



Debt Obligations: Glossary of Terms

Arbitrage	In the context of government finance, the reinvestment of the proceeds of tax- exempt securities in materially higher-yielding taxable securities.
Bond	A written promise, generally under seal, to pay a specified sum of money, called the face value, at a fixed time 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 and requires greater legal formality.
Bonded Debt	The part of debt which is covered by outstanding bonds. Sometimes called "Bonded Indebtedness."
Bonds Issued	Bonds sold.
Bonds Payable	The face value of bonds issued and unpaid.
Debt	An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants, and notes, etc.
Debt Service Fund	A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all bonds.
Direct Debt	Debt that is to be repaid by the reporting government itself rather than by an overlapping or underlying government.
PFC	Public Facility Corporation
Principal of Bonds	The face value of bonds.
QZAB	Qualified Zone Academy Bonds: A Federal Grant Program that provides funding for schools to renovate building and developing curricular.
Refunding	The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time.
Sinking Fund	See Debt Service Fund