



DEFINITIONS

Accounting – Accrual Year-end reporting required by the Department of Education on the certified annual financial report. A district may be operating on a cash accounting basis, yet report on a modified accrual basis.

Accrual budgeting Incurred expenses, including salaries, and all receivables in the year in which the services were received. The entire yearly salary for each employee is budgeted in the fiscal year in which the service is rendered. The move from cash accounting to accrual budgeting requires a sufficient unspent balance.

Actual (BEDS) enrollment The number of pupils attending in the school district on the headcount date of October 1 of each year. *Iowa Code § 257.6.*

Additional levy A property tax levy in the amount necessary to fully fund a school district's combined district cost and required by the school finance formula to be levied each fiscal year. It is sometimes referred to as the foundation levy. It is one component of funding the combined district cost. *Iowa Code § 257.4.*

AEA flowthrough Monies paid to the AEA directly from the state and calculated under the school finance formula based on the size of the school district enrollment. *Iowa Code § 257.35; 273.9.*

Aid and levy worksheet A document prepared by the Iowa Department of Management which allows each school district to calculate its total spending authority and property tax under the school finance formula.

Amended budget An amendment budget to the certified budget filed April 15th. It must be adopted in the same manner as the certified budget and generally before May 31st in any fiscal year.

Balance Sheet A financial report in the school district audit which provides valuable information regarding the financial health of the school district. It contains the amount of the unreserved, undesignated general fund balance.

Base year The current fiscal year. *Iowa Code § 257.2(2).*

Basic enrollment The actual enrollment. *Iowa Code § 257.6.*

Budget year The fiscal year immediately following the current year. *Iowa Code § 257.2(4).*

Budget adjustment (guarantee) An amount of spending authority added to a school district's budget to ensure the school district's authorized spending limit is no less than the prior year. It is funded by property tax. This is being phased out over time. *Iowa Code § 257.14.*

Budget enrollment Equals the actual enrollment. *Iowa Code § 257.6.*

Cash balance Represents the cash position of the school district at any given time. It is referred to as unexpended cash balance by the SBRC and is also often referred to as secretary's balance.

Cash reserve levy Allows the board on its own motion to replace property tax revenue or state aid not received to eliminate severe cash flow problems, or to avoid the expense of borrowing to meet cash flow purposes. *Iowa Code §298.10*

Certified annual report (CAR) A detailed annual compilation of enrollment and receipts and disbursements of all funds for the fiscal year filed with the department of Education on or before August 15th each year.

Certified budget The spending plan certified by the board on April 15 each year for the upcoming fiscal year. *Iowa Code Chapter 24.*

Certified enrollment The actual enrollment certified to the Department of Education each year. *Iowa Code § 257.6.*

Combined district cost The first and major element of a school district's authorized spending authority. It is determined briefly by multiplying the district cost per pupil by the number of pupils in the school district. It is funded by state foundation aid, the uniform levy and the additional levy. It is often referred to as controlled budget. *Iowa Code §§ 257.1, .4.*

Credit rating A financial rating obtained from credit rating agency. The rating is based upon the school district's financial condition and accounting practices. The credit rating directly impacts the interest rates on bond issues which impacts the amount of property tax necessary to repay the bond issue.

District cost per pupil The value assigned by the school finance formula to the pupils in a particular school district. *Iowa Code § 257.10.*

Educational excellence program (Phase monies) Phase I and II are stated funded programs to increase teachers salary. *Iowa Code § Chapter 294A.*

Fiscal year July 1 through June 30. *Iowa Code § 24.2*

GAAP Generally Accepted Accounting Principles (GAAP). *Iowa Code §§ 257.31(4); 298A.1.*

General fund The fund that receives the revenues from the school finance formula. It is a governmental fund under GAAP which accounts for the revenues and expenditures for the educational program and most school district operations. *Iowa Code § 298A.2.*

Gifted and talented program Funded by 25 percent from district cost and the balance of 75 percent from \$48 per weighted enrollment included in state aid as determined by the funding formula.

