# APPENDIX A – Glossary of Terms

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GLOSSARY OF TERMS

This section contains the definition of terms used in this manual and other terms necessary to understand accounting procedures for school districts. Several terms that are not accounting terms have been included because of their significance to school district accounting. The glossary is arranged alphabetically with appropriate cross-reference where necessary.

Many of the definitions have been taken from the recommendations of the Governmental Accounting Standards Board. Others have been taken from Financial Accounting for Local and State School Systems, 1990 released by the U.S. Department of Education and the 1988 Governmental Accounting, Auditing, and Financial Reporting (GAAFR) released by the Government Finance Officers Association (GFOA). The rest were developed by the School District Accounting Advisory Committee.

A

Account. A descriptive heading under which are recorded financial transactions relating to the specific asset, liability, fund balance, revenue, expenditure, or budgetary items.

Account Groups. Accounting entities used by districts (prior to GASB 34) to list general fixed assets and general long-term debt.

Accountability. The capability and the responsibility to account for the expenditures 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 Abbreviations/Acronyms. The following accounting abbreviations/acronyms are commonly used in governmental accounting and are explained individually throughout this glossary:

- AICPA: American Institute of Certified Public Accountants
- APB: Accounting Principles Board
- ASBO: Association of School Business Officials, International
- BANs: Bond Anticipation Notes
- BEA: Basic Education Allocation
- BFS: Basic Financial Statements
- CAFR: Comprehensive Annual Financial Report
- CFDA: Catalog of Federal Domestic Assistance
- COSO: Committee of Sponsoring Organizations of the Treadway Commission
- CPI: Consumer Price Index
- ESEA: Elementary and Secondary Education Act
- FASB: Financial Accounting Standards Board
- FTE: Full-Time Equivalent
GAAFR  Governmental Accounting, Auditing, and Financial Reporting  
GAAP  Generally Accepted Accounting Principles  
GAAS  Generally Accepted Auditing Standards  
GAGAS  Generally Accepted Government Auditing Standards  
GAO  U.S. General Accounting Office  
GASB  Governmental Accounting Standards Board  
GFOA  Government Finance Officers’ Association  
NCGA  National Council on Governmental Accounting  
OMB  U.S. Office of Management and Budget  
OFM  (Washington) Office of Financial Management  
PERS  Public Employees’ Retirement System  
Q&A  Comprehensive Implementation Guide  
RANs  Revenue Anticipation Notes  
RCW  Revised Code of Washington (Legislative Laws)  
RFP  Request for Proposal  
SAO  (Washington) State Auditor’s Office  
SAS  Statement on Auditing Standards  
SEFA  Schedule of Expenditures of Federal Awards  
SERS  School Employees’ Retirement System (for classified personnel)  
SFAS  Statement of Financial Accounting Standards  
TANs  Tax Anticipation Notes  
TRS  Teachers’ Retirement System (for certificated personnel)  
WAC  Washington Administrative Code (agency rules)

**Accounting Period.** A period of time for which financial records are maintained and, at the end of which, financial statements are prepared; for example, September 1 to August 31. See Fiscal Period.

**Accounting Principles.** See Governmental Accounting Principles.

**Accounting Principles Board (APB).** Founded in 1959 by the AICPA to establish accounting principles. It was replaced by the FASB in 1973.

**Accounting Procedure.** The arrangement of all processes that discover, record, and summarize financial information to produce financial statements, reports, and to provide internal control.

**Accounting System.** The methods and records established to identify, assemble, analyze, classify, record, and report school district transactions and to maintain accountability for the related assets and liabilities.

**Accounts Payable.** A short-term liability account reflecting amounts owed to private persons, firms, governmental units, or others for goods received or services performed prior to the end of the fiscal period.
**Accounts Receivable.** An asset account reflecting amounts due from private persons, firms, or others for goods and services performed prior to the end of the fiscal period. General Ledger Account 340 is titled Accounts Receivable and is used for accounts receivable not covered specifically by other receivable accounts.

**Accreted Value.** A valuation basis for certain zero-coupon investments and debt instruments that report on the balance sheet only that portion of their face value reflecting principal and interest accrued to date. See Deep-Discount Debt and Zero-Coupon Debt.

**Accrual Basis of Accounting.** A method of accounting that recognizes the financial effects on a school district of transactions, interfund activities, and other events and circumstances under which revenues are recorded in the period in which they occur regardless of the timing of the cash flows.

**Accrual Basis Expenditures.** See Expenditures, Accrual Basis.

**Accrual Basis, Modified.** See Modified Accrual Basis.

**Accrued Expenditures.** Expenditures incurred during the current accounting period for which payment is not made until a subsequent accounting period. See Accrued Liabilities and Accrual Basis.

**Accrued Interest Payable.** A liability account reflecting interest cost that has been incurred (since the last payment date) but is not due until a later date.

**Accrued Liabilities.** Amounts owed but not yet paid for services performed or goods received during the current accounting period. Accrued liabilities are recorded as applicable to all general ledger liability accounts.

**Accrued Revenue.** Revenue that is measurable and available, but which is not collected until a subsequent period.

**Accrued Salaries.** A liability for wages and salaries earned by employees between the last payment date and the end of the period being reported but not yet paid. General Ledger Account 605 is titled Accrued Salaries.

**Accumulated Depreciation.** The sum of all annual depreciation expenses to date for a capital asset; it is subtracted from historical cost on a Statement of Net Position.

**Activity.** A specific and distinguishable service performed by a school district in order to accomplish a function for which the school district is responsible (e.g., supervision, teaching, insurance).

**Actuarial Accrued Liability.** That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs.
**Actuarial Assumptions.** Assumptions used in the actuarial valuation process as to the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement, and retirement; changes in compensation and national pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods; and other relevant items.

**Actuarial Basis.** A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund or account. The factors considered in arriving at the amount of these contributions include the length of time over which each contribution is to be held and the rate of return compounded on such contribution over its life. A pension trust fund for PERS is an example of a fund concerned with actuarial basis data (SGAS 25).

**Actuarial Cost Method.** A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to individual periods, usually in the form of a normal cost and an actuarial-accrued liability (SGAS 25).

**Actuarial Present Value (APV).** The discounted value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

**Actuarial Section.** One of five required sections of a comprehensive annual financial report of a public employee retirement system.

**Actuarial Update.** An estimate or projection of the pension benefit obligation developed by using techniques and procedures considered necessary by the actuary. If conditions are relatively stable, only a few minor adjustments (such as an accrual of additional interest on the pension benefit obligation since the valuation date and addition of benefits earned during the year less benefits paid) may be sufficient. If there have been significant changes in one or more relevant factors (e.g., in the size or composition of the population covered by PERS), the procedures may be more extensive (SGAS 25).

**Actuarially Determined Contribution Requirements.** Amounts required to be paid annually to a pension plan, based on an actuarial cost method or funding method (SGAS 25).

**Ad Valorem Tax.** A tax based on value (e.g., a property tax).

**Additions.** A term used to describe increases in the net position of fiduciary funds.

**Administration.** Those activities which have as their purpose the general regulation, direction and control of the affairs of the school district that are system wide and not confined to one school, subject, or narrow phase of school activity.

**Administrative Personnel.** See Personnel—Administrative.
**Advance Refunding.** Transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. An advance refunding occurs before the maturity or call date of the old debt, and the proceeds of the advance refunding bonds are deposited in escrow with a fiduciary, invested in U.S. Treasury Bonds or other authorized securities and used to redeem the underlying bonds at their maturity or call date, to pay interest on the bonds being refunded, or to pay interest on the advance refunding bonds. See Refunding Bond. (SGAS 7, RCW 39.53.010.)

**Adverse Opinion.** An opinion stating the auditor’s view that the financial statements do not present fairly financial position, results of operations, and/or cash flows in conformity with generally accepted accounting principles (GAAP).

**Agent.** One who represents, acts for, and accounts to another.

**Agency Funds.** See Fund, Agency.

**Agent Multiple-Employer Defined Benefit Pension/Other Postemployment Benefits Plan.** A group of single-employer plans with pooled administrative and investment functions, but separate actuarial valuations and contribution rates (SGAS 27 and SGAS 45).

**Allot.** To divide a budgetary appropriation into amounts that may be encumbered or expended during an allotment period (e.g., a government may choose to allot its annual budget into 12 monthly periods). See Allotment and Allotment Period.

**Allotment.** The part of an appropriation that may be encumbered or expended during a given period. See Allot and Allotment Period.

**Allotment Ledger.** A subsidiary ledger containing an account for each allotment showing the amount allotted, expenditures for the allotment period, outstanding encumbrances, the net balance, and other related information. See Appropriation Ledger.

**Allotment Period.** A period of time during which an allotment is effective. Monthly and quarterly allotments are the most common.

**American Institute of Certified Public Accountants (AICPA).** Professional association of certified public accountants.

**Amortization.** Gradual reduction of an amount owed according to a specified schedule of times and amounts.

**Analytical Review.** Auditing term for the process used to determine the reasonableness of financial data by comparing it with other financial and nonfinancial data.

**Annual Budget.** A budget applicable to a single fiscal year. See Budget and Operating Budget.

**Apportionment.** See RCW 28A.510.250.

**Appropriation.** Maximum expenditure authorization during a given fiscal period (RCW 28A.505.010). Appropriations are shown in General Ledger Accounts 900 and 905.
**Appropriated Budget.** Expenditure authority created by the appropriation bills or ordinances that are signed into law and related estimated revenues. The appropriated budget includes all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes (NCGA Interpretation 10).

**Appropriation Ledger.** A ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amount charged against the appropriation, the encumbrances, the net balance, and other related information. If allotments are made and a separate ledger is maintained for them, each account usually shows the amount appropriated, transfers to or from the appropriation, the amount allotted, and the unallotted balance. See Allotment Ledger.

**Arbitrage.** In governmental finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting in interest revenue in excess of interest costs.

**Arbitrage Bond.** Any bond issued as part of an issue and any portion of the proceeds of which are reasonably expected (at the time of issuance of the bond) to be used directly or indirectly to: (1) acquire higher yielding investments; or (2) replace assets which were used directly or indirectly to acquire higher yielding investments.

**Arbitrage Rebate.** The payment of the revenue in excess of interest cost that must be made to the U.S. Treasury for the amount of earnings on tax-exempt bond issue proceeds invested in taxable obligations that exceed the yield on the issued bonds (subject to the IRS arbitrage rebate exclusion rules).

**Assessed Valuation.** A valuation set upon real estate or other property by a government as a basis for levying taxes. Assessed valuation is based on 100 percent of true and fair value in the state of Washington.

**Asset Allocation.** A term used in connection with pension and other postemployment benefit plans to describe the process of determining which types of investments are to be included and the percentages that they are to comprise in an overall investment portfolio.

**Assets.** Anything owned that has monetary value; any interest in real property or personal property that can be used for payment of debts. Assets appear as one of the three major balance sheet categories and are counterbalanced by liabilities and fund balance. See Capital Assets.

**Assigned Fund Balance.** That portion of a district’s ending fund balance that has been set aside by the board of director’s or management's intent to use the funds for a particular purpose. The assignment of fund balance reflects intent only, and does not create a contractual obligation on behalf of the board of directors.
**Associated Student Body.** WAC 392-138-010 provides the following definition: “a formal organization of students, including subcomponents or affiliated student groups such as student clubs, which is formed with the approval, and operated subject to the control, of the board of directors of a school district.”

**Associated Student Body Fund.** See Fund, Associated Student Body.

**Association of School Business Officials, International (ASBO).** Association of school finance professionals.

**Audit.** The examination of records and documents and the securing of other evidence for one or more of the following purposes: (1) determining the propriety of proposed or completed transactions; (2) ascertaining whether all transactions have been recorded; and (3) determining whether transactions are accurately recorded in the amounts and in the statements drawn from the accounts. Audits are often conducted for the purpose of expressing an opinion on financial transactions and/or financial statements.

**Audit Committee.** A group of individuals, selected by the district, with responsibility for addressing issues related to the independent audit of the financial statements.

**Audit Finding.** In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report. A typical audit finding is composed of statements of condition, criteria, cause, results, and recommendations. Findings ordinarily are presented together with a response from management, which states management’s concurrence or nonconcurrence with each finding and its plan for corrective actions.

**Audit Program.** A detailed outline of the work to be done and the procedures to be followed in any given audit.

**Audited Voucher.** A voucher that has been examined and approved for payment.

**Auditing Officer.** An appointed officer who has the authority, delegated by the governing board, to certify that goods and services have been received and that the claims are just, due, and are an unpaid obligation of the school district.

**Auditor’s Opinion.** A statement signed by an auditor in which he states that he has examined the financial statements in accordance with generally accepted auditing standards and in which he expresses his opinion (with exceptions, if any) on the financial condition and results of operations of some or all of the constituent funds and account groups of the governmental unit, as appropriate. See Unqualified Opinions.

**Availability Criterion.** The concept in modified accrual basis of accounting whereby revenues may only be recognized when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (NCGA Statement 1).

**Availability Period.** A designated period immediately following the close of the fiscal year by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.
Average Annual FTE Enrollment. An average computed from the actual full-time equivalent enrollments reported by districts for each of nine months, effective on the state prescribed count days of each month running from September through May.

Average Daily Attendance (ADA). In a given school year, the average daily attendance for a given school is the aggregate day’s attendance of the school divided by the number of days school was actually in session.

Balance Sheet. The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP. Also referred to as a Statement of Financial Condition.

Basic Financial Statements. The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

Basis Differences. The differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP for a given fund type (NCGA Interpretation 10).

