

**Gettysburg Area School District
Glossary of School District Financial Terms
January 12, 2018**

This Glossary of School District Financial Terms contains definitions and explanations of terms used concerning budget and financial accounting processes and procedures for schools.

Accounting System

The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities. These methods are generally different for the various Funds of a school District. Funds are established to account for various "entities" within the District. GASD utilizes the following Funds:

General Fund

This fund accounts for all typical school district transactions not included below.

Capital Projects Fund

This fund accounts for procurement of capital assets of the District that have been designated by the Board for this fund. Generally, long-range plans for the maintenance and acquisition of land, buildings, equipment (and improvements thereon) are set aside for management within this fund. However, the acquisition of these items also appears within the other funds, particularly when those purchases are relatively minor and non-recurring.

Debt Service Fund

This fund accounts for proceeds of long term debt and its related disbursement. When borrowing funds, certain minor amounts can remain after closing, and are usually applied to subsequent debt payments. Payments for long term debt are often flowed through the Debt Service Fund, showing that the payments were properly received by the debt Paying Agent and properly distributed to the owners of the debt instruments (bond or notes).

Food Services Fund

This fund accounts for all Food Services (breakfast, lunch, etc.) transactions. By Code, this fund operates as a proprietary fund with responsibilities to be self-funding. Also required is the recording of related purchases of capital assets and depreciation of those assets, and of any long term debt issued specifically for those assets.

Trust Fund

This fund is not currently used, but has been used until just recently, as all accounts within the Fund were transferred to other fund custodians, such as Dollars for Scholars or the Adams County Community Foundation. These accounts are established by individuals outside the District for the benefit of our students or graduates and are managed by a specific Trust document describing the rules under which the funds are invested and distributed. Such funds are most often issued as scholarships.

Student Activities Fund

This fund is currently used only at the High School for various student-managed activities. Various clubs and organizations are established, each with their own accounts to track their financial activities under Board Policy, Administrative Guidelines, and other established procedures. Unused funds carry forward each year with each of the accounts. Generally, these accounts manage fundraising efforts of the various student clubs and organizations, along with the expenditures of those funds.

In addition to these Funds, the District maintains two “groups of accounts” for Capital Assets and for Long Term Debt. These are used to manage financial records for the investments in land, buildings and equipment and for the long term debt issued to pay for those assets, except for the amounts applicable to the Food Services Fund. This is because the accounting systems of the various funds (see below) do not reflect these long-term items.

For Pennsylvania school districts, there are three general accounting methods used, as prescribed by the Pennsylvania Department of Education (PDE).

Modified Accrual Basis

This accounting system recognizes current receivables and payables in the fiscal period the underlying transaction takes place, regardless of when they are paid. It does not reflect the impacts of investments in capital assets or long term debt.

This method is used for the General Fund, Capital Projects Fund, and Debt Service Fund.

Accrual Basis

This method is similar to the Modified Accrual Basis, but also reflects capital assets investments and depreciation, and any long term debt specifically for those assets.

This method is used for the Food Services Fund.

Cash Basis

This method does not reflect any receivables or payables and operates solely on when funds change hands.

This method is used for the Student Activities Fund at the High School.

Accounts Payable

A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by the District.

Accounts Receivable

An asset account reflecting amounts due from private persons or organizations for goods and services furnished by the District.

Act 1 of 2006

Also called the Taxpayer Relief Act. This law eases the financial burden of home ownership by providing school districts the means to lower property taxes to homeowners via the funding provided by gaming revenue. The legislation also enacts rigorous restrictions on tax rate increases and establishes clear time lines within which school budgets must be developed and approved.

Annual Financial Report

A financial report applicable to a single fiscal year that reports the results of all transactions of all funds and groups of accounts. All public school entities are required by law to submit an Annual Financial Report each year, on a prescribed PDE-2057 form.

Audit Report, or Comprehensive Annual Financial Report (CAFR)

The official annual financial report of a government agency, which includes basic financial statements, required supplementary information, and combining statements by fund type and individual fund. It also includes supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions, non-required supplementary information, extensive introductory material including a Management Discussion and Analysis prepared by the District, notes to the financial statements, and statistical information. This report includes an opinion of the independent auditor regarding the accuracy of the report

Average Daily Attendance (ADA)

One ADA is equivalent to one student attending school every day of the school year.

