

GLOSSARY OF COMMON SCHOOL FINANCE TERMS

Abatement	The return or cancellation of all or some part of an item of income or expenditure to its source during the current fiscal year.
ADA	Average Daily Attendance. The total approved days of attendance in the school district divided by the number of days the schools in the district are in session for at least the required minimum day.
Apportionment	Allocation of state or federal aid, district taxes, or other monies among local educational agencies (LEA's) or other governmental units.
Attendance Reports	Each school district reports its attendance three times during a school year.
P-1 ADA	The First Principal Apportionment ADA, called the P-1 ADA , is counted from July 1 through the last school month ending on or before December 31 of a school year.
P-2 ADA	The Second Principal Apportionment ADA, called the P-2 ADA , is counted from July 1 through the last school month ending on or before April 15 of a school year.
Fiscal or Annual ADA	Based on the count from July 1 through June 30. The final recalculation of the apportionment is based on the P-2 ADA except; lottery funds, adult education programs, regional occupational centers and programs, and non-public school funding; all of which use the Annual Count of ADA.
Budget	An estimate of the total anticipated income and expense for the year for a specific fund/program. Cash is not necessarily all received or expended within the calendar year of the budget.
Budgeting	The process of allocating the available resources of an organization among potential activities to achieve the objectives of the organization; planning for the use of resources.
Capital Projects Funds	Funds established to account for financial resources that are to be used for the acquisition or construction of major capital facilities.
Cash Flow	An analysis of expected cash receipts and cash disbursements by the month. This analysis provides an anticipated cash balance for the month. Differs from projected income and expenses in a budget.
Categorical Aid	Funds from the state or federal government granted to qualifying school districts for; children with special needs such as special education, special programs such as the School Improvement Program, special purposes such as transportation. Expenditure of most categorical aid is restricted to its particular purpose. The funds are granted to districts in addition to their revenue limits.
CBEDS	California Basic Education Data System -- the statewide system of collecting enrollment, staffing, and salary data from all school districts on an "Information Day" each October.

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Certificated Personnel	School employees who hold positions for which a credential is required by the state -- teachers, librarians, counselors, and most administrators.
Certificates of Participation (COP's)	Interest-bearing certificates, something like bonds, sold by the district to raise money for capital outlay. They are secured by the general fund.
Classified Personnel	School employees who hold positions that do not require credentials; i.e., account technicians, maintenance workers, secretaries, clerks, aides, bus drivers, custodians, etc.
Cost of Living Adjustment (COLA)	An increase in funding for government programs including revenue limits or categorical programs. Current law ties the COLA for most educational programs to the annual percentage change in the "implicit price deflator" for state and local government -- a government price index.
Deficit Factor	When an appropriation to the state school fund for revenue limits -- or for any specific categorical program -- is insufficient to pay all claims for state aid, a deficit factor is applied to reduce the allocation of state aid to the amount appropriated.
Deficit Spending	The excess of actual expenditures over actual revenues (also referred to as an operating deficit).
Direct Costs	Expenses that are charged directly as a part of the cost of a product or service to all instructional programs, special projects, services to school districts' programs, support service programs, auxiliary programs. Teacher and teacher aide salaries and instructional supplies are examples.
Encroachment	The use of general purpose funds (unrestricted) for special purpose (restricted) program expenditures, such as special education or transportation. Encroachment occurs in most districts which provide services for handicapped children. Other encroachment is caused by deficit factors or local decisions to allocate general purpose funds to special purpose programs.
Enrollment	The number of students enrolled at school site or in an alternative program, such as independent study programs, alternative study program (ASP) or general education diploma (GED) programs.
Equalization Aid	The extra state aid provided in some years to a low revenue district to increase its base revenue limit toward the statewide average.
Fiscal Year	A period of one year, the beginning and the ending dates of which are fixed by statute; in California, the period beginning July 1 and ending June 30.
Fund Balance	Funds that exceed the total of the current year's income, plus the prior year's unspent funds, minus the current year's expenditures.