Basis of Accounting. The timing of transactions or events for financial reporting purposes. This determines the measurement focus. For example, the effects of transactions or events can be recognized on an accrual basis, when the transactions or events take place, or on a cash basis, when cash is received or paid.

Basis of Budgeting. The method used to determine when revenues and expenditures are recognized for budgetary purposes.

Basis Risk. The risk that arises when different indexes are used in connection with a derivative.

Betterment. A change or addition to a capital asset that improves the asset by prolonging its life or increases its efficiency or capacity. The cost of the betterment or improvement is added to the book value of the asset.

Biennium. A two-year period.

Bond. A written promise, generally under seal, to pay a specified sum of money, called the face value, at a specified date or dates in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality. See Refunding Bonds, Serial Bonds, and Surety Bonds.

Bond Anticipation Notes (BANs). Short-term interest-bearing notes issued by a government in anticipation of bonds issued at a later date. The notes are retired from proceeds of the bond issue to which they are related.

Bond Attorney. The attorney who approves the legality of a bond issue.

Bond Covenant. A legally enforceable promise made by an issuer of bonds to the bond holders, normally contained in the bond resolution or indenture (e.g., pledged revenues).
**Bond Discount.** The difference between the present value (price acquired or sold) and the face amount of bonds when the former is less than the latter. Also, the term often includes issuance costs withheld from the bond proceeds by the underwriter.

**Bond Interest and Redemption Fund.** See Fund, Debt Service.

**Bond Interest Payable.** Cumulative interest due on bonded indebtedness.

**Bond Premium.** The difference between the present value (price acquired or sold) and the face amount of bonds when the present value is greater than the face amount of the bonds.

**Bonded Debt.** The part of the school district debt consisting of outstanding bonds of the district. Sometimes called “funded debt.”

**Bonds Payable.** The face value of bonds issued and outstanding.

**Book of Original Entry.** The record in which the various transactions are formally recorded for the first time, such as the cash or payroll journals, check register, or general journal. Where mechanized bookkeeping methods are 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.

*Note:* Memorandum books, check stubs, files of duplicate sales invoices, etc., whereon first or prior business notations may have been made are not books of original entry in the accepted meaning of the term unless they are also used as the media for direct posting to the ledgers.

**Book Value.** The value of assets, liabilities, and equity as shown by accounting records.

**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. In document form it is presented by the budget-making authority to the appropriating body.

**Budget, Balanced.** A budget in which the estimated expenditures and the estimated appropriations for other financing uses for the budgeted fiscal year are not greater than the total of the estimated revenues and estimated other financing sources for the budgeted fiscal year, the estimated fund balance at the beginning of the budgeted fiscal year less the estimated nonspendable and restricted fund balance at the end of the budgeted fiscal year, and the projected revenue from receivables collectable in future years as approved by the Superintendent of Public Instruction.

**Budget Resolution.** The formal adoption of the budget appropriation for each fund by the board of directors.

**Budget Status.** A monthly report, also referred to as the F-198, prepared by the school district administration and provided to the board of directors, which contains the most current approved budget amounts by summary level accounts and the fund balance at the beginning and end of the period being analyzed (WAC 392-123-115).
**Budgetary Accounts.** Special accounts used to enter the formally adopted operating budget, which reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances as distinguished from proprietary accounts. Budgetary accounts are reflected in the 500 and 900 series of general ledger accounts and are not reported in external financial statements. See [Proprietary Accounts](#).

**Budgetary Comparison Schedule/Statement.** A document comparing data from a district’s original and final budgets with actual results for a given year; a district may present the comparison as one of the basic financial statements or as a schedule with the required supplementary information. This schedule/statement is only required for districts issuing GAAP statements.

**Budgetary Control.** The control or management of the school district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

**Building.** A fixed asset account that reflects the acquisition value of permanent structures used to house persons and property owned by a school district. If buildings are purchased or constructed, this account includes the purchase and contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. These items would include but not be restricted to the plumbing, heating, ventilating, mechanical and electrical work, and other fixtures. Note that when two structures are connected by a breezeway, a covered walkway, or tunnel they would be considered two buildings. Buildings are valued at acquisition cost or, if a gift, at the fair market value at the time of acquisition.

**Building Fund.** See [Fund, Capital Projects](#).

**Business-Type Activities.** Activities primarily financed with fees charged for goods and services and generally reported in enterprise funds, as well as the districtwide financial statements.

**C**

**Capital Assets.** Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period (SGAS 34).

**Capital Leases.** An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time that meets one of the criteria set forth in SFAS No. 13 for lease capitalization.

**Capital Outlay.** An expenditure that results in the acquisition of fixed assets or additions to fixed assets. It is an expenditure for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, and equipment. Includes installment or lease payments on property (except interest) that have a terminal date and result in the acquisition of property.

**Capital Projects Fund.** See [Fund, Capital Projects](#).
Capitalization Contribution. A contribution to a public-entity risk pool to meet initial or ongoing capital minimums established by statute, regulation, or the pooling agreement itself. Capitalization contributions generally take the form of cash (IGAS 4).

Capitalization Threshold. The dollar value used by a school district to capitalize tangible or intangible assets used in operations which have initial useful lives extending beyond a single reporting period. The dollar value is generally set by board policy.

Cash. Currency, coins, checks, postal and express money orders, bankers’ drafts on hand or on deposit with an official or agent designated as custodian of cash, and bank deposits. Any restriction or limitations as to its availability should be indicated (SGAS 9).

Cash Basis of Accounting. The basis of accounting under which revenues are recorded when received in cash and expenditures are recorded when cash is disbursed.

Cash Basis Expenditures. See Expenditures, Cash Basis.

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 Equivalent. Short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition (SGAS 9).

Cash in Transit. Nomenclature used in reconciling cash which has been remitted from cash on hand and/or in local banks to the county treasurer.

Central Warehouse. A facility used for districtwide receiving, storing, and distributing of supplies, equipment, and materials.

Certificate of Achievement for Excellence in Financial Reporting Program. A voluntary program administered for the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs and to provide assistance and peer recognition to the finance officers preparing them.

Certificate of Excellence in Financial Reporting. A voluntary program administered by ASBO to encourage governments to publish efficiently organized and easily readable CAFRs and to provide assistance and peer recognition to the finance officers preparing them.

Certificated Personnel. See Personnel—Certificated.

Change in Fund Balance. The increase or decrease from year to year in fund balance; it is the sum total of the flows (revenues, expenditures, and other financing sources and uses) reported in the governmental funds.

Change in Fund Net Position. The increase or decrease from year to year in the net position of the proprietary funds; it is the sum total of revenues, expenses, gains and losses reported in the districtwide Statement of Activities.
Charges for Services. Fees and other charges to the user or recipients of the goods and services a district provides.

Chart of Accounts. A list of accounts systematically arranged, applicable to a specific concern, giving account names and numbers, if any. A chart of accounts, accompanied by descriptions of account use and of the general operation of the books of account, becomes a classification or manual of accounts, a significant feature of a system of accounts.

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 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; it differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

Classified Format. A method of organizing a Statement of Net Position or Balance Sheet that divides assets and liabilities between current and noncurrent.

Classified Personnel. See Personnel—Classified.

Classification—Activity. As applied to expenditures, this term has reference to groupings or services within programs. Activities replace the former classification of subfunctions.

Classification—Object. As applied to expenditures, this term has reference to an article or service purchased; for example, certificated salaries, classified salaries, supplies and materials, or contractual services.

Classification—Program. As applied to expenditures, this term has reference to a group of services aimed at accomplishing a certain objective or purpose.

Clearing Accounts. Accounts used to accumulate charges or credits either for later distribution among the accounts to which they are properly allocable or for recording the net differences under the proper account. See Revolving Fund, Prepaid Expenditures/Expenses, and Petty Cash.

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

Collateral. Assets pledged to secure deposits, investments, or loans (SGAS 3).

Collateral Journal Entry. A journal entry made simultaneously with another journal entry to fully reflect a financial transaction that involves another fund or set of accounts within the same fund.
Condition Assessment. An assessment of the condition of infrastructure performed in a consistent manner at least once every three years and included as required supplementary information for districts implementing the modified approach for reporting infrastructure. This information is used to estimate the annual amount calculated at the beginning of the fiscal year to maintain and preserve at or above the condition level established.

Combining Financial Statements—By Fund Type. Financial statements reporting separate columns for individual funds or component units. Combining financial statements normally are required in a comprehensive annual financial report to support each column in the basic financial statements.

Committed Fund Balance. Those portions of fund balance that have been committed to a specific purpose by action of the board of directors of a school district through a resolution. Committed funds cannot be used for a different purpose, except by another specific resolution of the board ending the commitment.

Community Services. Community services are comprised of those activities that are not directly relatable to providing education for pupils in a public school. Specifically, it is an additional responsibility delegated to the school beyond its primary functions of providing education. It also consists of those services, other than public school and adult education functions, provided by the school or school system for purposes relating to the community as a whole or some segment of the community. These include such services as community recreation programs, civic activities, public libraries, programs of custody and care of children, community welfare activities, and feeding the elderly. Resources that are dedicated to community services are charged to Program 89.

Comparative Financial Statements. Financial statements providing all the information required by GAAP for two or more fiscal periods.

Compensated Absences. Benefits earned over a period of employment such as vacation, illness, and holidays for which it is expected employees will be paid. The term does not encompass severance pay or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits such as group insurance and long-term disability pay.

Compensatory Education. Education programs that are designed to be a program of supplementary instruction and as such are not intended to provide the primary instruction.

Compliance Auditing. Auditing for compliance with applicable laws and regulations. Tests of compliance with laws and regulations are substantive tests; therefore, the term “compliance testing” which usually refers to testing for compliance with internal control procedures.

Compliance Supplement. A term used in connection with Single Audits. A publication of the U.S. Office of Management and Budget outlining compliance requirements for federal awards programs. The publication is designed to assist independent auditors performing Single Audits.
Component Unit. A legally separate government unit, agency, or nonprofit corporation that is combined with other component units to constitute the reporting entity in conformity with GAAP (SGAS 14).

Comprehensive Annual Financial Report (CAFR). A financial report encompassing all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR also contains introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

Comprehensive Framework of Internal Control. The structure of internal control that provides for (a) a favorable control environment, (b) the continuing assessment of risk, (c) the design, implementation, and maintenance of effective control-related policies and procedures, (d) the effective communication of information, and (e) the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

Conditional Sales Contract. Form of sales contract in which the seller reserves title until buyer pays for goods, at which time, the condition having been fulfilled, title passes to the buyer.

Consistency. Principle of accounting whereby once an accounting principle or reporting method is adopted, it will be used for all similar transactions and events.

Construction Work in Process. The cost of construction work that has been started but not yet completed.

Consultant. A resource person, generally retained under contract, who provides assistance to the regular personnel through conference, demonstration, research, or other means.

Contra Entry. Under the double-entry accounting system concept, a contra-entry represents the corresponding credit side to the debit side of an account or accounts, or vice versa.

Contracts Payable. A liability account reflecting amounts due on contracts for goods and/or services.

Contractual Services. Services rendered by personnel who are not on the payroll of the school system, including all related expenditures covered by the contract.

Control Account. An account in the general ledger in which the aggregate of debit and credit postings to a number of related accounts called subsidiary accounts is recorded. Since the sum of the balances in the subsidiary accounts and the control account should be equal, the control account serves as a check on the accuracy of the postings to the subsidiary accounts.

Cost-Sharing Multiple-Employer Defined Benefit Pension/Other Post-Employment Benefit Plan. A plan in which a single actuarial valuation and contribution rate apply to all participating employers (SGAS 25 and SGAS 43).
Counselor. An assignment to a staff member to perform the professional activities of assisting pupils or other persons in making plans and choices in relation to education, vocation, or personal development.

Credit. As a noun, an entry on the right-hand side of an account. Credits record increases in liabilities, revenues, and fund balance and decreases in assets and expenditures/expenses. As a verb, to make an entry on the right-hand side of an account.

Crossover Refunding. A method of advance refunding a general obligation bond in advance is provided by chapter 39.53 RCW. This method provides for the sale of refunding (new) bonds whose proceeds are used to purchase certain investments which are placed in the custody of the trust department of a bank. The investments provide interest earnings which are used to pay interest on the refunding (new) bonds until the crossover date. The investments are also selected so that the cash from the maturing investments is used to redeem all the remaining refunded (old) bonds after the crossover date.

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 that will be collected within 60 days from the balance sheet date.

Current Costs. In connection with municipal solid-waste landfills, the amount that would be paid if all equipment, facilities, and services included in the estimate of closure and post-closure care costs were acquired during the current period (SGAS 18).

Current Expenditures/Expenses. Expenditures/expenses that are chargeable to the current fiscal year. On the accrual basis, these include charges incurred whether paid or unpaid. On the cash basis, current expenditures include only actual disbursements.

Current Financial Resources Measurement Focus. This is applied to the governmental funds to report on the flows of resources that occurred within or soon after a given year; it does not include capital assets or the portion of long-term debt due beyond the current year.

Current Liabilities. Liabilities that are payable within a relatively short period of time, usually no longer than one year.

Current Loan. A loan payable in the same fiscal year in which the money was borrowed.

Current Refunding. A refunding transaction in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded. This differs from an advance refunding, where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.

Current Taxes. Taxes levied in the current fiscal period. See Taxes Receivable.

