

Glossary

Abatement: A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments and service charges.

Accounts Payable: A short-term liability account reflecting amounts owed to private persons or organization for goods and services received by a government.

Accountability: The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.

Account Groups: Accounting entities used to establish control over and accountability for the government's general fixed assets and the unmatured principal of its general ong-term debt, including special assessment debt for which the government is obligated to some manner. Current authoritative literature provides for two such account groups: the general fixed assets account group (GFAAG) and the general long-term debt account group (GLTDAG). The long-term portions of claims, judgment, compensated absences and unfunded pension contributions not reported in proprietary or trust funds are also usually reported in the GLTDAG. Account groups are dissimilar to funds in that they are not used to account for sources, uses and balances of expendable available financial resources.

Accounting Period: See Fiscal Period.

Accounting System: The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

Account Number: See Coding.

Accounts Payable: A short-term liability account reflecting amounts owed to private persons or

organizations for goods and services received by a government.

Accounts Receivable: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other government).

Accreted Value: A valuation basis for certain investments and debt instruments that report on the balance sheet only that portion of their face value that reflects principal and interest accrued to date.

Accrual Basis: The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Accrued Benefits: The amount of a pension plan participant's benefit (whether or not vested) as of a specified date, determined in accordance with the terms of the pension plan and based on compensation (if applicable) and service to that date.

Accrued Interest Payable: A liability account reflecting certain interest cost that has been incurred but is not due until a later date.

Accrued Salaries and Wages Payable. A liability account reflecting salaries and wages earned by employees but not due until a later date.

Accumulated Benefit Obligation: The actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula to employee service rendered before a specified date and based on employee service and compensation (if applicable) before that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels.

Accumulated Depreciation: A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of fixed assets.

Accumulated Plan Benefits: Benefits attributable under the provisions of a pension plan to employees for services rendered to the benefit information date.

Activity: A specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible (e.g. police is an activity within the public safety function).

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 a PERS is an example of a fund concerned with actuarial basis data.

Act 60: State of Vermont Education Reform Act of 1997.

Activity: A significant organizational component of an agency's responsibilities, usually administered by a division head.

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

Annexation: The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation: A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

Assessed value: A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.

Assets: Property owned by government.

Audit: A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the city's financial statements. The audit tests the city's account system to determine whether the internal accounting controls are both available and being used.

Available Fund Balance: That portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Balance Sheet: That portion of the city's financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

Basis of Accounting: A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.

Benchmarking: Comparing one's own performance to that of their past performance or to that of comparable communities.

Beneficiary Revenues: Revenues derived from the users, or beneficiaries, of the City service.

Bond: The City has to borrow from time to time to finance capital projects or acquisition of equipment. The principal and interest payments of this borrowing are accounted for through the annual Debt Service Fund. These projects receive either direct voter approval or are purchased through the annual Small Capital and Working Capital borrowing as provided under the City Charter.

Bond Refinancing: The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.

Bottom Line: This is a common expression, most often used in private industry that refers to the profitability of a particular organization or entity.

Budget: A plan of financial operation stated in both words and numbers that directs the annual provision of city services and facilities.

Budgetary Control: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Budget Revision: A change to the adopted budget as authorized the city council.

Capital Budget: A plan of proposed capital outlays and the means of financing them in the current period. It is the first year of the CIP.

Capital Equipment: Equipment with a value in excess of \$500 and an expected life of more than two years such as automobiles, typewriters and furniture.

Capital Improvements: Charges for the acquisition at the delivered price including transportation costs, of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$1,000 and a useful life expectancy of at least two years.

Capital Improvement Plan (CIP): A plan for capital expenditures to be incurred each year over six years to meet capital needs arising from the long-term work program or other needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

Capital Improvements Projects: An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$100,000.

Capital Outlay: Expenditures which result in the acquisition of or addition to fixed assets. These consist of building and equipment with an expected useful life of one year or more.

Capital Project: A long-term major improvement or acquisition of equipment or property for public use, as included in the Capital Improvement Program.

Capital Projects Fund: Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or Trust Funds).

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.

Charges for Services: User charges for services provided by the city to those specifically benefiting from those services.

