

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.

Appropriation - An authorization made by the City Council which permits the City to incur obligations to make expenditures for specific purposes.

Arbitration - Review of tax-exempt bonds to ensure that the tax-exempt bond proceeds that are invested do not yield a profit.

Assessed Valuation - A value that is established for real and personal property for use as a basis for levying property taxes.

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

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

Audit - An examination by a trained accountant of the financial records of a business or governmental entity, including noting improper or careless practices, recommendation for improvements, and a balancing of the books.

Balanced Budget - The city will maintain a balanced budget. This means that:

- * Operating revenues must fully cover operating expenditures, including debt service.
- * Ending fund balance (or working capital in proprietary funds) must meet minimum policy levels.
- * Under this policy, it is allowable for total expenditures to exceed revenues in a given year as long as the projected ending fund balance meets minimum policy levels.

Base Budget Allowances - Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget allowance provides funding to continue previously authorized services and programs.

Bonds - A written promise to pay a sum of money on a specific date 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 Rating - An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full.

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

Budget - A plan of financial operation for a specific time period (City of Missoula's budget is for a fiscal year July 1 - June 30). The budget contains the estimated expenditures needed to continue the county's operations for the fiscal year and revenues anticipated to finance them.

Budget Calendar - The schedule of key dates or milestones which the City follows in the preparation, adoption, and administration of the budget.

Budget Message - The opening section of the budget which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and recommendations regarding the financial policy for the upcoming period.

Budgetary Basis - This refers to the form of accounting utilized throughout the budget process. These generally take one of three forms: GAAP, Cash, and Modified Accrual.

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.

Capital Budget - See Capital Improvement Program

Capital Expenditures - The item has a unit cost over \$5,000, it benefits future periods, it has a normal useful life of 1 year or more, it has an identity that does not change with use (i.e., retains its identity throughout its useful life), and it is identifiable and can be separately accounted for. Improvements to existing assets must add value and life to be included in the value of any Capital item.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvement Program (CIP) - A plan for capital expenditures needed to maintain, replace and expand the City's heavy equipment and public infrastructure (for example, streets, parks, buildings, etc). The CIP projects these capital equipment and infrastructure needs for a set number of years (normally 5) and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

Capital Outlay - Items that cost more than \$5,000 and have a useful life of more than one year.

Capital Project - New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance. Capital projects are included in the Capital Improvement Program and become fixed assets.

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

CDBG - Community Development Block Grant.

CIP - See Capital Improvement Program.

Component Unit Fund - Legally separate organizations for which the elected officials of the agency are financially accountable. In addition, component units can be other organizations of which the nature and significance of their relationship with the agency is such that exclusion of these organizations from the agency's financial statements would be misleading.

Conservation of Natural Resources - Is a major function of government which includes activities designed to conserve and develop such natural resources as water, soil, forests, and materials.

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services - Expenditures for services performed by firms, individuals or other city departments.

Culture and Recreation - This is a major function of government which includes all cultural and recreational activities maintained for the benefit of residential citizens and visitors.

Debt Ratios - Ratios which provide a method of assessing debt load and the ability to repay debt which plays a part in the determination of credit ratings. They are also used to evaluate the City's debt position over time and against its own standards and policies.

Debt Service - Payment of principal and interest on an obligation resulting from the issuance of bonds.

Debt Service Fund - Debt Service Funds are set up to receive dedicated revenues used to make principal and interest payments on City debt. They are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment debt principal, interest and related costs.

Debt Service Fund Requirements - The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures over revenues during a single accounting period.

Department - A major administrative division of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

Derivatives - A financial security with a value that is relied upon, or derived from, and underlying asset or group of assets. The derivative itself is a contract between two or more parties, and its price is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, interest rates and market indexes.

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. Administration, Engineering, Signing & Striping, Traffic Sign Maintenance, Communications Maintenance, Street Lighting, Bike-Ped Program and Weed Cutting all make up the Engineering Division within the Public Works Department.

Enterprise Funds - Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The City has one such self-supporting fund in its primary governmental reporting unit: Wastewater Treatment Fund.

Estimate - The most recent prediction of current year revenue and expenditures. Estimates are based upon many months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

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

Fiduciary Funds - are used to report assets held in a trustee or agency capacity for other and therefore cannot be used to support the government's own programs.

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FTE - See Full-Time Equivalent

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

Full-Time Equivalent (FTE) - A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one-half of a full-time position or 0.5 FTE.

Fund - An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

Fund Balance - As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

GAAP - See Generally Accepted Accounting Principles

GASB - Governmental Accounting Standards Board

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. The General Fund is the City's primary operating fund.