Custodial Credit Risk. The risk that a government will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.
**Data Processing.** Consists of conducting and managing computer services for the school system. It may include such activities as collecting and organizing data; converting data to machine-usable form; and preparing financial, property, pupil, personnel, program, community, and statistical reports with automatic data processing equipment.

**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, teacher in-service, and inclement weather should not be considered as days in session.

**Days of Attendance.** See RCW 28A.150.030 and chapter 28A.225 RCW.

**Debit.** As a noun, an entry on the left-hand side of an account. Debits record increases in assets and expenditures/expenses and decreases in liabilities, fund balances, and revenues. As a verb, to make an entry on the left-hand side of an account.

**Debt Limit.** The maximum amount of gross or net debt legally permitted, such as (1) 3/8 percent of the value of the taxable property of the district without a vote of the electorate, (2) 2 1/2 percent of the value of the taxable property of the district with a vote of the electorate, and (3) an additional 2 1/2 percent for capital purposes with a vote of the electorate (RCW 39.36.020).

**Debt Service.** Expenditures for the retirement of debt principal and interest.

**Debt Service Fund.** See Fund, Debt Service.

**Deductions.** A term used to describe decrease in the net position of a fiduciary fund.

**Deductible Revenue.** Deductible revenues are generated from the use or sale of forest lands, or payments received in lieu of taxes from local, state, or federal sources. Revenues received from these sources in the General Fund are deducted from the General Fund apportionment.

**Deep-Discount Debt.** Any debt issue whose stated rate of interest is less than 75 percent of its effective interest rate. The most commonly encountered form of deep-discount debt is the zero-coupon bond. Zero-coupon bonds have no regular interest payment; instead, interest on the debt is incorporated or accreted into the bond’s book value. See Accreted Value.

**Defeasance.** In financial reporting, the netting of outstanding liabilities and related assets on the statement of position. Defeased debt is no longer reported as a liability on the face of the statement of position. Most bond refundings result in the defeasance of the refunded debt.
Deferred Charges. Expenditures that are not chargeable to the fiscal period in which they were made. In accounting systems that recognize deferred charges, they are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid items of expenditure in that they usually extend over a longer period of time and may or may not be regularly recurring expenditures for operation. See Prepaid Items.

Deferred Inflows of Resources. Formerly referred to as Deferred Revenue. Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Deficit. The excess of the liabilities and reserved equity of a fund over its assets.

Defined Benefit Other Postemployment Benefit Plan. A plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums) (SGAS 43).

Defined Benefit Pension Plan. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or a after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation (SGAS 25).

Defined Contribution Pension/Other Postemployment Benefit Plan. A pension or OPEB plan having terms that (a) provide an individual account for each plan member and (b) specify how contributions to an active plan member’s account are to be determined, rather than the income or other benefits the member or his or her beneficiaries are to receive at or after separation from employment. Those benefits will depend only on the amounts contributed to the member’s account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member’s account (SGAS 25 and SGAS 43).

Deflated Depreciated Replacement Cost. The method of measuring a capital asset impairment resulting from a change in the manner or duration of use of the asset. The method compares the book value of the asset with what would have been the book value of a different asset acquired at the same time for use in current circumstances (e.g., the book value of a school building constructed ten years ago, but now used as warehouse space, versus that would have been the value of equivalent warehouse space constructed ten years ago) (SGAS 42).

Delinquent Taxes. Taxes remaining unpaid on and after the date on which they become due and payable by statute.
**Demand Bonds.** The Long-term debt issuances with demand ("put") provisions that require the issuer to repurchase the bonds upon notice from the bondholder at a price equal to the principal plus accrued interest. To assure its ability to redeem the bonds, issuers of demand bonds frequently enter into short-term standby liquidity agreements and long-term “take out” agreements (IGAS 1).

**Depreciation.** The cost of using up an asset. Depreciation should be measured by allocating the net cost (historical cost less estimated salvage value) over the asset’s useful life in a systematic and rational manner. It may be calculated for a class of assets, a network of assets, a subsystem of a network, or individual assets.

**Derivative.** A financial instrument (1) whose value derives from the application of some variable ("underlying") to a contractually determined amount ("notional amount") or from the association of an underlying with a payment provision, (2) that involves little or no initial investment, and (3) that allows for net settlement (TB 2003-1).

**Derived Tax Revenues.** Nonexchange revenues that result from assessments imposed on exchange transactions (for example, sales taxes and other assessments on earnings or consumption) (SGAS 33).

**Designated Net Assets.** Assets management does not consider available for general operations. This differs from restricted net assets in that the “restriction” is internal, management has the ability to modify or remove the limitations.

**Developers Fee.** Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of development (e.g., parks, sidewalks).

**Direct Costing.** The use of actual source data (e.g., invoices) to establish the historical cost of a capital asset.

**Direct Expenditures.** Those expenditures specifically traceable to specific goods, services, units, programs, activities, or functions. See **Indirect Expenditure**.

**Direct Rate.** The amount or percentage applied to a unit of a specific revenue base by the government preparing statistical information (e.g., a property tax rate of $1 per $1,000 of assessed property value; a sales tax rate of 5 percent of a retail sale; a water charge of a certain amount per 100 gallons of water used) (SGAS 44).

**Disbursement.** Payments in cash, including but not limited to payments by warrants (RCW 28A.505.010).

**Districtwide Financial Statements.** Statements covering all of a district’s activities (except fiduciary activities); they are prepared using the economic resources measurement focus and accrual basis of accounting; they appear first among the basic financial statements and include the Statement of Net Position and Statement of Activities.

**Donated Assets.** Noncash contributions. Donated assets may be in the form of securities, land, buildings or equipment, or materials.
Double Entry. A system of bookkeeping requiring that for every entry made to the debit side of an account or accounts, an entry be made for an equal amount or amounts to the credit side of another account or accounts.

Due From Other Funds. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans. See Interfund Receivable/Payable.

Due to Fiscal Agent. A liability account reflecting amounts due to fiscal agents, such as commercial banks, for servicing a government's maturing interest and principal payments on indebtedness.

Due to Other Funds. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans. See Interfund Receivable/Payable.

Earned Interest. Interest collected and due.

Economic Resources Measurement Focus. Applied to all governmental accounting and reporting except for the governmental funds; this measurement focus includes all of the resources of a district, both capital and financial, current and long-term.

Effective Interest Rate. The rate of earning on a bond investment, based on the actual price paid for the bond, the coupon rate, the maturity date and length of time between interest dates, in contrast with the nominal interest rate. See Nominal Interest Rate.

Employee Benefits. Expenditures of the school system made on behalf of employees; these amounts are not included in the gross salary, but are in addition to gross salary. They are fringe benefits, and while not paid directly to employees, nevertheless are part of the expenditure total of salaries and benefits. Examples are (1) group health or life insurance, (2) contributions to employee retirement, (3) social security, and (4) workers' compensation. Employee benefits are recorded as Object 4 in expenditure coding.

Employer Contributions. A term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.) (SGAS 43.)

Enabling Legislation. Legislation authorizing the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource provides) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
**Encumbrances.** Purchase orders, contracts and salary or other commitments that are chargeable to an appropriation and for which a part of the appropriation is restricted. They cease to be encumbrances when paid or when an actual liability is set up. Encumbrances are recorded in General Ledger Account 520. Use of encumbrances is not required by GAAP (NCGA Statement 1).

**Enterprise Fund.** See Fund, Enterprise.

**Entity.** The basic unit upon which accounting and/or financial reporting activities focus. The basic governmental legal and accounting entity is the individual fund and account group. The term “entity” is also sometimes used to describe the composition of “the government as a whole.”

**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.

**Equipment.** Tangible property of a more or less permanent nature (other than land, buildings, or improvements other than buildings) which is useful in carrying on operations. Examples are machinery, tools, trucks, cars, furniture, and furnishings.

**Equity.** In commercial accounting, equity is the mathematical excess of assets over liabilities. In fund accounting this excess is called fund balance.

**Endowment Fund.** See Fund, Endowment.

**Exchange Transactions.** Transactions in which each party receives and gives up essentially equal values (SGAS 33).

**Exchange-Like Transactions.** Transactions in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. Examples include certain contributions, certain grants and donations, and other transactions that, regardless of the label applied to them, are based on an exchange of similar but not equal values (SGAS 33).

**Expenditure.** Under the current financial resources measurement focus, decreases in net financial resources not properly classified as other financing uses. Where the accounts are kept on the cash basis, the term designates only actual cash disbursements for these purposes.

**Expenditure-driven Grants.** Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

**Expenditure per Pupil.** Expenditures for a given period of time divided by a pupil unit of measure.

**Expenditures, Accrual Basis.** Expenditures during a given fiscal period for liabilities incurred, whether paid or unpaid (RCW 28A.505.010).
Expenditures, Cash Basis. Actual disbursements during a given fiscal period for operating expenditures, capital outlay, and debt service, regardless of when liabilities are incurred.

Expenses. Outflows or other depletion of assets or incurring of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitutes the entity’s ongoing major or central operations.

Extracurricular Activities. See Student Body Activities.

Extraordinary Items. Transactions or other events that are both unusual in nature and infrequent in occurrence.

F

F-195. District’s budget document prescribed by OSPI.

F-196. District's annual financial statement prescribed by OSPI.

Face Value. As applied to securities, this term designates the amount stated on the security document.

Fair Value. Term used in connection with the valuation of investments. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale (SGAS 31).

Federal Deposit Insurance Corporation (FDIC). A federal institution that insures deposits of federally chartered banks.

Federal Financial Assistance. For purposes of applying the provisions of the Single Audit Act of 1984, as amended in 1994, and OMB Circular A-128, Audits of State and Local Governments, assistance provided by a federal agency in the form of grants, contracts, loans, loan agreements, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Fidelity Bond. Insurance acquired to indemnify against losses from theft, defalcation, and misappropriation of public moneys by school district officers and employees. See Surety Bond.

Fiduciary Activities. Activities in which a district acts as trustee or agent for resources that belong to others, such as employee pension plans; these activities are not included in the districtwide financial statements because their resources do not belong to the district and are not available to be used.

Fiduciary Fund. See Fund, Fiduciary.
**Final Amended Budget.** The original budget adjusted by all restrictions, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized (SGAS 34).

**Financial Accountability.** The relationship warranting the inclusion of a legally separate organization in the reporting entity of another government (SGAS 14).

**Financial Accounting.** The recording and reporting of activities and events affecting the assets and liabilities of an administrative unit and its program. Specifically, it is concerned with (1) determining what accounting records are to be used; (2) recording, classifying, and summarizing activities or events; (3) analyzing and interpreting recorded data; and (4) preparing and initializing reports and statements which reflect conditions as of a given date, the results of operation for a specific period, and the evaluation of status and results of operation in terms of established objectives.

**Financial Accounting Standards Board (FASB).** Created in 1973 to establish accounting principles.

**Financial Audit.** Audits designed to provide independent assurance of the fair presentation of financial information.

**Financial Reporting Entity.** The primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements (SGAS 14).

**Financial Reporting Pyramid.** GASB Statement 1 organization plan for the financial section of the CAFR/CUFR. The pyramid presents GAAP basic financial statements on three distinct and progressively more detailed reporting levels: (1) combined statements—overview (the “liftable” GPFS/CUPS); (2) combining statements—by fund type; and (where necessary or appropriate) (3) individual fund statements.

**Financial Resources.** Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash, such as receivables and investments. Financial resources also may include inventories and prepaids because they obviate the need to expend current available financial resources.

**Financial Section.** One of the three basic sections of a comprehensive annual financial report. The financial section is used to present the independent auditor’s report on the financial statements; management’s discussion and analysis; the basic financial statements (including the notes to the financial statements); required supplementary information; combining statements, individual fund statements and schedules; and supplementary information, as needed.
Financial Statement. Those financial statements, including notes, necessary for the fair presentation of the financial position and results of operations of an entity.

Finding. Published communication of an internal control weakness or instance of noncompliance in connection with an audit.

First Class District. A district with a student enrollment of 2000 or more (RCW 28A.300.065(2)).

Fiscal. Of or pertaining to finances in general.

Fiscal Accountability. Responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year). This term is used in contrast to operational accountability (SGAS 34).

Fiscal Agent. An entity which has been empowered to handle fiscal matters for another entity, including disbursement or passing through of funds. This may include ensuring that the funds are used only for specific purposes defined by the grant or agreement.

Fiscal dependence. A situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may arbitrarily override the financial decisions of the legally separate entity regarding (a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.

Fiscal Period. Any period at the end of which an entity determines its financial condition and the results of its operations and closes its books. It is usually a year, though not necessarily a calendar year. The fiscal period for school districts is September 1 through August 31.

Fiscal Services. Consists of activities involved with managing and conducting the financial operations of the school system. This service area generally includes budgeting, receiving and disbursing, financial accounting, payroll, internal auditing, and purchasing.

Five Percent Criterion. Second of two tests used to determine whether a given governmental fund must be reported as a major fund in the basic financial statements. This test is applied to the combined total assets, liabilities, revenues or expenses/expenditures of all governmental funds for which the 10 percent criterion has been met.

Fixtures. Attachments to buildings that are not intended to be removed and that cannot be removed without damage to the buildings.

Formula Grants. Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria (e.g., number of full-time equivalent students) other than the incurrence of qualifying expenditures.

Fringe Benefits. See Employee Benefits.
**Full-Time Equivalence.** The amount of employed time required in a part-time position expressed in proportion to that required in a full-time position, with “1” representing one full-time position. It may be expressed as a percentage or as a fraction. It is derived by dividing the amount of employed time required in the part-time position by the amount of employed time required in a corresponding full-time position. See Personnel—Full-Time.