Charter: A formal legal document of the City which specifies its rights and purposes and describes the administration organization of the City's government.

Commodities: Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which generally have limited value and characterized by rapid depreciation.

Comprehensive Plan: An official public document adopted by a local government as a policy guide to decisions about the physical development of the community. It is a general long-range physical plan.

Constituent: One represented politically or in business; a voter; client.

Contingency: The appropriation of reserve funds for future allocation in the event specific budget allotments have expired and additional funds are needed.

Cost Allocation: An annual plan that accounts for direct and indirect costs incurred by the General Fund on behalf of other funds. Through the cost allocation plan, we charge these other funds for the costs incurred.

Covenant: An agreement entered into by two or more parties. A covenant is entered into when a local government issues a bond. The terms of the bond issue must be clearly stated in the covenant.

Debt: A financial obligation resulting from the borrowing of money. Debts of government include bonds, notes, and land contracts.

Debt Ratio: Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the city's debt position over time and against its own standards and policies.

Debt Service: The payment of principal and interest on borrowed funds.

Debt Service Fund: Resources for the payment of long-term debt.

Deficit: The excess of expenditures or expenses over revenues or income during a single accounting period.

Department: A principal service agency of the City government such as Department of Public Works.

Depreciation: The decrease in value of physical assets due to use and the passage of time.

Discretionary Income: Income that is not specifically allocated for an expense and or income that allows for a certain level of “freedom” on how that money may be spent.

Division: One of the principal organizational units of a Department such as the Water Division of the Department of Public Works.

Elasticity: Increasing or diminishing readily in response to a changing stimulus. Sales taxes are very elastic because the amount of taxes collected increases with sales and decreases when sales are low. The stimulus is the economy, which has direct effect on the purchasing power of citizens, which translates into sales tax revenues.

Encumbrance: The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund: A fund established to account for operations that are financed and operated in a self-supporting manner through user charges. Water, Wastewater and Airport are Enterprise Funds.

Expenditure: The spending of money by the City for the programs and projects included in the approved budget.

Expenditure Category: Various expenditure categories used to support the activities.

Equalized Assessed Value: The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal one-third of its market value.

Equalization Factor: A factor determined by the State which when applied to the counties’ assessed value will cause all property to equal one-third of its market value.

Expenditures: Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental transfers.

Expenses: Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.

Fiduciary Funds: Funds that are used when a government holds or manages financial resources in agent or fiduciary capacity.

Fiscal Period: Any period at the end of which a government determines its financial position and the results of its operations.

Fiscal Policies: The City’s policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY): Any consecutive twelve-month period designated as the budget year. The Fiscal Year of the City's business year is July 1 through June 30.

Fiscal Year 2001: The Fiscal Year beginning July 1, 2000 and ending at the close of business on June 30, 2001.

Fixed Assets: Assets of a long-term character which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.

Franchise Fee: A fee paid by public service businesses for use of City streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include telephone, natural gas and cable television.

Full Time Equivalent (FTE): A standardized unit of measure used to determine the equivalent number of full-time employees. It is calculated by dividing the total hours actually worked or planned for a job class (regular and overtime) by a standard number of hours a full-time employee would work for the job class.

Functions: A grouping of City departments into major related categories such as community, safety or general government.

Fund: A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, are related liabilities and residual equities, or balances (and changes therein) are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: As used in this budget represents the undesignated fund balance or excess of current assets over liabilities available for use along with current revenues to fund the various operating budgets.

Fund Financial Statements: Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

Fund Type: One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Funded Mandate: Also know as a government-mandated non-exchange transaction. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform). [SGAS 33]

Funded Ratio: The actuarial value of assets expressed as a percentage of the actuarial accrued liability. [SGAS 25]

GAAP Accounting: GAAP is an acronym for Generally Accepted Accounting Principles. GAAP standards are established by the Governmental Accounting Standards Board and are similar to standards set for accounting in the private sector. The City complies with this standard.

General Fund: The General Fund for the City of Burlington is the fund for revenues and expenditures to support general municipal services.

