

Glossary of Terms

237 Loan: The school board of any district is authorized to create obligations by way of anticipation of budgeted revenues without pledging the credit of the district or requiring future levy of taxes for capital purposes for a period of one year; however, such obligation may be extended from year to year for a total of 5 years. The debt service is paid from the proceeds of the capital millage (2.00 mills).

Additional Discretionary Millage: A portion of the ad valorem (property) tax rate which is nominally a local school board decision. This levy cannot raise more than \$50 per FTE. Approval of this millage requires a separate vote by the board.

Ad Valorem Tax (property tax): A tax levied primarily on real property. The amount of tax is determined by multiplying the taxable assessed value of the property by the millage rate.

Appropriation: An authorization made by the School Board that permits officials to incur obligations against and to make expenditures of governmental resources.

Assessed Valuation: The estimated value placed upon real and personal property by the County Property Appraiser as the basis for levying property taxes.

Bond (Debt Instrument): A written promise to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

BSA (Base Student Allocation): The dollar amount of revenue allocated by the Legislature as a base funding amount per full-time student.

Budget Amendment: A formal document approved by the board to change the adopted budget.

Budget Calendar: A schedule of dates used in the preparation and adoption of the annual budget.

Budget (Preliminary): The Superintendent's initial budget recommendation prior to the tentative budget hearing.

Budget (Tentative): The budget as advertised in the newspaper and formally adopted by the board in July.

Budget (Recommended): The budget formally adopted by the board at the final public hearing in September.

Budget (Operating): A plan of financial operation embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates).

Capital Outlay (object of expenditure): Expenditures for the acquisition of fixed assets or additions to existing fixed assets. These are expenditures for land or existing buildings, improvements of grounds, construction of buildings, remodeling of buildings, and equipment. Typically, new construction and land acquisition are budgeted in the Capital Outlay Funds. In the operating fund, typical capital outlay items include vehicles, library books, audio-visual equipment, computers, software, and furniture.

Capital Outlay Funds: A specific group of funds created to account for financial resources to be used for the acquisition or construction of major capital facilities. There

are statutory and regulatory restrictions on the use of capital outlay funds. Major capital outlay fund sources include PECO, CO&DS, lottery, impact fee, classrooms first and property taxes.

Categoricals: State revenue sources that are restricted in their use to certain types (categories) of expenditure. Examples of state categoricals are Instructional Technology, Safe Schools, Teacher Lead, Teacher Training, and Instructional Materials funds. The number of categoricals, their funding level, and the limitations on their use are subject to annual approval by the State Legislature.

Certificate of Participation (C.O.P.): A certificate of participation is a form of lease-purchase agreement whereby the cost of a major capital expenditure can be spread over a pre-determined number of years. It is similar to bond financing; however, a C.O.P. is dependent on the appropriation of funds each year to cover the amount of payments required that year. For this reason, it is a somewhat higher risk for the investor, and normally demands a somewhat higher interest rate than a bond.

Certified Taxable Value: The annual property tax value certified by the property appraiser of the county to the State Department of Revenue.

Charter Schools: Charter schools are public schools operating under a performance contract with the local school board. They are free from many state and local bureaucratic regulations and mandates controlling local schools, but in return they are held strictly accountable for the academic and financial performance of the school. Charter schools, sometimes referred to as "independent public schools", can be existing public schools converted to charter status or newly created schools organized by teachers, parents, and community groups.

Classrooms First: The Florida Legislature bonded a portion of lottery funds to provide an additional source of Capital Outlay funds.

Compression Adjustment: Districts that fell below the state average in funding per FTE received a compression adjustment to reduce the disparity in total potential funds per unweighted FTE in previous years. This allocation was combined with the Supplemental Academic Instruction allocation during this year's Legislative Session

DCD (District Cost Differential): The factor used to adjust funding to reflect differing cost of living in the various districts throughout the state. The DCD is calculated using the Florida Price Level Index. Over the past few years, the DCD has been indexed in differing ways, making historical comparisons difficult. See Value of One FTE.