**Full-Time Equivalent Student.** Each individual student who is enrolled full time in each of the prescribed count days for the school months running from September through June. To be full-time, a student must be enrolled to attend school for a given number of minutes each day. Form SPI P-223 provides the minimum qualifying time by category of students such as kindergarten, elementary, and secondary.

**Full-Time Personnel.** See Personnel—Full-Time.

**Function.** A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

**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, restrictions, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund, Agency.** A fund normally used to account for assets held by a school district as an agent for individuals, private organizations, or other governments and/or other funds. An Agency Fund does not have revenues, expenses (expenditures), or a fund balance. Agency funds do not have operating statements, but additions and deductions to this fund are presented in the financial statements as a statement of changes in assets and liabilities. This statement enables financial statement users to determine the fund activity for the year.

**Fund, Associated Student Body.** The fund used to account for student activities that are (1) conducted in whole or in part on behalf of an associated student body during or outside regular school hours and within or outside school grounds and facilities and (2) conducted with the approval and at the direction or under the supervision of the school district.

**Fund, Capital Projects.** This fund is used to account for all moneys and resources set aside for the acquisition of fixed assets through construction and remodeling projects.

**Fund, Debt Service.** The fund that is used to account for the redemption of outstanding bonds and the payment of interest incurred by the bonds.

**Fund, Endowment.** Cash or property that is donated with either a temporary or permanent restriction on the use of the principal.
**Fund, Enterprise.** A fund established to account for operations (1) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. Examples of enterprise funds are those for water, gas, and electric utilities; swimming pools; airports; parking garages; and transit systems. School districts in the state of Washington lack statutory authority to establish enterprise funds.

**Fund, Fiduciary.** Funds used to account for fiduciary activities; they employ the economic resources measurement focus and accrual basis of accounting; types of fiduciary funds include pension (and other employee benefit) trusts, investment trusts, private-purpose trusts, and agency funds.

**Fund, General.** The fund that is available for any legally authorized purpose and which is therefore used to account for all revenues and all activities not provided for in other funds. The general fund is used to finance the ordinary operations of a school system.

**Fund, Internal Service.** A fund used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. School districts in the state of Washington lack statutory authority to establish internal service funds.

**Fund, Revolving.** An account provided to carry out a cycle of operations. The amounts expended from the account are restored from earnings from operations or by transfer from other accounts so that it remains intact, either in the form of cash, receivables, inventory or other assets. The accounts are also known as reimbursable accounts. See Imprest Fund.

**Fund, Special Revenue.** A fund used to account for the proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated. The ASB fund is a special revenue fund.

**Fund, Transportation Vehicle.** The fund used to account for expenditures for the purchase, major repair, rebuilding, and related debt service incurred for pupil transportation equipment.

**Fundamental Analysis.** In the context of investment valuation, this is a method of estimating the fair value of a security when it is thinly traded or when quoted market prices are not available. Fundamental analysis considers assets, liabilities, operating statement performance, management, and economic environment of the issuer in estimating a fair value (SGAS 31, Q&A).

**Fund Accounts.** All accounts necessary to set forth financial operations and financial conditions of a fund.

**Fund Balance.** The difference between assets and liabilities reported in a governmental fund.
Fund Balance, Assigned. An account used to segregate a portion of fund balance which is marked for an intended, specific use by management or the board of directors. These amounts are not legally restricted nor do they represent a formal commitment on behalf of management or the board of directors. For funds other than the General Fund, these amounts also represent the excess of the assets of the fund over its liabilities, restrictions, commitments and are in spendable form.

Fund Balance, Committed. An account used to segregate a portion of fund balance which has been committed to a specific purpose by a resolution of the board of directors of a school district. Once committed, these amounts cannot be used for another purpose without a resolution passed by the board of directors to end the commitment.

Fund Balance, Nonspendable. An account used to segregate that portion of fund balance which is represented by assets that are not in a spendable form, such as inventories, prepaid items, or trust principal that is required to be maintained intact.

Fund Balance, Restricted. An account used to segregate a portion of fund balance which is legally restricted for a specific use.

Fund Balance, Unassigned. In the General Fund, the excess of the fund assets over its liabilities and restricted, committed, and assigned fund balance accounts. In all other funds, the deficit of a fund’s liabilities, restrictions and commitments over its assets.

Fund Classifications. One of three categories (governmental, proprietary, and fiduciary) used to classify fund types.

Fund Financial Statements. Statements displaying information about major funds individually for the governmental, fiduciary, and proprietary funds. Fund financial statements should be prepared using the measurement focus and basis of accounting required for that category. (Note: School districts do not have proprietary funds.)

Fund Type. Any one of eleven categories into which all funds are classified in governmental accounting.

G

GAAFR. An acronym for Governmental Accounting, Auditing, and Financial Reporting, a publication of the Government Finance Officers Association. Also known as the “Blue Book,” various editions of this book have been published since the mid 1930s.


GASB Statement 34. A set of substantial revisions, approved in June 1999, to the model that districts follow when reporting their finances to the public.
General Fixed Assets. Capital assets that are not assets of any fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds.

General Fixed Asset Account Group. A summary of a district's general fixed assets included in the financial statements prior to the implementation of GASB Statement 34.

General Fund. See Fund, General.

General Journal. A journal in which are recorded all entries not recorded in special journals. See Journal and Journal, Special.

General Ledger. A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial condition and transactions of the school district. The general ledger contains a self-balancing group of accounts consisting of assets, liabilities, budgetary, fund balance, revenue, and expenditure accounts.

General Long-Term Debt Account Group. A summary of a district's general long-term debt included in the financial statements prior to the implementation of GASB Statement 34.

General Revenues. All revenues unless they are required to be reported as program revenues. All taxes, even those levied for a specific purpose are general revenues and should be reported by type of tax—for example, sales tax, property tax, etc. See also Program Revenue (SGAS 34).

Generally Accepted Accounting Principles (GAAP). Uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to state and local governments is GASB Statement 1. Every government should strive to prepare and publish financial statements in conformity with GAAP. The objectives of governmental GAAP financial reports are different from, and much broader than, the objectives of business enterprise GAAP financial reports.

Generally Accepted Auditing Standards (GAAS). Measures the quality of auditing procedures and the objectives to be attained through their use. They are concerned with the auditor's professional abilities and the judgment exercised in the performance of an audit. Generally accepted auditing standards have been prescribed by (1) the American Institute of Certified Public Accountants (AICPA) and (2) the U.S. General Accounting Office (GAO) in Standards for Audit of Governmental Organizations, Programs, Activities and Functions.
Generally Accepted Government Auditing Standards (GAGAS). Standards established by the GAO in its publication Standards for Audit of Government Organization, Programs, Activities and Functions (“Yellow Book”) for the conduct and reporting of both financial and performance audits. GAGAS set forth general standards applicable to both types of audits and separate standards of fieldwork and reporting for financial and performance audits. The GAGAS standards of fieldwork and reporting for financial audits incorporate and build upon GAAS.

Gift. An asset received without giving consideration.

Government Finance Officers’ Association of the United States and Canada (GFOA). Professional association of state and local governmental financial managers.

Governmental Accounting. The preparation, reporting, and interpretation of accounts for governmental bodies.

Governmental Accounting, Auditing, and Financial Reporting (GAAFR). Non-authoritative illustrative application of GASB Statement 1’s principles released by the GFOA (“Blue Book”).

Governmental Accounting Principles. A fundamental list of rules that sets forth the basic accounting requirements for governmental entities. Refer to the 12 basic governmental accounting principles as set forth in Chapter 1 of this manual.

Governmental Accounting Standards Board (GASB). The authoritative accounting and financial reporting standard-setting body for governmental entities.

Governmental Activities. Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds (SGAS 34).

Governmental Entity. Used for accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units.

Governmental External Investment Pool. An arrangement that commingles (pools) the moneys of more than one legally separated entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the participants not being part of the sponsor’s reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool only if it includes the participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government (SGAS 31).

Governmental Financial Reporting Model. The minimum combination of financial statements, not disclosures, and required supplementary information prescribed for state and local governments by the GASB.
Governmental Funds. These funds track the finances of a district’s basic services and are reported in the districtwide financial statements; they are reported using the current financial resources measurement focus and modified accrual basis of accounting, and include the general, special revenue, debt service, capital projects, and permanent funds.

Government-Mandated Nonexchange Transaction. A situation where a higher level government requires performance of a lower level government and provides it full or partial funding to do so.

Governmental-Type Activities. Those activities of a government that are carried out primarily to provide services to citizens and that are financed primarily through taxes and intergovernmental grants.

Government-wide Financial Statements. Financial statements displaying information about the reporting government as a whole, except for its fiduciary activities. Government-wide financial statements should be prepared using the economic resources measurement focus and the accrual basis of accounting.

Grant Anticipation Note. A short-term, interest-bearing note issued by a government in anticipation of a grant to be received at a later date. The note is retired from proceeds of the grant to which it is related.

Grant, Public. A contribution, either money or material goods, made by one governmental unit to another unit and for which the contributing unit expects no repayment. Grants may be for specific or general purposes. In Statement 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, the Governmental Accounting Standards Board defines grants and other financial assistance as “transactions in which one governmental entity transfers cash or other items of value to (or incurs a liability for) another governmental entity, an individual, or an organization as a means of sharing program costs, subsidizing other governments or entities, or otherwise reallocating resources to the recipients” (SGAS 24).


H

Health Personnel. See Personnel—Health.

Historical Cost. The original construction cost or acquisition price of a capital asset; it is reported in a statement of net position, less accumulated depreciation.
Impact Aid. Impact Aid is a federally funded program that provides financial assistance to local school districts whose local revenues or enrollments are adversely affected by federal activities. These activities include federal acquisition of real property or the presence of children residing on tax-exempt federal property or residing with a parent employed on tax-exempt federal property (Title VIII of the Elementary and Secondary Education Act as amended by the No Child Left Behind Act of 2001).

Impact Fees. Fees charged to developers to cover the anticipated cost of improvements needed by school districts or other governmental units necessary as the result of the development.

Impairment. The significant, unexpected decline in the service utility of a capital asset (SGAS 42).

Imprest Fund. An account for handling disbursements whereby a fixed amount of money is set-aside for a particular purpose. Disbursements are made from time to time as needed. At certain intervals a report reflecting the amount disbursed is prepared and the cash is replenished for the amount of the disbursements, ordinarily by warrant drawn on the account or accounts from which the items are payable. The total of cash plus unreplenished disbursements must always equal the fixed sum of cash set aside. Imprest fund accounts are shown in General Ledger Account 200.

Improvements. An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset. Improvements are charged to Object of Expenditure 9 or are accounted for in the capital projects fund. Expenditures which do not meet these requirements are considered maintenance and are shown as an expenditure in the current fiscal period.

Independent Auditor. Auditors who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered independent.

Independent Auditor's Report. The official written communication of the results of an audit. In a financial audit, the independent auditor's report typically will offer (or disclaim) an opinion on whether a set of financial statements is fairly presented in conformity with GAAP (or some other comprehensive basis of accounting).

Indirect Expenditures. Those expenditures incurred for organization-wide purposes. These expenditures are accumulated in the accounting system under Program 97 Districtwide Support.

Individualized Education Program (IEP). A written document that includes (1) a statement of the student’s present level of functioning, (2) a statement of annual goals and short-term objectives for achieving those goals, (3) a statement of services to be provided and the extent of regular programming, (4) the starting date and expected duration of services, and (5) evaluation procedures and criteria for monitoring progress.
**Infrastructure.** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems (SGAS 34).

**Installment Purchase.** See Conditional Sales Contract.

**Instruction.** Instruction includes the activities administered or supervised by a certificated teacher dealing directly with the teaching of pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence.

**Instructional Assistant.** See Teaching Aide.

**Instructional Materials.** Any devices, content materials, methods, or experiences used for teaching and learning purposes. These include printed and nonprinted sensory materials.

**Instructional Personnel.** See Personnel—Instruction.

**In-Substance Defeasance of Debt.** A situation that occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability (SGAS 7).

**Insurance.** The transfer of risk of loss from one party (the insured) to another party (the insurer) in which the insurer promises (usually specified in a written contract) to pay the insured (or other on the insured’s behalf) an amount of money (or services, or both) for economic losses sustained from an unexpected (accidental) event during a period of time for which the insured makes a premium payment to the insurer.

**Integrated Budget.** A situation where the accounting system has been designed to automatically provide timely budgetary information concerning the uncommitted balance of appropriations and unrealized revenues.

**Interactivity Transfer.** The transfer of moneys between student activity groups entered by the associated student body central treasurer.

**Interest.** A fee charged a borrower for the use of money. See Debt Service.

**Interest Rate Risk.** Risk that changes in interest rates will adversely affect the fair value of an investment (SGAS 40).

**Interfund Activity.** The activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories; reciprocal and nonreciprocal. Reciprocal interfund activity comprises interfund loans and interfund services provided and used. Nonreciprocal interfund activity comprises interfund transfers and interfund reimbursements.
**Interfund Eliminations.** Adjustments made when converting individual fund information to districtwide data to avoid double counting due to the effect of transfers or other movements of resources among funds.

**Interfund Loan.** Temporary loans between the General Fund, the Capital Projects Fund, the Debt Service Fund, and Transportation Vehicle Fund are allowable to alleviate a temporary cash deficiency in the borrowing fund. Loans shall not be made from any fund to the detriment of any function or project for which the fund is established. A temporary loan is considered to be a loan, which is completely liquidated in less than one year (SGAS 34, WAC 392-123-140).