General Accounting Office (GAO): The investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. In the context of accounting, auditing, and financial reporting for state and local governments, the GAO is best known for issuing *Government Auditing Standards*, which are the source of GAGAS.

General Fund: The general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

General Obligation Bonds: Those bonds that are backed by the “full faith and credit” of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.

General Revenues: All revenues that are *not* required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax—for example, sales tax, property tax, franchise tax, income tax. All other non-tax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues. [SGAS 34]

Generally Accepted Accounting Principles (GAAP): The conventions, rules, and procedures

Goal: A long-range desirable development attained by objectives designed to implement a strategy.

Government Accounting Standards Board (GASB) The mission of the Governmental Accounting Standards Board is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

Governmental Accounting Standards Board Statement 34 (GASB 34): Issued in June 1999, represents a significant change to traditional government financial reporting standards. For the first time, accrual accounting is required for all government activities and all capital assets are generally required to be depreciated. Additional supplementary information, such as the Management's Discussion and Analysis (MD&A), is now required.

Governmental Fund Types: Funds that account for a government's "governmental-type" activities. These funds are the general fund, special revenue funds, debt service funds and capital project funds.

Grand List: The City's total value of personal and real property as tabulated for purposes of setting an annual tax rate.

Grant: Contribution or gifts of cash or other assets from another government to be used for a specified purpose, activity, or facility. Grants may be classified as either categorical or block, depending on the amount of discretion allowed the grantee.

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

Improvements: The necessary changes to a parcel(s) of land that are required for its future development. These often include modifications of the roadways, water and sewer mains, and the parcels capacity for electricity.

Income: A term used in proprietary fund type account to represent (1) revenues or (2) the excess of revenues over expenses.

Infrastructure: The permanent foundation or essential elements of a municipality. Roadways are a component of a local government's infrastructure.

Installment Contract: A financing method whereby the city contracts with a vendor to pay for equipment, an improvement, or construction over a period of time not to exceed ten years. The contractor makes an assignment of the rights to payment to a financial institution in return for payment of the original contracted price.

Interfund Transfer: Payment from one fund to another fund primarily for work or services provided.

Intergovernmental Revenues: Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis.

Investment: The placing of money, capital, or other resources to gain a profit, as in interest.

Levy: (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by the city.

Liability: Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.

Line Item: A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.

Liquidity: The amount of cash and easily sold securities a local government has at one time.

Millage: The tax rate on real property based on \$1.00 per \$1,000 of assessed property value.

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, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible 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 for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

Municipal: In its broadest sense, an adjective denoting the state and all subordinate units of government. In a more restricted sense, an adjective denoting a city or village as opposed to other local governments.

Municipal Corporation: A political and corporate body established pursuant to state statutes to provide government services and regulations for its inhabitants. A municipal corporation has defined boundaries and a population and usually is organized with the consent of its residents. It usually has a seal and may sue and be sued (e.g. cities and villages).

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

Non-operating Expenditures: The costs of government services which are not directly attributable to a specific city program or operation. Examples include debt service obligations and contributions to Human Service organizations.

Non-operating Revenues: The incomes received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

Objective: Something to be accomplished in specific, well-defined, and measurable terms and is achievable within a specific time frame.

Object Code: Records expenditures and revenues by discreet, specific types of expenditures and revenues.

Operating Budget: A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.

Operating Expenditures: Money spent on items needed in day-to-day city government operations, such as travel, contractual services, utilities or lease; does not include expenditures for employee salaries (compensation) or capital outlays.

Overhead: The concept of overhead budgeting is used primarily in General Services. It is employed as a device to spread administrative costs to operating and capital accounts to get a more accurate picture of true costs. Overhead can include both management and clerical salaries, as well as benefits, sick and annual leave, and insurances of all the employees who work directly on a particular service or project.

Part I Offenses: According to the Uniform Crime Report of the Federal Bureau of Investigation, these offenses include murder, manslaughter, rape, robbery, assault, and property crimes of burglary, larceny-theft, motor vehicle theft, and arson.

Part II Offenses: These are all criminal offenses that are not categorized as a Part I offense.

Performance Budget: A budget that focuses on activities rather than line items. Work load and unit cost data are collected in order to assess the efficiency of services.