Independent audit Required by law. An outside audit is performed in compliance with the law and the school district's audit specifications. *Iowa Code § Chapter 11.*

Instructional support program Miscellaneous income to the school district of up to 10 percent of the regular program cost in the form of property tax and state aid or property tax income surtax and state aid. *Iowa Code §257.18-27.*

Line item budget An internal financial document sharing all revenues and expenditures by program, building or project.

Miscellaneous income Revenue which is not part of the combined district cost. In other words revenue other than the uniform levy, state foundation aid and the additional levy are considered miscellaneous income. The second element of total spending authority. *Iowa Code § 257.2(9)*.

Modified accrual A form of accounting used by school districts in the governmental funds. It requires revenues to be recognized when they become both “measurable” and “available” to finance expenditures of the current accounting period.

Physical plant and equipment levy (PPEL) A special revenue fund providing a maximum of \$1.67 per \$1000 of assessed valuation. The board may approve 33 cents annually in property tax; and/or hold an election for up to \$1.34 for a period of up to 10 years and funded by property tax or property tax and income surtax.

Public education recreation levy (PERL) A special revenue fund commonly referred to as the playground levy and funded with \$0.135 per \$1000 assessed valuation.

Program for returning dropouts and dropout prevention Funded by 75 percent from additional allowable growth and 25 percent from district cost.

School Budget Review Committee (SBRC) A five-member committee with authority over anything affecting school district accounting and budgeting. The director of the Iowa Department of Education serves as chair. The director of the Iowa Department of Management serves as secretary. The other three members are appointed by the governor. *Iowa Code §§ 257.30, .31*.

School finance formula A statutory funding mechanism based on the number of pupils in a school district which authorizes the maximum (spending ceiling) a school district may spend in any fiscal year. *Iowa Code, Chapter 257*.

Solvency ratio Provides a picture in time of the financial health of a school district and is calculated by dividing the unreserved, undesignated general fund balance by the actual/total revenues of the school district for the fiscal year.

State allowable growth The annual dollar amount calculated by the Iowa Department of Management based on legislation and which is added to each school district’s cost per pupil to provide additional funding to school districts. *Iowa Code §§ 257.8, .29(12)*.

State cost per pupil The value assigned by the school finance formula to each pupil in Iowa’s school districts. *Iowa Code § 257.10*.

State foundation aid Funding paid by the state to school districts to provide equitable funding on a per pupil basis. It is one component of funding the combined district cost. *Iowa Code § 257.1(2)*.

State percent of growth The annual percent of increase for Iowa’s school districts set by legislation and used to calculate the state allowable growth. It is often referred to as the state allowable growth. *Iowa Code §§ 257.2(12), .8*.

Total spending authority The maximum amount authorized under the school funding formula for a school district to spend and certify on its budget for a fiscal year. It includes the sum of the combined district cost, miscellaneous income and unspent balance. It is often referred to as authorized budget. *Iowa Code § 257.7.*

Uniform levy A property tax levy in the amount of \$5.40 per thousand dollars of assessed valuation and required by the school finance formula to be levied each fiscal year. It is sometimes referred to as the foundation levy. It is one component of funding the combined district cost. *Iowa Code § 257.3.*

Unreserved, undesignated general fund balance Represents financial resources available for expenditure after payment of accrued liabilities and recognition of accrued assets.

Unspent balance The amount of the total spending authority (authorized budget) not expended during the fiscal year and includes previous year's cumulation of unexpended total spending authority. It is a measure created by statute to determine if a school district has exceeded its total spending authority in a given fiscal year. It is the third and final element of total spending authority. *Iowa Code § 257.7(1).*

Weighted enrollment Equals the actual enrollment plus the additional weightings assigned to pupils participating in shared classes, special education, classes with shared teachers and classes for English proficiency. *Iowa Code § 257.6.*

