

Glossary of Budget Terms

Allocate: To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities or purposes.

Appropriation: The legal authorization by the Board of Commissioners to spend money and incur financial obligations as specified in the budget ordinance. An appropriation is limited in the amount and time when it may be expended.

Assessed Valuation: The total value of real estate and personal property (excluding exempt property) as determined by tax assessors and used as a basis for levying taxes.

Assessment: The process for determining values of real and personal property for taxation purposes.

Authority: A public agency which performs a specific function and is usually financed by fees or service charges. The agency could be independent from government but rely on government for financial support.

Authorized Bonds: Bonds which have been legally authorized may or may not have been sold. These bonds can be issued or sold at any time.

Balanced Budget: When planned expenditures equal anticipated revenues. State law requires a balanced budget in North Carolina.

Bond: A written promise to pay a specific amount of money with interest within a specific time period, usually long term.

Bond Issue: The sale of government bonds as a means of borrowing money.

Bond Rating: A grade given by bond rating agencies (Moody's, S&P, etc.) indicating a government's investment qualities. Ratings range from AAA (highest) to D (lowest) and the higher the rating the lower the interest rate on the bonds.

Budget: A plan of financial operation including an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Message: A written overview of the proposed budget from the County Manager to the Board of Commissioners which discusses the major budget items and the County's present and future financial condition.

Capital Budget: A financial plan for capital projects, which usually cost more than \$100,000 and have a useful life of more than ten years.

Capital Improvement Program: A long-range plan of proposed capital improvement projects, which includes estimated project costs and funding sources for a multi-year period.

Capital Outlay: Vehicles, equipment, improvements, software, and furniture purchased by the County which cost more than \$5,000, less than \$100,000, and have an expected life of more than one year.

Cash Basis of Accounting: A method for recording the receipt and expenditure of funds in which revenues are recorded when they are received and expenditures are recorded when funds are actually spent.

Character of Expenditure: The broadest classification of expenditures used to describe the nature of goods and services purchased, such as operating expenses.

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Contingency Account: An account with funds used to cover unanticipated events that may occur during the fiscal year. Transfers from this account need approval from the County Commissioners.

Debt Reduction Bonds: General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State at two-thirds of the previous year's net debt reduction.

Deficit: An excess of expenditures over revenues or expense over income.

Efficiency Measure: Measurement used to determine the productivity level in the delivery of services, such as unit cost or revenue per unit of service.

Encumbrance: A financial commitment for services, contracts, or goods which have not yet been delivered or performed.

Enterprise Fund: A fund which accounts for operations that are financed through user charges and whose operation resembles a business (ex: Solid Waste Fund).

Expenditure: Disbursements of cash for the current costs of a program or capital project.

Fiscal Year: A twelve-month period (July 1 through June 30) to which the annual operating and capital budgets apply.

Fringe Benefits: For budgeting purposes, fringe benefits include employer payments for items such as Social Security, Medicare, retirement, group health and life insurance, dental insurance, and workers compensation.

Fund: An accounting entity created to record the financial activity for a selected financial grouping. A fund is set up to carry out a special function or attain objectives in accordance with established laws, policies, and regulations.

Fund Balance: Money which remains unspent after all budgeted expenditures have been made.

General Fund: The principal operating fund which provides for the accounting of most basic governmental services.

General Obligation Bonds: Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

Grants: A contribution or gift in cash or other assets from another government or non-profit foundation to be used for a specific purpose (ex: van purchases for transportation program).

Indirect Costs: The component of the total cost for a service which is provided by another department or division (ex: auditing).

Intergovernmental Revenues: Revenues from other governments (state, federal, local) which can be in the form of grants, shared revenues, or entitlements.

Internal Service Fund: A fund which accounts for the provision of services to County departments by other County departments on a cost reimbursement basis.

Lease-Purchase Agreements: A method of purchasing equipment in which payments are spread over a multi-year period.

Levy: The amount of tax, service charges, and assessments im-

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posed by a government.

Modified Accrual Basis of Accounting: An accounting method where revenues are recorded when they become measurable and available and expenditures are recorded when the liability is incurred. This is the primary basis of accounting for the County.

Object of Expenditure: An expenditure classification related to the type of goods and services purchased, such as office supplies.

Operating Budget: The County's financial plan which outlines proposed expenditures for the coming fiscal year and estimated revenues which will be used to finance them.

Operating Expenses: Recurring expenditures for services, supplies, equipment, and payments to individuals and other agencies.

Outcome Measure: Measurement used to determine the extent to which the intended purpose of a program is achieved.

Performance Measure: A goal-driven estimation of past, present, and future success of the delivery of a given service, program, or function.

Personal Property: All non-household personal value such as automobiles, boats, etc., and all non-inventory business items such as equipment, vehicles, materials, and supplies.

Personal Services: Expenditures for salaries and fringe benefits.

Property Tax Rate: The rate at which property in the County is taxed to produce revenues sufficient to cover necessary governmental activities.

Real Property Tax Base: All land and buildings which are tax-

able.

Revaluation: The periodic reassessment of a jurisdiction's real property in order to adjust the tax value to market value. North Carolina law stipulates that a revaluation must be done at least every eight years.

Reclassification: A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

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

Revenue: All funds that the County receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Shared Revenue: Revenues levied and collected by one government but shared with another government based on a predetermined method.

Special Assessment: A levy on certain properties to defray part or all of the costs associated with improvements or services that will benefit those specific properties.

Special Revenue Fund: A fund used to account for the revenues from specific sources which must be used for legally specified expenditures (ex: 911 Fund).

Sub-object of Expenditure: The most specific expenditure classification, related to a single type of good or service purchased, such as printing supplies.

Transfer In/Out: Reallocating resources between different

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funds.

Trend: A pattern that emerges from multiple years of data.

User Fee: A charge assessed each time a customer uses a County service for which fees are charged.

Workload Indicator: Measurement used to reflect the quantity of services or effort.