**Interfund Receivable/Payable.** Short-term receivables/payables created when one fund pays expenditures for another fund, which are subsequently reimbursed.

**Interfund Reimbursements.** Repayments by one fund or blended component unit of a primary government to another for expenditures or expenses incurred on its behalf. (SGAS 34.)

**Interfund Services Provided and Used.** Sales and purchases of goods and services between funds and blended component units of the primary government for a price approximating their external exchange value (SGAS 34).

**Interfund Transfers.** Money, which is taken from one fund under the control of the board of directors and added to another fund under the board’s control without equivalent, flows of assets in return and without a requirement for repayment. Interfund transfers are not revenues or expenditures of the school district (SGAS 34).

**Interim Borrowing.** (1) Short-term notes to be repaid from general revenues during the course of a fiscal year. (2) Short-term loans in anticipation of tax collections, grants, or bond issuance. See Bond Anticipation Notes and Tax Anticipation Notes.

**Internal Auditing.** Pertains to activities involved with evaluating the adequacy of the internal control system, verifying and safeguarding assets, reviewing the reliability of the accounting and reporting system, and ascertaining compliance with established policies and procedures. Covers all forms of appraisal of activities undertaken by auditors working for and within an organization.

**Internal Control.** A process, adopted by a school district’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
**Internal Control Framework.** An integrated set of policies and procedures designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government’s internal control framework must (a) provide a favorable control environment, (b) provide for the continuing assessment of risk, (c) provide for the design, implementation, and maintenance of effective control-related policies and procedures, (d) provide for the effective communication of information, and (e) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**Internal Financial Reporting.** Financial reporting specifically designed to meet the needs of management.

**Internal Service Fund.** See Fund, Internal Service.

**Introductory Section.** The first of three essential components of any comprehensive annual financial report. The introductory section typically provides general information on a government’s structure and personnel as well as information useful in assessing the government’s financial condition. The contents of the introductory section normally fall outside the scope of the independent audit of the financial statements.

**Inventory.** A detailed list showing quantities, descriptions and values of property, and frequently, units of measure and unit prices. Inventory accounts are required, if material. The amounts in the inventory accounts at year-end are not duplicated in the expenditures for the year reported. Inventories of supplies for instructional, office, maintenance, operation, and transportation are shown in General Ledger Account 410. Inventories for school lunchroom food and operating supplies are shown in General Ledger Account 420.

**InvestED.** Formerly the Saul Haas Foundation. InvestED distributes grants to public and private secondary schools so that school personnel, using their discretion, can identify and immediately respond to individual student needs. The most appropriate accounting for InvestED funds is in the private purpose trust fund. However, if the amount is “immaterial” (less than 5% of the ASB Fund total revenue) it can be accounted for in the ASB fund, as long as the private money is easily identifiable within the accounting records. If the amount becomes material, the district will separate the InvestED funds and report them in the private purpose trust fund on their Annual Financial Statements (F-196).

**Investing Activities.** Term used in cash flows reporting. Investing activities include making and collecting loans (except program loans) and acquiring and disposing of debt or equity instruments (SGAS 9).

**Investment.** Securities or other property held for the production of revenues in the form of interest. School district investments are restricted to those enumerated in chapter 39.60 RCW. Investments are shown in General Ledger Account 450.
Investment in Capital Assets, Net of Related Debt. One of three components of net position that must be reported in districtwide GAAP fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

Investment Section. One of the sections of a comprehensive annual financial report of an investment pool or public employee retirement system.

Investment Trust Funds. Fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government (SGAS 34).

Invoice. An itemized billing for merchandise shipped or services performed that is sent to a purchaser, consignee, etc., with the quantity, unit price, other charges, and total cost.

Joint Venture. The Legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the joint venture participants directly, or for the benefit of the public or specific service recipients (SGAS 14).

Jointly Governed Organization. The regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility (SGAS 14).

Journal. Any form in which the financial transactions are formally recorded for the first time, such as the cash receipts journal, check register, and journal voucher. Book of original entry.

Journal Entry. See Entry.

Journal, Special. A journal in which all entries of a particular type are entered. Examples include cash receipts journals, cash disbursements journals, and purchases journals. See Journal and General Journal.

Journal Voucher. A paper or form on which the financial transactions of the school system are authorized and from which any or all transactions may be entered in the books. By means of the journal voucher, the budget may be put into operation and expenditures made to meet authorized obligations. Journal vouchers are also used to set up revolving funds (accounts) and petty cash funds (accounts) and for authorizing all entries in the bookkeeping system for which no other authorizations, such as deposit slips or invoices, are available.
Judgment. An amount to be paid or collected by the school district as the result of a court decision.

Land. A fixed asset account that reflects the acquisition value of land owned by a school system. If land is purchased, this account includes the purchase price and expenditures such as legal fees, filling and excavation, and other associated improvement expenditures that are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition.

Lapse. As applied to appropriations, this term denotes the automatic termination of an appropriation.

Leasehold. The right to the use of real estate by virtue of a lease, usually for a specified term or years, for which consideration is paid.

Lease-Purchase Agreement. Contractual agreements that are termed leases, but that in substance are purchase contracts. See Capital Leases.

Ledger. See Allotment Ledger, Appropriation Ledger, and General Ledger.

Legal Debt Margin. The excess if the amount of debt legally authorized over the amount of debt outstanding.

Legal Defeasance. A situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability (SGAS 7).

Legal Opinion. An opinion as to legality rendered by an attorney.

Level of Effort Requirements. Requirement that a grant recipient not use grant resources to reduce its own local resources in a given program or activity.

Levy. (1) To impose taxes or special assessments or (2) the total of taxes or special assessments imposed by a governmental unit. There are four types of school district levies: excess general fund levies (also known as maintenance and operations levies); debt service fund levies; transportation vehicle fund levies; and capital project fund levies.

Liabilities. Debt or other legal obligations arising out of transactions in the past that are payable but not necessarily due. Encumbrances are not liabilities; they become liabilities when the services or materials for which the encumbrance was established have been rendered or received.

Liquidity. The ability to convert assets to cash quickly without significant losses.
Liquidation. A removal or reversal of an encumbrance amount as a result of the fulfillment or cancellation of a purchase order or contractual commitment.

Loan Premium or Fee. In connection with securities lending arrangements, payments from the borrower to the lender as compensation for the use of the underlying securities when the securities lending arrangement is backed either by a letter of credit, or by securities that cannot be pledged or sold absent a default (SGAS 28).

Long-Term Debt. Debt with a maturity of more than one year after the financial statement date. Any unmatured debt that is not a fund liability.

M

Machinery and Equipment. Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately (e.g., within one year) by use.

Maintenance (Plant Repairs and Repairs and Replacements of Equipment). The act of keeping capital assets in a state of good repair. It includes preventive maintenance, normal periodic repairs, replacement of parts and/or structural components, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.


Major Funds (Financial Statement Reporting). The general fund plus other funds meeting the definition of major fund as designated in GASB Statement 34, paragraph 76, or such funds as the district may choose to report as major. In Washington state all governmental funds are designated as major funds (general fund, capital projects fund, transportation vehicle fund, debt service fund, special revenue fund (ASB), and permanent fund).

Management Letter. In the context of the independent audit of the financial statements, a formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements. A management letter typically would be redundant in an audit conducted in accordance with GAGAS, which require that the independent auditor publish internal control weaknesses and instances of noncompliance in conjunction with a formal report on internal control and compliance. The management letter, as just described, should be distinguished from the management representation letter. The latter is a communication by management to the independent auditor in which management takes formal responsibility for the fair presentation of the financial statements and makes certain specific representations regarding their contents and circumstances.

Management’s Discussion and Analysis (MD&A). Required supplementary information under GAAP reporting, it introduces the basic financial statements and provides an analytical overview of the government’s financial activities (SGAS 34).
Matching Requirement. Requirement that a grant recipient contributes resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

Material Weakness. Reportable condition (internal control weakness) of such magnitude that it could potentially result in a material misstatement of the financial statements.

Materiality. The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. Accountability requires materiality be judged not only in a quantitative manner, but also in a qualitative manner (FASB Concept Statement 2, SGAS 11).

Matured Bonds Payable. A general ledger liability account reflecting unpaid principal of bonds that have reached or passed their maturity date.

Matured Interest Payable. A general ledger liability account reflecting unpaid interest on bonds that have reached or passed their maturity date.

Measurement Focus. The accounting convention that determines: (1) which assets and which liabilities are included on a government’s balance sheet and where they are reported there; and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or on the flow of economic resources (revenues and expenses).

Memorandum Account. An informal record of a school district transaction that cannot be recorded under the regular financial accounts but for which a record is desired.

Migrant Education. A program of instruction and services for those children who move periodically with their families from one school district to another in order that a parent or member of the immediate family may obtain temporary or seasonal employment in agriculture, fishing, or related food-processing (Chapter 392-164 WAC).

Modified Accrual Basis. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, which is when they become both “measurable” and “available to finance expenditures of the current period.” “Available” means collectable in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used and (2) prepaid insurance and similar items that may be considered expenditures either when paid or when consumed. All governmental type funds are accounted for using the modified accrual basis of accounting. An exception to this method is when a school district with 1,000 or less full-time equivalent students makes an election to use the cash basis of accounting. See Cash Basis (NCGA Statement 1).

Modified Approach. Election not to depreciate infrastructure assets that are part of a network or subsystem of a network that meets two requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain
specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government (SGAS 31).

**Municipal Finance Officers’ Association of the United States and Canada (MFOA).**
Professional association of state and local governmental financial managers. Now called Government Finance Officers’ Association (GFOA).

**N**

**National Council on Governmental Accounting (NCGA).** Reconstituted in 1974 to establish principles for state and local governmental accounting and financial reporting. The NCGA was replaced by the Government Accounting Standards Board (GASB) in 1984.

**Net Assets.** The difference between a government’s assets and its liabilities.

**Net Assets Invested in Capital Assets, Net of Related Debt.** Capital assets net of accumulated depreciation, less outstanding debts incurred by a district to buy or construct them.

**Net Cost.** The portion of the cost of providing services after deducting user fees and categorical grants or donations that is financed by general revenues such as taxes, also called net expense.

**Net (Expense) Revenue.** The remainder after program revenues are subtracted from expenses; a functional expense category with a positive number provides net revenue to the district; a functional expense category with a negative number places a net expense on the district that generally is financed with taxes and other general revenues; this information is found in the Statement of Activities.

**Net General Obligation Debt.** General obligation debt reduced by the amount of any accumulated resources restricted to repaying the principal of such debt (SAGS 44).

**Net Income.** Proprietary fund excess of operating revenues, nonoperating revenues, and operating transfers-in over operating expenses, nonoperating expenses, and operating transfers-out.

**Net Pension/OPEB Obligation.** In the context of defined benefit pension and other postemployment benefit plans, the cumulative difference between annual pension cost and the employer’s contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt (SGAS 27 and SGAS 45).

**Network of Assets.** Composed of all assets that provide a particular type of service for a government. A network of infrastructure assets may be only one infrastructure asset that is composed of many components.

**No-Commitment Special Assessment Debt.** Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is not
backed by either the full faith and credit of the government or by any other type of
general government commitment.

**Nominal Account.** An account opened and used during a single accounting period and then
closed into fund balance.

**Nominal Interest Rate.** The contractual interest rate shown on the face and in the body of a
bond and used to compute the amount of interest to be paid, in contrast to the effective
interest rate. See [Effective Interest Rate](#).

**Noncapital Financing Activities.** Term used in connection with cash flows reporting.
Noncapital financing activities include borrowing money for purposes other than to
acquire, construct, or improve capital assets and repaying those amounts borrowed,
including interest. This category includes proceeds from all borrowings (such as revenue
anticipation notes) not clearly attributable to acquisition, construction, or improvement
of capital assets, regardless of the form of the borrowing (SGAS 9).

**Noncurrent Assets.** Assets expected to be liquidated beyond the coming year or that are
restricted from being liquidated in the current year.

**Nonexchange Transactions.** A transaction in which a government (including the federal
government, as a provider) either gives value (benefit) to another party without directly
receiving equal value in exchange or receives value (benefit) from another party without
directly giving equal value in exchange (SGAS 33).

**Nonexpenditure Disbursements.** Disbursements that are not chargeable as expenditures.
Instead, they are charged to a balance sheet account; for example, a disbursement
made for the purpose of paying off an account payable previously recorded on the
books.

**Nonfinancial Assets.** Term used in connection with the current financial resources
measurement focus and the modified accrual basis of accounting. Assets expected to be
used in the provision of goods or services rather than converted to cash. Financial
statement preparers have the option of treating prepaid items and inventories of supplies
as either a financial asset (consumption method) or as a nonfinancial asset (purchases
method).

**Nonhigh Districts.** Nonhigh districts are those that do not offer high school programs.

**Non-Major Funds (Financial Statement Reporting).** Governmental funds that do not meet the
criteria of major funds as defined in GASB Statement 34, paragraph 76. All
governmental funds are designated as major funds in Washington state.

**Nonoperating Revenues and Expenses.** In the context of the proprietary fund operating
statement, revenues and expenses not qualifying as operating item (e.g., taxes, grants
that are not equivalent to contracts for services, and most interest revenue and
expense).
Nonparticipating Interest-Earning Investment Contracts. Investment contracts whose value is not affected by market (interest rate) changes (e.g., nonnegotiable certificates of deposit with redemption terms that do not consider market rates). This definition excludes investment contracts that are negotiable or transferable, or whose redemption value considers market rates (SGAS 31).

