Membership, 12	TEC, 7
Mill Rate, 15	TID, 15
Modified Accrual, 5	TIF, 15
Negotiated Sale, 9	Total District Cost, 7
Net Assets, 5	Total Education Cost, 7
Net Cost, 7	TRAN, 10
Non-referendum Debt, 9	Transfer of Service, 14
Object, 3	Underwriter, 10
Official Statement, 9	Underwriter's Fee, 10
Partial School Revenues, 14	Underwriter's Spread, 10
Permissive Referendum, 15	Vertical Equity, 14
Project, 3	Wisconsin Uniform Accounting
Promissory Notes, 10	Requirements, 3
Property Valuation, 15	WUFAR, 3
Proprietary Fund, 5	Zero-based Budgeting, 6
Pupil Count, 12	
Pupil Weighting, 12	
QEO, 14	
Qualified Economic Offer, 14	
Real Property, 15	
Revenue Bonds, 10	
Revenue Limit, 14	
Revenues, 5	
Reverse Referendum, 15	
School Levy Tax Credit, 15	
Segregated Revenues, 5	
Shared Cost, 7	
Short-term Debt, 10	
Site Based Budgeting, 6	
Source, 3	
Students With Disabilities, 12	
SWD, 12	



The Wisconsin Association of School District Administrators and the Wisconsin Association of School Business Officials gratefully appreciate the sponsorship of this publication by the following supporters of public education:

EMC Insurance Companies
Key Benefit Concepts
Robert W. Baird & Co., Inc.
Skyward, Inc.
Sodexo School Services
Springsted, Inc.
Stifel Nicolaus
Taheer, Inc.
UBS PaineWebber
WEA Trust

Wisconsin Association of
School District Administrators (WASDA)
Miles Turner, Executive Director
4797 Hayes Rd., Suite 201, Madison, WI 53704
Phone (608) 242-1090 Fax (608) 242-1290
Www.wasda.org mturner@wasda.org



Wisconsin Association of
School Business Officials (WASBO)
Don Mrdjenovich, Executive Director
4797 Hayes Road, Suite 101, Madison, WI 53704
Phone (608) 249-8588 Fax (608) 249-3163
Www.wasbo.com wasbo@wasbo.com