Debt Service Fund: A fund established to account for the accumulation of resources for payment of interest and repayment of principal to holders of debt instruments.

Discretionary Equalization: A supplement given to districts that generate less than \$50 per FTE from their Additional Discretionary Millage Levy to ensure \$50 per FTE.

Discretionary Grants: Federal and State programs in which each division may choose to fund only those applicants whose project applications best satisfy the funding criteria determined by each division.

Discretionary Lottery: An amount to be expended in accordance with school district adopted policies. Districts are required to provide the Department of Education with a copy of these policies and, within 60 days, submit to the DOE a report showing all actual expenditures of enhancement funds.

Discretionary Millage: The portion of the ad valorem (property) tax rate that is normally a local school board decision. While technically a local option, discretionary

millage revenues are often included in state totals of "total potential revenue".

Discretionary millage rates are capped by annual legislative action.

District Wide Budget: Allocations budgeted in departments for the benefit of the district as a whole (e.g. Property Insurance, Employee Tuition, etc.).

DOE: Department of Education (generally refers to the Florida Department of Education unless otherwise specified).

Dollar Value of One FTE: The amount of revenue which the district receives can be calculated by the following formulas. One FTE times the program cost factor equals weighted FTE. WFTE times Base Student Allocation, times the District Cost differential equals the dollar value of all WFTE.

DOR: Department of Revenue (a state agency).

Educational Technology: An allocation to provide new hardware and software to students and programs.

Effort Index Grant: A special grant provided by the Florida Legislature from lottery funds. These funds can be used for new permanent student stations at new or existing schools as well as core facilities associated with construction of new student stations.

Employee Benefits (object of expenditure): Amounts paid by the school system on behalf of employees. These are contributions made by the district to designated funds to meet commitments or obligations for employee fringe benefits and are not included in gross salary. Included is the district's share of costs for Social Security and the various pensions, medical and life insurance plans.

Encumbrances: Obligations in the form of purchase orders, contracts 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 an actual liability is set up.

Energy Services (object of expenditure): These expenditures include electricity and diesel fuel as well as heating oil, gasoline, and bottled and natural gas.

Entitlement Grants: Federal and State programs in which each application meeting the fund source requirements receives funding according to a specified formula or procedure with no discretion in modifying the calculated amounts. Such programs are also known as "flow-through" programs primarily funded by the United States Department of Education through the Florida Department of Education.

ESE Guarantee Allocation: An allocation resulting from the collapse of fte line numbers 251-253. The students in these line numbers generate basic funding and this allocation provides for their additional needs.

Expenditures: Where accounts are kept on the accrual or modified accrual basis of accounting, expenditures are the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes have been made.

FEFP (Florida Education Finance Program): The system, established in 1973, of financing the operation of Florida public schools. The FEFP bases funding allocations on the number of students, rather than on the number of teachers or school facilities. The purpose of the FEFP is to provide a consistent, equitable source of funding for public education in Florida. The FEFP includes both state and local revenue. The major

source of state FEFP revenue is sales taxes. The main source of local FEFP revenue is property taxes.

Fiscal Year (FY): The twelve month period beginning July 1st and ending the following June 30th. Commonly referred to by the calendar year in which it ends, e.g., the fiscal year ending June 30, 1998, is Fiscal Year 1998.

FTE (Full Time Equivalent) Enrollment: An FTE is defined as one student in membership in an FEFP program or a combination of programs for 180 days and not less than 900 hours for grades 4-12, and not less than 720 hours for grades PK-3. The main FTE surveys occur in October and February.

F.T.E. (Full Time Equivalent) Position: A Full Time Equivalent Position, sometimes referred to as "FTE unit", is equal to an individual working the full number of daily allotted hours for the full number of work days in a work year for a given position classification. One FTE position equals 2080 hours per year for 260 days.

