

BUDGET GLOSSARY

Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent. Used in proprietary and non-expendable types of funds.

ACOE- Army Corps of Engineers.

Agency Fund - One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. In this context, the City of Port Angeles is providing accounting services for the Off Street Parking and Utility Contribution Funds.

American Recovery and Reinvestment Act of 2009 (ARRA)- Economic stimulus funding has been provided to government agencies in the form of ARRA grants.

Appropriation - The legal spending level authorized by an ordinance of the City Council. Spending should not exceed this level without approval by the Council.

Assessed Valuation – The value assigned to properties within the City which is used in computing the property taxes to be paid by property owners.

Asset - Resources owned or held by a government which have monetary value.

Association of Washington Cities (AWC) - A non profit, non-partisan organization funded through service fees paid by its member cities.

Available (Undesignated Fund Balance) - Refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

Balanced Budget - A budget wherein revenues equal expenditures.

BARS- The state of Washington Budgeting, Accounting and Reporting System required for all governmental entities in the State.

Benefits - Benefits provided for employees, such as Social Security, retirement, worker's compensation, life insurance, and medical insurance.

Bond - A written promise to pay a sum of money at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation, revenue bonds, and special improvement district bonds. These are most frequently used to finance capital projects.

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

Budget- The financial plan for the operation of a program or organization for the year (or other fiscal period).

Budget Calendar - The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budgetary Basis- This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budgetary Control- The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Budgeting for Priorities - Priority driven budget process to allocate resources to programs or services that achieve the goals and objectives that are the greatest value to the community.

Capital Expenditures - Expenditures for capital assets including land, buildings, equipment, infrastructure or improvements thereof, which will have a useful life greater than one year. Routine capital expenditures range from \$7,500 to \$30,000 and have no significant impact on the operating budget. Non-routine capital expenditures in excess of \$30,000 are those that will have a significant impact on the operating budget.

Capital Facilities Plan (CFP) - The six-year plan or schedule of project expenditures for public facilities, equipment, and infrastructure.

Capital Improvement Program (CIP) - The one-year plan or schedule of project expenditures for public facilities, equipment, and infrastructure, that is incorporated into the Budget.



Capital Outlay - Expenditures for furnishings, equipment, vehicles, or machinery that results in the acquisition of assets with a useful life of more than one year. These expenditures are routine in nature.

Capital Project - The largely one-time cost for acquisition, construction, improvement, replacement, or renovation of land, structures, and improvements thereon. Capital project budgets are adopted at the time the project is authorized and continue until completion. These expenditures are non-routine in nature.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CDBG - Community Development Block Grant. Grants issued by the Washington State Department of Community, Trade and Economic Development, for the purpose of funding low income housing rehabilitation and health related community projects.

(COLA) Cost-of-Living Adjustment - An increase in salaries to offset the adverse effect of inflation on compensation.

Consumer Price Index (CPI) - The measure of changes in prices of all goods and services purchased for consumption by urban households.

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

COSA - Cost of Service Analysis. An analysis of costs associated with providing services, in an effort to determine revenue requirements to recover those costs.

Cost Allocation - Assignment of applicable costs and charges from one fund to another required by treating each fund as an independent entity.

Coverage - Percent of revenues which covers expenditures

CSO - Combined Sewer Overflow. The overflow of stormwater into the City's sewer system.

Debt Service - The annual payment of principal and interest on the City's bonded indebtedness. Bonds are issued to finance the construction of capital projects such as utility facilities and expansion.

Debt Service Coverage Ratio - The ratio of pledged revenues to related debt service payments.

Debt Service Funds - One of five governmental fund types. Debt service funds are used to account for the

accumulation of resources for, and the payment of, general long-term debt principal and interest.

Department - The basic organizational unit of government which is functionally unique in its delivery of services.

Depreciation - The periodic transfer of cost to expense.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Division - A group of homogeneous cost centers within a department, i.e. Accounting Division within the Finance Department.

Employee Benefits - Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

Encumbrances - The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

Enterprise Funds - One of two proprietary fund types. Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. The City budgets eight such funds, the Electric, Electric Conservation, Water, Wastewater, Solid Waste Collection, Solid Waste Transfer Station/Landfill, Stormwater and Medic I Funds.

Estimated Revenue - The amount of projected revenue to be collected during the fiscal year.

EUGA - Eastern Urban Growth Area. The geographical area east of current City limits, proposed for urban development within the next twenty years, as required by the Growth Management Act.

Expenditure - Funds spent in accordance with budgeted appropriations on assets or goods and services obtained.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Fees - A general term for any charge levied by the City associated with providing a service, permitting an activity, or imposing a fine or penalty. Major types of fees include business



licenses, fines, and user charges.

Fiduciary Funds - Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fiscal Policy - A government'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.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working 20 hours per week would be the equivalent to .5 of a full-time position.

Fund - A fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance - The excess of the assets of a fund over its liabilities, reserves, and carry-over.

Fund Type - One of eleven classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital project 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.

GAAP - Generally Accepted Accounting Principles are standards used for accounting and reporting for both private industry and governments. Government GAAP is currently set by the Governmental Accounting Standards Board.

GASB - Governmental Accountant Standards Board established in 1985 is the current standards-setting board for governmental GAAP.