Nonreciprocal Interfund Activity. The internal counterpart to nonexchange transaction. This category includes both interfund transfers and interfund reimbursements (SGAS 34).

Nonrevenue Receipts. See Receipts, Nonrevenue.

Normal Cost. That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This amount does not include any payment related to an unfunded actuarial accrued liability. For plans financed in part by employee contributions, normal cost ordinarily refers to the total of employee contributions and employer normal cost.

Normal Costing. The method of estimating the historical cost of a capital asset by taking the value of acquiring the same asset new today and then discounting that amount by an appropriate inflation factor back to the date of acquisition.

Nonspendable Fund Balance. Those portions of a district’s ending fund balance that are not available for use, either because they are not in spendable form or they are legally required to be maintained intact. Examples include the Inventory for a student store (not in spendable form), and the corpus of a trust fund (legally required to be maintained intact).

Nonspendable Fund Balance—Inventory. A general ledger account used to represent the portion of a district’s ending fund balance to indicate that inventories of supplies do not represent “available resources.” The amount reported in this account is dependent upon the method of inventory accounting used by the district. Under the purchases method an asset for material inventory is presented on the balance sheet with an identical amount as Nonspendable fund balance as the expenditures have been fully charged. Under the consumption method this amount should be set at the normal operating level since this amount is not generally available for consumption.

Notes to the Financial Statements. Disclosures required for a fair presentation of the financial statements of a government and not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

Number of Funds Principle. Principle that only the minimum number of funds consistent with legal and operating requirement should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration (NCGA Statement 1).
Object of Expenditure. As used in an expenditure classification, this term applies to the article purchased or the service obtained (as distinguished from the results obtained from expenditures); for example, salaries, supplies, contractual services, and equipment.

Obligations. Amounts that the governmental unit may be required legally to meet out of its resources. They include not only actual liabilities but also unliquidated encumbrances.

Obsolescence. The decrease in the value of fixed assets, resulting from economic, social, technological, or legal changes.

Office of Management and Budget (OMB). An agency of the federal government with regulatory oversight of Single Audits. OMB has issued Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations to meet this responsibility.

On-Behalf Payments of Fringe Benefits and Salaries. Direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employees of another, legally separate entity (the employer entity or employer government). They include payments made by governmental entities on behalf of nongovernmental entities and payments made by nongovernmental entities on behalf of governmental entities, and may be made for volunteers as well as for paid employees of the employer entity (SGAS 24).

Operating Activities. Used in connection with cash flows reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events not defined as capital and related financing, noncapital financing, or investing activities (SGAS 9).

Operational Accountability. Governments’ responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future (SGAS 34).

Operating Budget. Plans of current expenditures and proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a school district are controlled. Budgets are considered essential to sound financial management. See Budget.

Operating Lease. A lease agreement that does not meet the criteria for capitalization set forth in SFAS No. 13.

Operating Revenues and Expenses. Cost of goods sold and services provided to customers and the revenue thus generated.

Operating Statement. A statement summarizing the financial operations of a governmental unit for an accounting period as contrasted with a given moment in time.
Operation of Plant. Those activities that are concerned with keeping the physical plant open and ready for use. It includes cleaning, disinfecting, heating, moving furniture, caring for grounds, and other such housekeeping activities as are repeated somewhat regularly—daily, weekly, monthly, or seasonally. It does not include repairing.

Original Budget. First complete appropriated budget. It may include the effects of adjustments adopted before the beginning of the fiscal year (SGAS 34).

Other Comprehensive Basis of Accounting (OCBOA). A comprehensive basis of accounting other than generally accepted accounting principles as defined by AU Section 623.

Other Financing Sources. The face value of the governmental fund general long-term debt. Amount equal to the present value of minimum lease payments arising from capital leases, sales of general fixed assets, and operating transfers in. Such amounts are classified separately from revenues on the governmental operating statement.

Other Financing Uses. Governmental fund transfers to other funds and the amount of refunding bond proceeds deposited with the escrow agent. Such amounts are classified separately from expenditures on the governmental operating statement.

Other Postemployment Benefits (OPEB). Postemployment benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income. OPEB includes postemployment health care benefits provided through a public employee retirement system or pension plan. In addition to postemployment health care benefits (such as illness, dental, vision, and hearing), OPEB may include such benefits as life insurance, disability income, tuition assistance, legal services, and other assistance programs (SGAS 12).

Pass-Through Agency. An agency that provides grants or other financial assistance received by a governmental agency to transfer to or spend on behalf of a secondary recipient of (sub-recipient).

Pass-Through Awards. Awards and other financial assistance received by a governmental agency to transfer to or spend on behalf of a secondary recipient (SGAS 24).


Payment in Lieu of Taxes. A payment a property owner not subject to taxation makes to a government to compensate it for services the property owner receives that are normally financed through property taxes.

Payroll. A list of individual employees entitled to pay with the amounts due to each for services rendered. Payments are also made for such payroll-associated expenditures as federal income tax withholdings, retirement, and social security.
Payroll Deductions and Taxes Payable. Amounts deducted from employees’ salaries for taxes required to be withheld and for other withholding purposes. Payroll deduction and taxes payable are recorded in General Ledger Account 610. See Withholding.

Pension Benefit Obligation (PBO). The standardized measure of funding status and progress required by the GASB to be disclosed in the notes to the financial statements. It is the actuarial present value of credited projected benefits, prorated on service and discounted at a rate equal to the expected return on present and future plan assets.

Pension Contribution. The amount paid into a pension plan by an employer (or employee), pursuant to the terms of the plan, state law, actuarial calculations, or some other basis for determinations.

Pension Cost. Accrual measure of the periodic cost of an employer’s participation in a defined benefit pension plan (SGAS 27).

Pension Obligation. A generic term for that portion of the actuarial present value of total projected benefits estimated to be payable in the future as a result of employee service to date, with the portion attributable to credited service to date calculated with or without projected salary increases. Stated differently, it is benefits attributable to retirees, beneficiaries and terminated employees entitled to benefits, and current covered employees as a result of their credited service to date.

Pension Obligation Bonds. Bonds issued by employers to finance one or more elements of their pension obligation to employees. Pension obligation bonds may be used, for example: 1) to reduce or eliminated the employer’s net pension obligation; 2) to pay the employer’s annual required contribution for the year; or 3) to reduce or eliminate the plan’s unfunded actuarial accrued liability.

Pension System. A retirement plan whereby persons leaving service in the educational system because of age, disability, or length of service receive payments either in a lump sum or in the form of an annuity. See Retirement Fund System.

Pension (and Other Employee Benefit) Trust Funds. Trust funds used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Pension-Related Debt. All long-term liabilities of an employer to a pension plan, the payment of which is not included in the annual required contributions of a sole or agent employer or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan (SGAS 27).

Periodic Inventory. A system whereby additions of inventory are charged to expenditures and the amount of materials used is determined by periodically subtracting the physical count from the sum of the opening inventory and purchases.
Performance Auditing. Auditing designed to evaluate the effectiveness or efficiency of an organization, program, or activity.

Permanent Accounts. Accounts that appear on the statement of position (i.e., assets, liabilities, and equity/net position).

Permanent Fund. Fund used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s program; that is, for the benefit of the government or its citizenry. Permanent funds do not include private purpose trust funds. See also Private Purpose Trust Funds.

Perpetual Inventory. A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided to provide a cumulative record of goods ordered, received, and withdrawn and the balance on hand in units and frequently also in value. Under both the periodic and perpetual systems the inventory account is adjusted to the physical count of items at the end of the period.

Personnel—Administrative. Personnel on the school payroll who are primarily engaged in activities that have as their purpose the general regulation, direction, and control of the affairs of the school district that are system wide and not confined to one school, subject, or narrow phase of school activity; for example, superintendent of schools, business manager, and accountant.

Personnel—Certificated. Employees such as teachers, principals, counselors, and others who serve in positions covered under the continuing contract law that hold a professional education certificate issued by OSPI and are employed by a school district in positions for which such certificate is required by statute, rule of the State Board of Education, or written policy or practice of the employing district. Expenditures for certificated substitutes and extended contract and stipend expenditures for certificated employees are included in certificated personnel expenditures (WAC 392-121-200).

Personnel—Classified. Employees such as attorneys, accountants, architects, secretaries, clerks, instructional assistants, custodians, food service workers, and other supervisory, professional, technical, office, craft and others who do not hold a professional education certificate issued by OSPI or are employed by the district in positions which do not require such a certificate. It is possible for an individual to hold a valid certificate, be serving in a classified position, and be paid as a classified person.

Personnel—Full-time. Certificated employees who work the full number of days under local standard contract (assuming state minimum length of contract) or classified employees who work 2,080 hours or more per year.

Personnel—Guidance. Persons who have been assigned specific duties and school time to carry on recognized functions of the guidance programs in whole or in part. Classify counselors, deans, guidance specialists, and similar personnel. This refers to both certificated and classified personnel.
Personnel—Health. Persons in the field of physical and mental health, such as physicians, psychiatrists, school nurses, dentists, dental hygienists, psychiatric social workers, and those whose services are directed primarily at individuals, although sometimes used for group activities.

Personnel—Instructional. Those who render direct and personal services which are in the nature of teaching or the improvement of the teaching-learning situation. Included are consultants or supervisors of instruction, principals, teachers (including teachers of homebound), guidance personnel, librarians, and psychological personnel. Attendance personnel, health personnel, and their clerical personnel should not be included as instructional personnel.

Personnel—Maintenance. Personnel on the school payroll who are primarily engaged in keeping the physical plant open and ready for use. Included are personnel engaged in cleaning, disinfecting, heating, moving furniture, caring for grounds, and other such work, except repairing, which is repeated somewhat regularly—daily, weekly, monthly, or seasonally.

Personnel—Part-Time. Personnel who occupy positions, the duties of which require less than full-time services. This includes those employed full-time, for part of the school year, part-time for all of the school year, and part-time for part of the school year. See Personnel—Full-time.

Personnel—Psychological. This term applies to psychologists and psychometrists. It does not apply to psychiatrists and psychiatric social workers; they are treated as health persons.

Petty Cash. A sum of money set aside for the purpose of paying small obligations for which the issuance of a formal voucher and warrant would be too expensive and time consuming. Also, a sum of money, either in the form of currency or a special bank deposit, set aside for the purpose of making change or immediate payments of comparatively small amounts. See Imprest Fund and Cash.

Postaudit/Post-Audit. An examination of financial transactions that have been consummated or those in various stages of completion at the end of an accounting period. See Preaudit.

Postemployment. The period following termination of employment, including the time between termination and retirement (SGAS 43).

Postemployment Healthcare Benefits. Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries (SGAS 43).

Posting. The act of transferring to an account in a ledger the detailed or summarized data contained in the cash receipts book, check register, or similar books or documents of original entry.

Preaudit/Pre-Audit. An examination of financial transactions prior to their completion.

Premium Bond. See Bond Premium.
Premium Deficiency. In the context of public-entity risk pools, a situation that occurs if the sum of 1) expected claims costs (including incurred but not reported claims) and all expected claim adjustment expenses, 2) expected dividends to policyholders or pool participants, and 3) unamortized acquisition costs exceeds related unearned premiums (SGAS 30).

Prepaid Items. Expenditures/expenses paid during a fiscal year that apply to benefits to be received in succeeding years. Prepaid expenditures differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring expenditures of operation. Examples of prepaid expenditures are prepaid rent, prepaid interest, and unexpired insurance premiums. See Deferred Charges.

Present Value. The sum of future payments or receipts discounted to the current date at an appropriate rate of interest. Usually the present value can be considered equivalent to the cash price that would be paid for an item on delivery or the principal or face amount of an investment or debt exclusive of interest. However, when an item is bought or sold at a premium or discount, or when a debt is incurred and the cash proceeds are not the same as the face amount of the debt, computation of present value may be required. The rules and procedures are available in any current intermediate accounting text.

Primary Government. Term used in connection with defining the financial reporting entity. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local government. The primary government is the focus of the financial reporting entity (SGAS 14).

Principal of a School. The certificated administrative head of a school that is responsible for the coordination and supervision of the activities of the school.

Principal of Bonds. The face value of bonds. See Face Value.

Private Purpose Trust Funds. Funds used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Program. A plan of activities designed to accomplish a set of objectives. Educational programs consist of activities of a school district that are directly involved in the instruction and education of students. Supportive service programs consist of activities of a school district that support the educational programs.

Program Loan. In connection with cash flows reporting, a loan made and collected as part of a governmental program that provides a direct benefit to individual constituents (SGAS 9 and Q&A).

Program Revenues. Revenues derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s general revenues (SGAS 34).

Proprietary Accounts. Those accounts that show actual financial conditions and operations such as actual assets, liabilities, restrictions and commitments, surplus, revenues, and expenditures as distinguished from budgetary accounts. See Budgetary Accounts.
Prorating. The allocation of parts of a single expenditure to two or more different accounts. The allocation is made in proportion to the benefits that the expenditure provides for the respective purposes or programs for which the accounts were established.

Psychological Personnel. See Personnel—Psychological.

Public Employee Retirement System (PERS). State or local governmental entity entrusted with administering one or more pension plans; it also may administer other postemployment benefit plans and deferred compensation plans (SGAS 25).

Public-Entity Risk Pool. A cooperative group of governmental entities joining together to finance an exposure, liability, workers’ compensation, or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool’s sponsor (SGAS 10).

Public Grant. See Grant, Public.