Function: The action or purpose for which a person or thing is used or exists. Function includes the activities or actions that are performed to accomplish the objectives of the enterprise. The activities of the school system are classified into five broad areas: Direct Instruction, Instructional Support, General Support, Maintenance, and Community Service/Debt Service/Transfers.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance: The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit. Portions of fund balance may be committed (e.g., encumbrances) or designated (e.g. contingency) for specific purposes.

General Fund: The fund used to account for all financial resources except those required to be accounted for in another fund. The General Fund is supported by taxes, fees and other revenues that may be used for any lawful purpose. Also called the Operating Fund.

General Obligation Bonds: When the district pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (G.O.) bonds. In Florida, a G.O. bond issue must be authorized by a public referendum.

Instructional Materials Allocation: An allocation to provide instructional materials such as textbooks, A-V materials, computer courseware or software, manipulatives and learning laboratories that will assist in the instruction of a subject or course.

Intergovernmental Revenue: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specified purposes.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department to other departments or schools of the district, on a cost reimbursement basis. The district's self-insured plans are accounted for as an Internal Service Fund.

K-8 Summer School: An allocation to provide instruction for students receiving basic supplemental instruction during the 180-day term. This allocation is no longer included

in FEFP. Summer school will be funded out of Supplemental Academic Instructional Categorical.

Liability Insurance: Expenditures for insurance coverage of the school system, or its officers, against losses resulting from judgments awarded against the system. Also recorded here are any expenditures (not judgments) made in lieu of liability insurance.

Materials and Supplies (object of expenditure): Amounts paid for items of an expendable nature that are consumed, worn out, or deteriorated in use, or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Such items as classroom supplies, repair and maintenance materials, cleaning supplies, textbooks, and office supplies are included.

Mill: One thousandth of a dollar (one-tenth of a cent). The ad valorem (property tax rate) is normally stated in mills. For example, a ten mill levy would be a tax of ten dollars for every thousand dollars of taxable assessed property value.

Millage Rate: The ad valorem (property) tax rate. See Mill.

Object of Expenditure: The service or commodity obtained as the result of a specific expenditure. Expenditure classifications are based upon the types or categories of goods and services purchased. Typical objects of expenditure include salaries, employee benefits, purchased services, materials, and capital outlay.

PECO (Public Education Capital Outlay): A type of capital outlay revenue distributed to districts by the state. The primary funding source for PECO is the gross receipts tax on utilities.

Power Equalization Millage: Districts that levy the discretionary 0.51 mill and an additional 0.25 mill will receive a supplement if the additional 0.25 mill raises less than \$50 per FTE.

Program Cost Factor (Program Weight): A numeric value of the relative cost of providing an instructional program. The "Base Program", Basic Instruction Grades 4 through 8, is assigned a value of 1.000. Cost factors for other programs express how much greater or less expensive these programs are when calculated on a statewide basis. These are relative weights, not adjustments to support actual district expenditures. Current practice in the FEFP is to use three years' historical data to calculate the cost factors; however, this practice can be, and has been, modified on occasion to reflect legislative priorities.

Property Insurance: Expenditures for all forms of insurance covering the loss of, or damage to, property of the local education agency from fire, theft, storm, or any other cause. Also recorded here are costs for appraisals of property for insurance purposes.

Purchased Services (object of expenditure): Amounts paid for personal services rendered by personnel who are not on the payroll of the district school board, and other services which the Board may purchase. Examples are the costs of repair and maintenance services (not materials), certain utilities, rentals, communications, training, travel, legal and fiscal services.

Redbook: Officially titled Financial and Program Cost Accounting and Reporting for Florida Schools, this is the state DOE manual which provides the structure for a uniform data base for public school accounting and budgeting. The most recent edition was released in Jan. 1998.

Remediation Reduction: A performance based incentive for current 9-12 grade students. This allocation is based on placement test scores and is used to enhance the Math and English curricula.