Average Daily Membership (ADM)

One ADM is equivalent to one student being enrolled in school every day of the school year, regardless of attendance.

Bond Ratings

In the context of general obligation bonds and notes, this is a “grade” provided by the rating agency that provides insight regarding the safety of the bonds and notes issued by the District. Better bond ratings make it easier to issue those bonds and notes and result in lower interest costs.

Budget Calendar

The schedule of key dates that the Board and Administration follow in the preparation, deliberation, adoption and administration of the budget.

Budget Reserve

An amount of money set aside within the annual budget expenses, and kept in reserve for unexpected needs. Use of this account only occurs upon Board approval.

Budget Transfers

A budget is a plan that can change for a variety of reasons, and it is common for changes to occur as a school year moves forward. Budget Transfer Requests (BTR's) for changes in budgets are processed systematically, and are ultimately approved by the Board

Chart of Accounts

For Pennsylvania school districts, the chart of accounts used to record transactions are made up from several dimensions, each with a specific purpose. The account structure is

XX-XXXX-XXX-XXX-XX-XXX-XXX-XXX-XXXX,

with each segment (dimension) representing:

- XX Fund - Indicates fund of the district (defined elsewhere)
- XXXX Function – Indicates the department of the district (regular education, special education, principal services, guidance services, etc.)
- XXX Object – Indicates what is being purchased (supplies, equipment, electricity, etc.)
- XXX Funding Source – Indicates any specific source of funding for a particular purpose (Title I, JROTC, Perkins, Tech Prep, etc.)
- XX Instructional Organization – Indicates the grade levels, or groupings (elementary, secondary, etc.)
- XXX Operational Unit – Indicates the building to which the budget line applies
- XXX Subject – Indicates the subject matter (math, science, administration, guidance, etc.)
- XXX Job Class – Indicates the budget site – who created and is responsible for this budget line
- XXXX Special Cost Center – Used to further identify and segregate accounts (each athletic sport, each elementary and middle school club/activity, each program year for federal funding, etc.)

Delinquent Taxes

Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

Fiscal Year

A twelve-month period of time to which the annual budget applies and at the end of which a local education agency determines its financial position and the results of its operation. The GASD fiscal year begins July 1 and ends June 30.

Fund Balance

The cumulative net amount of money or other net assets left unspent and unencumbered from the previous fiscal years. There are various types of fund balance, as follows:

Nonspendable – Generally due to legal or contractual requirements, such as the principal of a Trust fund, or provisions for inventories.

Restricted – Constrained for use for a specific reason by outside parties or legislation, such as the balance held by Lincoln Benefit Trust (LBT) as part of a reserve requirement of that self-insurance program.

Committed – Amounts set aside by Board action for a particular purpose, such as for PSERS cost increase tempering, capital projects, and long-term funding for specific projects.

Assigned – Amounts set aside by District Administration for specific purposes.

Unassigned – Amounts available for use at the discretion of the Board, within parameters within Board Policy and state law.

Governmental Accounting Standards Board (GASB)

The authoritative accounting and financial reporting standard-setting body for government.

Investments

Most commonly, securities held for more than 12 months for the production of interest and dividend revenues. Pennsylvania law restricts the investments made by school districts to help ensure fiscal accountability though minimized risk.

Local Educational Agency (LEA)

Public school systems and support organizations located within prescribed geographical boundaries, including School Districts, Intermediate Units, Comprehensive or Occupational Career and Technical Centers (CTC's), Charter Schools, and State Juvenile Correctional Institutions.

Millage rate

The rate of tax levied on the assessed value of real property. One mill equals \$1 per \$1,000 of assessed value (.001).

Preliminary Budget

As required by Act 1, it is generally the "first look" at expenses and revenues in the early steps of budget development. It is required unless the Board adopts a Resolution to adopt the budget without exceeding the Act 1 index for real estate tax rate increases.

Proposed Budget

The second "formal" version of the budget, adopted by the Board and presented to the public for input, at least 30 days before the final budget is approved.