Public Information. Pertains to disseminating information for public consumption through news media about the condition and progress of education in the school system. It consists of such activities as making news releases and television programs to discuss school system programs. Public information is charged to Activity 12 within Program 97, except when chargeable to a specific categorical program.

Pupil Personnel Services. Consists of those activities other than teaching that assist pupils in their learning experiences.

Pupil Transportation Services. Consists of those activities involved with the conveyance of pupils to and from school activities as provided by state law. Includes trips between home and school or trips to school activities. Pupil transportation is charged to Program 99, except when chargeable to a categorical program.

Purchase Order. A document that authorizes a vendor to deliver described merchandise or render services at a specified price.

Pure Cash Conduit. Term used in connection with pass-through grants. A grantor that merely transmits grantor-supplied money without having administrative or direct financial involvement in the program (SGAS 24).

Purpose Restrictions. Term used in connection with government-mandated and voluntary nonexchange transactions. Legal limitations that specify the purpose or purposes for which resources are required to be used (SGAS 33).

Put Option. An option contract giving the buyer (owner) the right, but not the obligation, to sell to the writer of the contract a fixed number of items (such as shares of equity securities) at a fixed or determinable “strike” price on a given date or at any time on or before a given date (SGAS 31).
Q

**Qualified Opinion.** A modification of the independent auditor's report on the fair presentation of the financial statements indicating there exists one or more specific exceptions to the auditor's general assertion the financial statements are fairly presented.

**Questioned Cost.** A determination by the independent auditor that an expenditure under a federal grant does not meet all of the grantor’s requirements and therefore may be subject to refund to the grantor.

R

**Real Property.** Real property generally encompasses land, land improvements, buildings, and equipment that is integrated and firmly attached. For example, a building’s HVAC system would be real property (integrated into the building), but a window-mounted air conditioner would not be considered real property.

**Realized Gains and Losses.** The cumulative effect of appreciation and depreciation in the value of investments reported at fair value at the time those investments are sold.

**Re-appropriation.** Inclusion of a balance from the prior year’s budget as part of the budget of the subsequent fiscal year. Re-appropriation is common for encumbrances outstanding at the end of a fiscal year that a government intends to honor in the subsequent fiscal year.

**Reasonable Assurance.** The principle that the goal of the independent audit of the financial statements is to insure the financial statements are free from *material* misstatement. The principle of reasonable assurance rests upon the assumption that it is not cost beneficial to attempt to insure financial statements are free of immaterial misstatements.

**Rebates.** Abatements or refunds.

**Receipts, Nonrevenue.** Additions to assets that either incur an obligation which must be met at some future date or change the form of an asset from property to cash and therefore decrease the amount and value of school property. Money received from the sale of bonds and the sale of property constitutes most of the nonrevenue receipts.

**Receiving and Disbursing.** Accepting and paying out funds. It includes the current audit of receipts and the preaudit of requisitions or purchase orders before the order is placed to determine whether the amounts are within the budgetary allowances and to determine that such disbursements are lawful expenditures of the school or school system.

**Reciprocal Interfund Activity.** The interfund counterpart to exchange and exchange-like transactions. This category includes both interfund loans and interfund services provided and used (SGAS 34).
Reconciliations. Schedules to the financial statements that present the adjustments necessary to generally explain how the basis of accounting differs in two sets of statements; districts prepare reconciliations between the districtwide and governmental funds financial statements; the Statement of Cash Flows and Statement of Revenues, Expenses, and Changes in Fund Net Position of the enterprise funds; and the actual budget results and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Recoverable Expenditures. An expenditure made for or on behalf of another governmental unit, fund, or department that will subsequently be recovered in cash or its equivalent. See Reimbursement.

Refund. An amount paid back or credit allowed because of an over-collection or the return of an object sold; to provide for the payment of a loan through cash or credit secured by a new loan.

Refunding Bonds. Bonds issued to retire bonds already outstanding. The refunding bonds may be used to provide the resources for redeeming outstanding bonds, or the refunding bonds may be exchanged with the holders of the outstanding bonds. See Advance Refunding Bonds.

Register. A record for the consecutive entry of a certain class of events, documents, or transactions with a proper notation of all of the required particulars. The form of a register for accounting purposes varies from a one column to a multi-columnar spreadsheet of special design whereon the entries are distributed, summarized, and aggregated usually for convenient posting to the accounts.

Registered Warrant. A warrant that is registered by the paying officer for future payment on account of present lack of money and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See Warrant.

Regular Method of Advance Bond Refunding. A method of refunding general obligation bonds in advance as provided in chapter 39.53 RCW. This method provides for the sale of new general obligation refunding bonds whose proceeds are used to purchase certain investments, which are placed in the custody of the trust department of a bank. The investments are selected so that the cash realized from maturing investments, together with interest earned, will be available to pay the principal and interest of the refunded (old) bonds as they mature and become callable. When the regular method of advance refunding is used, taxes are no longer levied for the annual debt service requirements of the refunded (old) bond issue. Instead, taxes are levied for the annual debt service requirements of the refunding (new) bond issue together with any bonds that have not been refunded.
Regulated Enterprises. Enterprises for which: (a) rates for regulated services or products are either established by, or subject to approval by an independent, third-party regulator (or the governing board itself if it is empowered by statute or contract to establish rates that bind customers); (b) the regulated rates are designed to recover the specific enterprise’s costs of providing regulated services or products; and (c) it is reasonable to assume that the regulated activity can set and collect charges sufficient to recover its costs. Regulated enterprises have the option of adopting certain specialized guidance issued by the FASB. In practice, the term “regulated enterprise” normally is applied only to enterprises that elect this option.

Reimbursement. Cash or other assets received as a payment of the cost of work or services performed or of other expenditures made for or on behalf of another governmental unit or department.

Reimbursement Grant. A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as expenditure-driven grants.

Reinsurance. A transaction in which an assuming enterprise (reinsurer), for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer (ceding enterprise). However, the legal rights of the insured are not affected by the reinsurance transaction, and the ceding enterprise issuing the original insurance contract remains liable to the insured for payment of policy benefits (SGAS 10).

Related Organization. In the context of defining the financial reporting entity, an organization for which a primary government appoints a voting majority of the board, but for which it is not financially accountable (SGAS 14).

Related Party Transaction. A transaction an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transaction. The term is often used in contrast to an arm’s length transaction.

Relative Order of Liquidity. An order for presenting assets and liabilities on the statement of net position based upon how readily they may be converted to cash or will require the use of cash (SGAS 34).

Reliability. Principle that financial information should be verifiable and free from bias and should faithfully represent what it purports to represent (SGAS 1).

Remittance. A disbursement by a county treasurer charged against a school district.

Remodeling. Any major permanent structural improvement to a building. It includes changing partitions, roof structure, or walls. Expenditures for repairs are not considered remodeling, but are included under maintenance. See Repairs.

Repairs. The restoration of equipment, building, or grounds to a reasonably original condition of completeness or efficiency from a worn, damaged, or deteriorated condition. See Maintenance of Plant.
Replacement of Equipment. A complete unit of equipment purchased to take the place of another complete unit of equipment, which is to be sold, scrapped, or written off the record. The new unit serves the same purpose as the replaced unit in the same way.

Replacement Cost. The expenditure needed as of a certain date of a property that can render similar service (but which need not be of the same structural form) as the property to be replaced.

Reportable Condition. A significant deficiency in internal controls discovered in the course of the financial statement audit that must be communicated by the independent auditor to the entity’s audit committee or its equivalent.

Reporting Date. The date of the financial statements; the last day of the fiscal year.

Reporting Package. Used in connection with Single Audits. A package the independent auditor must communicate to the Federal audit Clearing House. It includes: (a) the government’s financial statements; (b) the government’s supplementary schedule of expenditures of federal awards; (c) the auditor’s reports; (d) a summary schedule of prior audit findings; and (e) a corrective action plan. A special data collection form summarizing the information contained in the reporting package must accompany the reporting package.

Required Supplementary Information (RSI). Important additional information that supports and explains the data in the basic financial statements; RSI is not a part of the basic financial statements, but districts are required to provide it together with them; RSI materials follow the notes to the financial statements, with the exception of the MD&A, which precedes the statements.

Requisition. A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services. A requisition should include description, number of units, and the estimated expenditure.

Restriction. (1) An account used to earmark a portion of fund balance to indicate that it is not appropriable for expenditure; (2) an account used to earmark a portion of fund equity as legally segregated for a specific future use.

Restricted for Debt Service. A general ledger account used to segregate a portion of fund balance for resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years. The account number is 830.

Restriction for Interfund Loans Receivable. The segregation of a portion of a fund balance to indicate that noncurrent portions of long-term interfund loan receivables do not represent “available resources” because they are not current assets. The general ledger account to be used is 810 Restricted for Other Items.

Restricted for Other Items. A general ledger account used to segregate a portion of fund balance to indicate that a portion of current assets do not represent “available spendable resources” and may be legally segregated. An example of current assets not available is Account 430 Prepaid Items.
Restricted for Unequalized Deductible Revenue. A general ledger account used by cash basis districts to set aside a portion of fund balance to indicate forest revenue or other deductible revenues that have not yet been offset against the district’s general apportionment amount on Report 1191.

Restricted for Uninsured Risks. A general ledger account used to segregate a portion of fund balance to indicate that a portion of current assets do not represent “available spendable resources” because they are restricted by law or school district action to cover future losses not covered by insurance. Includes, but is not limited to, General Ledger Account 459 Self-Insurance Security Deposits.

Restricted Fund Balance. Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for specific future use.

Resolution. A special or temporary order of the school board; an order of the school board requiring less legal formality than an ordinance or statute.

Restricted Assets. Assets whose use is subject to constraints either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation (GASB 34).

Restricted Net Position. On the districtwide statement of net position, that portion of net position with constraints either imposed externally by creditors (such as through debt covenants) or by law through constitutional provisions or enabling legislation. The districtwide statement of net position is used by those districts electing to present GAAP statements.

Retainage Payable. The moneys held whether or not in escrow (bank) that represents the amounts due on construction contracts not paid to the contractor pending final inspection of the project or the lapse of a specified period, or both. The unpaid amount is usually a stated percentage (e.g., 5 percent) of the contract price.

Retained Earnings. An equity account reflecting the accumulated earning of an enterprise or internal service fund.

Retirement Fund System. A plan whereby a fund or money, built up through contributions from participants and other sources, is used to make regular payments to those who retire from service in the educational system by reason of age, disability, or length of service. See Pension System.

Revenue. Additions to the assets of a fund of a school district during a fiscal period that are available to finance the fund’s expenditures during the fiscal period. Revenue does not accompany the increase of liabilities or represent refunds of previous expenditures. Revenue may be in the form of cash or in the form of noncash assets such as donated commodities. Revenue for accrual basis funds is limited to amounts received in cash or noncash donations plus or minus adjustments for revenue accruals (RCW 28A.505.010). See Revenue Accruals.
Revenue Accruals. Revenue anticipated to be received in cash after the close of the fiscal period that represent reimbursement for expenditures incurred by the end of the fiscal period (RCW 28A.505.010). See Revenue.

Revenue Anticipation Note (RAN). Notes issued whereby the school district receives moneys in exchange for a promise to make repayment at a later date from anticipated revenues. The revenue anticipated to be received at a later date includes taxes, grants, and the proceeds from the sale of bonds.

Revenue, Deferred. See Deferred Revenues.

Revolving Fund. See Fund, Revolving and Imprest Fund.

Reverse Repurchase Agreement. An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or for different securities (SGAS 3).

Risk-Sharing Pool. One of four different types of public-entity risk pool. An arrangement by which governments pool risks and funds and share in the cost of losses. (SGAS 10.)

Safety Net Funding. Federal funding available to school districts with demonstrated needs for special education funding in excess of state, federal, and local funding otherwise provided.

Salary. The total amount regularly paid or stipulated to be paid to an individual, before deductions, for personal services rendered while on the payroll of the school district. Payments for sabbatical leave are also considered as salary.

Salary-Related Payments. Used in the calculation of the liability for compensated absences. Payments by an employer directly and incrementally associated with payments made for compensated absences on termination. Such salary-related payments include the employer’s share of social security and Medicare taxes and might include, for example, the employer’s contributions to pension plans (SGAS 16).

Saul Haas. See InvestED.

Schedules. (1) The explanatory or supplementary statements that accompany the balance sheet or other principal statements periodically prepared from the accounts, (2) the accountant’s or auditor’s principal work papers covering his/her examination of the books and accounts, (3) a written enumeration or detailed list in orderly form.

School Food Services. The direct expenditures associated with the preparation and serving of regular and incidental meals, lunches, or snacks. Direct expenditures associated with the National School Lunch Program, Special Milk Program, and the School Breakfast Program are charged to Program 98 Food Services. Direct expenditures associated with the Child and Adult Care Food Program and the Summer Food Service Program are charged to Program 98 but are later transferred using the debit/credit transfer procedure to Program 89 Community Services. All other food service direct expenditures are charged to Program 98 and later transferred to the program that sponsored the direct expenditures.

School Plant. The site, buildings, and equipment constituting the physical facilities used by a single school or by two or more schools sharing the use of common facilities.

School Plant, Combined Elementary and Secondary. A school plant that houses both an elementary school and secondary school.

School Site. The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings, play courts, and playfields.

Schoolwide Programs. Programs that allow schools to combine two or more federal education funds into a single pool of resources.

Second Class District. Districts with a student enrollment of fewer than 2,000 (RCW 28A.300.065).