Revenue Bonds: When a government issues bonds that do not pledge the full faith and credit of the jurisdiction, it issues limited liability revenue bonds. Typically, pledges are made to dedicate one specific revenue source to repay these bonds. In Florida, revenue bonds do not require voter approval.

RLE (Required Local Effort): The combination of ad valorem (property) taxes and fees which the school district is required to impose in order to receive state FEFP funds.

Rolled-Back Rate: A calculation mandated by the state which produces a fictitious ad valorem (property) tax rate for comparison purposes. This rolled-back rate is the rate that would generate the same amount of revenue in the new fiscal year as was produced in the previous fiscal year, less new construction and other adjustments. The purpose is to illustrate the impact of increases in the tax base for the required TRIM advertisements and public hearings.

Safe Schools: An allocation based on the latest official Florida Crime Index. Activities include middle school after school programs, alternative school programs for adjudicated youth, and other improvements to enhance the learning environment.

Salaries (object of expenditure): Amounts paid to employees of the school system who are considered to be in positions of a permanent nature, including personnel under written contract substituting for those in permanent positions. Costs include salaries, overtime, supplements, and other direct payments to employees.

SBE/COBI Bonds: State Board of Education / Capital Outlay Bond Indebtedness Bonds are issued by the state on behalf of a local school district.

School Recognition Money: A program providing increased autonomy and financial awards to schools that have sustained high student performance or that demonstrate substantial improvement in student performance. The A+ legislation greatly expanded the program and standardized criteria for awards. Each qualifying school receives an allocation of \$100 per student from the "Lottery" trust fund.

School Wide Budget: Allocations budgeted in departments for school level purposes (e.g. musical instrument repair, Bicentennial Youth Park, etc.).

Special Revenue Fund: A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes. In The School District of Volusia County, most federal funds, and the food service program, are treated as special revenue funds.

Supplemental Academic Instruction Categorical: A state categorical to provide flexible resources to schools to help students achieve. Strategies include class-size reduction, modified curriculum, summer school, reading, etc.

Supplies: Expenditures for material items of an expendable nature that are consumed, worn-out, or deteriorated by use or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Teacher Lead Program: An allocation to provide each classroom teacher with \$100 to purchase classroom supplies.

Teacher Recruitment and Retention: An allocation to provide a retention bonus of \$850 to each classroom teacher meeting the following criteria:

- Must be employed by the district in a full-time capacity for the 2001-2002 school year and were employed by a Florida school district in a full-time capacity during the 2000-2001 school year;
- Must hold a valid Florida Educator's Certificate;
- Must have received a performance evaluation of Satisfactory or higher in 2000-2001.

Teacher Training Allocation: An allocation to provide for professional growth of instructional personnel that aligns in-service activities with school improvement and student achievement plans.

Transportation Allocation: An allocation to provide transportation of students to and from school. The governing body of a charter school may provide transportation through an agreement or contract with the district school board, a private provider, or with parents.

TRIM Act: The "Truth in Millage" Act, incorporated in Florida Statutes 200.065, requires that property owners be notified by mail of the proposed property taxes for the next fiscal year based on "tentative" budgets approved by the School Board, county, municipalities, and other taxing districts. The TRIM Act also includes specific requirements for newspaper advertisements of budget public hearings, and the content and order of business of the hearings.

Trust Fund: Used to account for money and property held in trust by a school system for individuals, government entities, or nonpublic organizations. A Trust Fund is usually in existence over a longer period of time than an Agency Fund. Primarily, Agency Funds function as a clearing mechanism for cash resources collected by the district held for a short period, and then disbursed to authorized recipients.

Two Mill Funds: Revenue produced by an ad valorem (property) tax levy which may be authorized by the school board to support capital improvements. This levy has been capped at two mills since 1989-90 by the state legislature.

Weighted FTE: The amount of survey-determined FTE for a program, multiplied by that program's cost factor, yields the amount of weighted FTE.