General Fund - One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial activities except those that are required to be accounted for in another fund.

General Obligation (G. O.) Bond - This type of bond is backed by the full faith, credit and taxing power of the government.

GFOA - Government Finance Officers Association of the United States and Canada. A professional association of state/provincial and local finance officers in the United States and Canada, founded in 1906. This association plays a major role in the development and promotion of GAAP for state and local governments.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Governmental Capital Projects Funds - One of five governmental fund types. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Governmental Funds - Funds used to account for tax supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, governmental capital projects funds, and permanent funds.

Grants - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Growth Management Act (GMA) - Passed in 1990 by the Washington State Legislature & later amended in 1991, 1993, and 1995. The Act provides a growth strategy that protects property rights and the environment, encourages economic development, and gives local cities and counties experiencing rapid population growth, the tools to better manage the development that accompanies it.

Implicit Price Deflator (IPD) - An index of inflation for personal consumption expenditures for the previous 12 months, as published in September of each year by the Bureau of Economic Analysis.

Interfund Transfers - The movement of monies between funds of the same governmental entity.



Intergovernmental Revenue - Revenue from other governments, primarily shared State revenue from auto excise tax, and liquor profits and tax.

Internal Control - The system of controls established by the City to protect the assets from misappropriation and ensure accurate reporting of financial transactions.

Internal Service Funds - One of two proprietary fund types. Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis. The City budgets three such funds, Equipment Services, Information Technology and Self Insurance Funds.

LEOFF - Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

Levy Rate - The rate of tax to be imposed on the assessed value of real property for the computation of property tax revenues

Licenses and Permits - Revenue category that includes building permits, business licenses, and any other miscellaneous licenses.

LID - Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

LTGO - Limited Tax General Obligation Bond. Non-voted or councilmanic debt payable from regular tax levies or general revenues.

Major Fund - A fund where total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding element total, for all funds of that category or type, and is at least five percent of the corresponding element total for all governmental and enterprise funds combined.

Metropolitan Park District - A park district created for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, and recreational facilities.

Miscellaneous Revenue - The account which provides for accumulation of revenues not specifically identified in other accounts. This includes interest, rents, and incidentals.

Modified Accrual - Basis of accounting according to which revenues are recognized when available and measurable, and expenditures are recognized when the underlying liability is incurred.

NPDES - National Pollutant Discharge Elimination System. Used in reference to the waste discharge permit that is required to operate a wastewater treatment plant.

Non-Major Fund - A fund that does not meet the requirements of a major fund. Please see the definition of major fund for more details.

Non-Operating Expense - Expenses of enterprise funds that are incidental to the main purpose of the fund.

Objective - A strategy that when carried out results in the accomplishment of a goal. An objective is specific, measurable, achievable, realistic, and time bound.

Operating Budget - An operation plan, expressed in financial terms, by which a program is funded. It should include: (1) the mission; (2) the services provided; (3) impact on future years; and (4) current year operations.

Operating Expense - Those costs including expenditures for salaries and wages, benefits, supplies, services, and charges which are necessary to support the primary services of the organization.

Operating Revenue - Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

PDA - Public Development Authority. A public corporation established under RCW 35.21.730 to develop and oversee a specific area or venue. Used in reference to the Port Angeles Harbor Works PDA, which was established to assist in the redevelopment of the former Rayonier Mill site.

Pension Trust Funds - One of four fiduciary fund types. Pension trust funds are 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 post-employment benefit plans, or other employee benefit plans. The City budgets one such fund, the Firemen's Pension Fund.

Reserve - An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.



Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Revenue - Sources of income financing the operations of government.

Revenue Bonds - A municipal bond issued to provide funding for utility or other projects that serve the public. Future revenues from the projects are pledged for payment of debt service on the bonds.

Service Level - Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of work load.

Source of Revenue - Revenues are classified according to their source or point of origin.

Self-Supporting Bonds - General obligation or revenue bonds whose principal and interest are payable primarily or solely from the non-tax earnings of the municipality.

Special Revenue Funds - One of five governmental fund types. Special revenue funds are used to account for the proceeds of resources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Standard Work Year - 2080 hours, or 260 working days.

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Reserve - An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

TIP - Transportation Improvement Program. A six-year specific program of transportation improvements for roadways, transit, and other transportation infrastructure, including non-motorized improvements.

Transfers In/Out - See Interfund Transfers.

TSFP - Transportation Services and Facilities Plan. This plan supplements and expands the goals and policies stated in the Comprehensive Plan for the City. It addresses the City's transportation standards, existing deficiencies, traffic forecasting, future transportation system needs and funding.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

UTGO - Unlimited Tax General Obligation Bond. Voter approved debt payable from a specific excess bond levy.

WFOA - Washington Finance Officers Association. A Washington State nonprofit association of public finance professionals and governmental officials founded in 1956, whose mission is "To promote excellence in governmental finance through leadership, education and communication for the public benefit."

Working Capital - The excess of current assets over current liabilities representing the capital immediately available for continued operation of business-type activities in Enterprise and Internal Service Funds.

Work Load Indicator - A unit of work to be done (e.g., number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated).

WUGA - Western Urban Growth Area. The geographical area west of current City limits, proposed for urban development within the next twenty years, as required by the Growth Management Act.