Securities. Bonds, notes, mortgages or other forms of negotiable or nonnegotiable instruments.

Segregation of Incompatible Duties. The principle that no single employee should be placed in a position allowing that employee to both commit and conceal an irregularity in the ordinary course of the employee's duties.

Serial Bonds. Bonds, the principal of which is repaid in periodic installments over the life of the issue.

Single Audit. An audit performed in accordance with the Single Audit Act of 1984 and Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Nonprofit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

Single Audit Act of 1984. Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.

Single-Program Government. In the context of financial reporting, a government that budgets, manages, and accounts for its activities as a single program. Single-program governments that use only governmental funds have the option to combine their fund financial statements and their government-wide financial statements into a single, combining presentation.
**Sinking Fund.** An account to periodically set aside funds with a financial institution as the trustee, to fund a future capital expense or the repayment of long-term debt.

**Skill Center.** A secondary vocational skill center is a facility operated by a local school district, organized and administered specifically for the delivery of vocational educational services and programs for students resident in more than one school district, pursuant to the laws, rules and regulations pertaining to the maintenance, operation, and capital funding of secondary programs. Account for skill center expenditures in Programs 45, 46, and 49.

**Special Education.** Special education means specially designed instruction provided to an eligible student as defined in Chapter 392-172A WAC. Specially designated instruction shall be provided at no cost to the parents, in conformance with the student’s individualized education program, and designed to meet the unique needs of the student. Specially designed instruction includes instruction conducted in the classrooms, in the home, in hospitals and institutions and in other settings, and instruction in physical education.

**Solvency Test.** In the context of pension plan financial reporting, the comparison of a pension plan’s present assets to the aggregate accrued liabilities classified into the following categories: (a) liability for active member contributions on deposit; (b) liability for future benefits to present retired lives; and (c) liability for service already rendered by active members. In preparing this schedule, valuation assets are arbitrarily allocated first to the liability for active members’ contributions on deposit, second to the liability for future benefits to present retired lives, and third to the liability for service already rendered by active members, regardless of the method used for asset allocation.

**Special Assessment.** Compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Special Items.** Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence (SGAS 34).

**Special Revenue Fund.** See Fund, Special Revenue.

**Special Termination Benefits.** Benefits offered by an employer for a short period of time as an inducement to employees to hasten the termination of services. For example, to reduce payroll and related costs, an employer might offer enhanced pension benefits or OPEB to employees who accept the offer within a sixty-day window of opportunity (SGAS 43)

**State Aid for Education.** Any grant made by a state government for the support of education. See Grant, Public.

**Statement of Activities.** A government-wide financial statement that reports changes in net position. The report is prepared on accrual basis and shows expenses by major activity as well as program-specific revenues for that activity and the net expense/revenue for that activity. This statement, required by GAAP, is prepared by those districts electing to report on that basis.
**Statement of Cash Flows.** The basic financial statements (for proprietary funds and trust funds) that present information on the amount (but not necessarily the nature) of the sources and uses of an entity’s cash during an accounting period in conformity with GAAP.

**Statement of Changes in Fiduciary Net Position.** A financial statement that reports additions to and deductions from the net position of fiduciary funds during a given period.

**Statement of Fiduciary Net Position.** A financial statement that reports the assets, liabilities, and net position of fiduciary funds at a given point in time.

**Statement of Financial Condition.** A statement that discloses the assets, liabilities, restrictions, commitments, and equities of a fund or governmental unit at a specified date properly classified to exhibit financial position of the fund or unit at that date. Note: If a single statement is prepared for several funds, it must be in columnar or sectional form as to exhibit the accounts of each fund. See Balance Sheet.

**Statement of Net Position.** A financial statement that reports assets, liabilities, and net position at a given point in time; one of a district’s districtwide financial statements, as well as a proprietary fund financial statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances.** A financial statement that reports the revenues, expenditures, and other changes in fund balances of the governmental funds.

**Statistical Section.** The third of three essential components of any comprehensive annual financial report. The statistical section provides a broad range of trend data covering key financial indicators from the past 10 fiscal years. It also contains demographic and miscellaneous data useful in assessing a government’s financial condition. The contents of the statistical section normally fall outside the scope of the independent audit of the financial statements.

**Statute.** A written law enacted by a duly organized and constituted legislative body.

**Stores.** Goods on hand in warehouses and storerooms, subject to requisition.

**Student Body Activities.** Direct and personal services for public school pupils, such as interscholastic athletics, entertainments, publications, clubs, bands, and orchestras, that are managed or operated by the student body under the guidance and direction of adults, and are not part of the regular instructional program.

**Subobject.** Subdivision within and expenditure object classification (e.g., *regular employees* is a possible subobject within the *personal services*—*salaries and wages* expenditure object classification).

**Subsidiary Accounts.** Related accounts that support in detail the summaries recorded in a controlling account.

**Sub-recipient.** An entity that expends grants or other financial assistance received from a fiscal agent and/or a pass through entity.
Subsidiary Ledger. A group of subsidiary accounts, the sum of the balances of which should equal the balance of the related control account. See General Ledger.

Subsystem of a Network Asset. All assets that make up a similar portion or segment of a network of assets.

Summary of Significant Accounting Policies. A disclosure of accounting policies, required by GAAP, that should identify and describe the accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations. In general, the disclosure should encompass important judgment as to the appropriateness of principles relating to the recognition of revenue and allocation of asset costs to current and future periods. In particular, it should encompass those accounting principles and methods that involve any of the following: (1) selection from existing acceptable alternatives; (2) principles and methods peculiar to government; and (3) unusual or innovative applications of accounting principles, including those peculiar to government.

Supervisors of Instruction. School personnel who have been delegated the responsibility of assisting teachers in improving the learning situation and instructional methods.

Supplementary Information. Financial information presented together with basic financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is mandated by the GASB it is referred to as required supplementary information.

Supply. A material item of an expendable nature that is consumed, worn out, or deteriorated in use or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance. Supplies are recorded as Object 5 of the expenditure coding.

Supporting Schedules. Financial presentations used to:
- Demonstrate compliance with finance-related legal and contractual provisions.
- Aggregate and present in greater detail information spread throughout the financial statements (e.g., cash balances, investments, current and delinquent taxes).
- Present in greater detail information reported in changes in general fixed assets by function.
- Present information not disclosed in GAAP financial statements or changes in agency fund assets and liabilities.

Supportive Services. Activities that provide administrative, technical, and logistical support to a program. Supportive services exist as adjuncts for the fulfillment of the objectives of the other major programs rather than as entities within themselves.

Surety Bond. A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document through nonperformance or through defalcation; for example, a surety bond given by a contractor or by an official handling cash or securities.
Susceptible to Accrual. Revenues collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (NCGA Statement 1).

Suspense Account. An account that carries charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted.

System Development Fees. Fees charged to join or to extend an existing utility system. Also referred to as tap fees or connection fees.

Tax Anticipation Note (TAN). Notes (or warrants) issued in anticipation of the collection of taxes, usually retireable only from tax collections and frequently only from the proceeds of the tax levy whose collection they anticipate.

Tax-Increment Financing. Financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

Tax Rate. The amount of tax stated in terms of a unit of the tax base; for example, $1.75 per thousand dollars of assessed valuation.

Tax-Rate Limit. The maximum rate or amount of general property tax that a local government may levy.

Taxes. Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. They do not include special assessments.

Taxes Receivable. The uncollected portion of taxes that a governmental unit has levied. The tax collection year is not the same as the school district fiscal year and therefore a portion of the taxes receivable in General Ledger Account 310 Taxes Receivable is expected to be collected the following year.

Teacher. A person, generally certificated, employed to instruct pupils or students in a situation where the teacher and the pupils or students are in the presence of each other. This term is not applied to principals, librarians, or other instructional personnel in this manual.

Teaching Aide. A person who performs activities of a nonteaching nature who are not classified as educational professionals, but who assist a staff member to perform professional educational teaching assignments. Sometimes these staff members are called paraeducators or instructional assistants.

Temporary Accounts. Accounts that close to net position at the end of an accounting period, (e.g., revenues and expenses).

Ten Percent Criterion. The first of two tests used to determine whether a given governmental fund must be reported as a major fund in the basic financial statement. For governmental funds, this test is applied to the total assets, liabilities, revenues, and expenditures of all governmental funds. The test need be met for only one of these four items. See Five Percent Criterion (SGAS 34).
**Termination Benefits.** Benefits provided to employees in connection with their termination of employment. They may be either special termination benefits offered only for a short period of time or contractual termination benefits required by the terms of a plan only if a specified event occurs.

**Termination Payments Method.** A method of calculating the liability for earned sick leave for which it is probable the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on the district’s past experience of making termination payments for sick leave, adjusted for the effect of changes in its termination policy and other factors (SGAS 16).

**Textbooks.** Books obtained primarily for use in certain classes, grades, or other particular student groups rather than for general school use.

**Timber Excise Tax.** State-collected excise tax imposed on all timber harvested from state, federal, or privately owned land distributed to local school districts based on a timber assessed value (TAV) formula.

**Timeliness.** The principle that financial statements must be issued soon enough after the reported events to affect decisions (SGAC 1).

**Timing Differences.** Differences between the basis of budgeting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting (e.g., a special revenue fund that uses a grant-year budget rather than a fiscal-year budget).

**Trade Discount.** An allowance usually varying in percentage with volume of transactions, made to those engaged in certain businesses and allowable irrespective of the time when the account is paid. The term should not be confused with “cash discount.”

**Transfers.** See Reciprocal and Nonreciprocal Interfund Activity.

**Transportation Equipment.** See School Bus.

**Transportation Vehicle Fund.** See Fund, Transportation Vehicle.

**Trial Balance.** A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a controlling account, the ledger from which the figures are taken is said to be in “balance.”

**Trust Funds.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

**Type A Program.** Term used in connection with the determination of major programs for purposes of Single Audits. Type A programs are defined on the basis of the relationship between program expenditures and total federal awards expended.

**Type B Program.** Term used in connection with the determination of major programs for purposes of Single Audits. A Type B program is any program with insufficient program expenditures to qualify as a Type A program.
Unallocated Depreciation. Term used in connection with the districtwide statement of activities for GAAP financial statements. Depreciation not properly reported as a direct expense of a functional category.

Unassigned Fund Balance. Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., designations).

Unearned Revenue. Receipts that may result in additions to revenues in future periods. Unearned revenue is recorded as a liability since the revenues are received before they become due. This term is used in proprietary fund types only.

Unencumbered Balance of Appropriation or Allotment. That portion of an appropriation or allotment not yet expended or encumbered; the balance remaining after deducting from the appropriation or allotment the accumulated expenditures and outstanding encumbrances.

Unexpended Balance of Appropriation or Allotment. That portion of an appropriation or allotment not yet expended; the balance remaining after deducting from the appropriation or allotment the accumulated expenditures.

Unfunded Actuarial Accrued Liability. Excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, the excess of the actuarial value of assets over the actuarial accrued liability, or the funding excess (SGAS 43).

Unqualified Opinion. An auditor’s opinion which states that the basic financial statements of a specified entity are fairly presented in conformity with GAAP applied on a basis consistent with the prior year.

Unrealized Gains and Losses. Cumulative change in the market value of investments prior to their disposition.

Unrealized Revenues. The difference between estimated revenues and actual revenues.

Unrestricted Net Position. That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

Vehicle, Privately Owned. A vehicle owned by the contractor, a vehicle partially owned by the contractor, or a car used by a parent who is paid from public money to transport his/her own children and sometimes other children to schools.

Vendor. A dealer, distributor, merchant, or other seller providing goods or services that is required for the conduct of a federal or state program. These goods or services may be for an organization’s own use or for the use of beneficiaries of the federal or state program. (For example, an ESD or school district that provides a service to another ESD or school district would be considered a “vendor.”)
Vested Benefit. A benefit for which the employer has an obligation to make payment even if an employee terminates; thus, the benefit is not contingent on an employee’s future service.

Vesting Method. A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on the sick leave accumulated at the date of the statement of position for those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. In calculating the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination payments (SGAS 16).

Voluntary Nonexchange Transactions. Transactions that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations) (SGAS 33).

Voucher. A document that authorizes the payment of money and indicates the accounts to be charged.

Voucher System. A system that calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in the order in which payment is approved in a special book of original entry known as a voucher register.

Vouchers Payable. Liabilities for goods and services received as evidenced by vouchers that have been preaudited and approved for payment but which have not been paid.

W

Warrant. A written order drawn by the school board or its authorized officer directing the county treasurer to pay a specific amount to a designated payee.

Warrant Interest. Interest expenditures on registered warrants.

Warrants Outstanding. The total amount of unpaid warrants. Also referred to as warrants payable. Warrants outstanding are shown in General Ledger Account 241.

Warrants Payable. The amount of unpaid warrants outstanding.

Withholding. The process of deducting from a salary or wage payment an amount specified by law or regulation representing the estimated federal or state income tax of the individual that the employer must pay to the taxing authority. See Payroll Deductions and Taxes Payable.
Work Order. A written order authorizing and directing the performance of a certain task issued to the person who is to direct the work. Information shown on the order includes the nature and location of the job, specifications of the work to be performed, and a job number that is referred to in reporting the amount of labor, material, and equipment.

Yellow Book. A nontechnical term commonly used to describe the General Accounting Office’s publication *Government Auditing Standards*.

Zero-Coupon Debt. A form of deep-discount debt. Zero-coupon bonds have no regular interest payments; instead interest on the debt is incorporated or accreted into the bond’s inflated value. See Accreted Value.