Performance Indicators: Specific quantitative and qualitative measures of work performed as an objective of the department.

Privatization: The transfer of services from the public sector to the private sector in an attempt to save tax dollars. This has been done to varying degrees and levels of success across the country.

Private Sector: Business owned and operated by private individuals, as opposed to government-owned operations.

Program: A logical organization of departmental activities which share common objectives and can be evaluated by similar performance measures.

Program Budget: A budget that structures budget choices and information in terms of "programs and their related" work activities, (i.e., repairing roads, treating water, etc.) . A program budget provides information on what each program is

committed to accomplish in the long run (goals) and in the short run (objectives), and measures the degree of achievement of program objectives (performance measures).

Property Tax: A tax levied on the assessed value of real property (also known as “ad valorem taxes”).

Proprietary Fund Types: The classification used to account of a city’s ongoing organizations and activities that are similar to those often found in the private sector (e.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The Generally Accepted Accounting Principals used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the Governmental Accounting Standards Board has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

Public Sector: The policies and procedures as conducted by local governments, states and the federal government. The majority of these activities are financed through tax levies.

Referendum: The submission of a proposed public measure or law, which has been passed upon by legislature or convention, to a vote of the people for ratification or rejection. Bond issues often must go to referendum for approval.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Funds.

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

Revenue: Income received by the city government from sources such as property taxes, user charges, grants and fines which are used to support the government's facilities or services to the community.

Retained Earnings: An equity account reflecting the accumulated earnings of the city’s proprietary funds.

Revenues: Funds that the government receives as income. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

SCADA: Supervisory Control and Data Acquisition. Computer controlled system operation and information in regards to the city’s electrical and water system.

Self-Insurance: A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

Special Assessment Fund: A fund for financing public improvement for services that primarily benefit specific properties. The Church Street Marketplace is a Special Assessment District in which Church Street properties pay an annual assessment to support Marketplace activities. According to GAAP, this is now listed as a special revenue fund.

Special Revenue Fund: Specific revenues legally restricted to expenditures for specified purposes. CEDO is a special revenue activity funded with grant funds that carry specific legal restrictions. DPW-Traffic Division is funded with traffic revenues.

Subprogram: Departmental programs or subprograms within general program area:

Subsidiary Code: Approved and adopted budgetary limits: Personnel Costs, Salaries and Wages, Personnel Benefits, Contractual Services, Insurance Contract Services/Professional Contract Services/Other, Operating Costs, Training, Education and Travel, Printing & Advertising, Utilities, Data Processing, Office Supplies/Equipment, Materials & Equipment, Transfers/Debt/Other, Interdepartmental Charges, Other Charges & Capital, Debt Service, Operating Transfers Out, Public Services and Development

Tax Levy: The total amount to be raised by general property taxes for operating and debt service purposes.

Tax Rate: The City's tax rate is used to determine based upon value of property the individual tax bills. It is a factor of the total tax dollar requirements to support City (and School) services divided by the Grand List property value base.

Tax Increment Finance District (TIF): A special district established to revitalize a degenerating parcel of land/building funded through incremental property taxes.

Transfers In/Out: Transfers between City funds, not technically considered revenues or expenses to either fund. In the General Fund, revenue transfers-in recognize costs of providing administrative services by the General fund to Special Revenue and Enterprise Funds. General Services also charges administrative services to the Special Revenue and Enterprise Funds under its management control.

Trust and Agency Fund: The Fund to account for assets held by the City in a trust or fiduciary capacity. Retirement and Housing Trust Funds are of this type.

Undesignated Fund Balance: That portion of fund equity not reserved for a specific purpose. A portion would be available for offsetting future years expenditures. The City Council Fiscal Goals Committee has set target undesignated fund balance figures to retain for each operating fund to help ensure fiscal health.

User Charges: When citizens who use a service are required to pay directly for that service, such as with park entrance fees.

Working Capital: This term generally refers to current assets minus current liabilities. Some organizations may exclude certain current assets (e.g. inventory) from this general formula.

Yield: The yield on a fixed-income security is its current rate until maturity, based on its face value, its current market price and any interest coupons.