General Government - As a functional classification this account is charged with all expenditures for the legislative, executive, and judicial branches of a governmental unit. It is also charged with expenditures made by other top-level auxiliary and staff agencies in the administrative branches of government.

General Obligation Bonds (G.O. Bonds) - Bonds that require voter approval and finance a variety of public capital projects such as roads, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

G. O. Bonds - See General Obligation Bonds

Governmental Funds - are those through which most governmental functions of the city are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

Grant - A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., public safety or drug enforcement, but it is sometimes for general purposes).

Housing and Community Development - Is a major function which is concerned with development and enforcement of building and occupancy standards, and the upgrading of existing facilities.

Infrastructure - Facilities that support the daily life and growth of the city, for example, streets, public buildings, wastewater treatment and parks.

Improvement Districts - Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as roads or maintenance districts.

Intergovernmental Revenue - Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Levy - See Tax Levy

Line-Item Budget - A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Major Fund - Funds whose revenues, expenditures/expenses, assets or liabilities are at least ten percent of the total for their fund category (governmental or enterprise) and five percent of the aggregate of all governmental and enterprise funds in total.

Mandate - Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

Miscellaneous - Is charged with expenditures which cannot be properly classified under, or allocated to, the other defined functions.

MRA - Missoula Redevelopment Agency.

Non-major Fund - The remaining funds in a fund category that are not classified as a major fund.

NACSLB - National Advisory Council on State and Local Budgeting.

NVRA - National Voter Registration Act.

Objective - A desired output-oriented accomplishment that can be measured and achieved within a given time frame, and advances the activity and organization toward a corresponding goal.

Operating Budget - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel; supplies, utilities, materials, travel, and fuel.

Operating Funds - Resources derived from continuing revenue sources used to finance ongoing operating expenditures and "pay-as-you-go" capital projects.

Ordinance - A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

Outstanding Bonds - Bonds not yet retired through principal and interest payments.

Overlapping Debt - The City's proportionate share of the debt of other local governmental units which either overlap it or underlie it. The debt is generally apportioned based on relative assessed value.

Pay-As-You-Go Capital Projects - Capital projects whose funding comes from day-to-day City operating revenue sources.

Performance Budget - A budget that focuses upon departmental goals and objectives rather than line items, programs, or funds. Workload and unit cost data are collected in order to assess the effectiveness and efficiency of services.

Personal Services - All costs related to compensating City employees including employee benefits costs such as contributions for retirement, social security, and health and workers' compensation insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

PILT - Payment in Lieu of Taxes from another government or non-profit entity.

Program Budget - A budget that focuses upon broad functions or activities of an agency or jurisdiction rather than upon its organizational budget units or object classes of expenditure.

Property Tax - A levy upon each \$100 of assessed valuation of property within the City of Missoula.

Proprietary Fund - Business-like funds that include Enterprise funds and Internal Service Funds. Following is a diagram that identifies the specific departments that are contained within the Proprietary Funds. Enterprise funds provide goods or services to the general public for a fee. Internal service funds account for goods and services provided by one department or agency to another department or agency of the governmental unit (or to other governmental units) on a cost-reimbursement basis.

Public Health - Is a major function of government which includes all expenditures involved in the conservation and improvement of public health.

Public Safety - Is a major function of government which has as its objective the protection of person and property; for instance, police protection, fire protection, protective inspection and correction.

Public Works - Is a major function of government which provides those services necessary to achieve a satisfactory living environment for the community and individual, such as street, garbage and water services.

Resolution - A special or temporary order of a legislative body (City Council) requiring less legal formality than an ordinance or statute.

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

Restricted Funds - See Special Revenue Fund.

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

Revenue Bonds - Bonds usually sold for constructing a project that will produce revenue for the government. That revenue is pledged to pay the principal and interest of the bond.

Risk Management - An organized attempt to protect a government's assets against accidental loss in the most economical method.

Salary Savings - Budget savings realized through normal employee turnover.

SID - Special Improvement District. A district that is created by the City Council through resolution for the creation of some for of infrastructure, such as sewer lines or roads or is created for the maintenance of some facility or service the City provides, such as street lighting.

Social & Economic Services - Is a major function of a government which includes all activities designed to provide social and economical assistance to persons who are unable to provide essential needs for themselves.

Special Revenue Fund - A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include funds such as Cemetery Perpetual Care, Drug Forfeiture and Law Enforcement Block Grant .

State-Shared Revenues - Revenues levied and collected by the state but shared with local governments as determined by state government each year. Entitlement funds received by the City from the state is the largest of such shared revenues.

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.

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

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

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

User Fees or User Charges - A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

Working Capital - Funds or money available for day to day operations. Working capital is determined by subtracting current liabilities from current assets.

Workload Indicator - A unit of work to be done (e.g., number of permit applications received or the number of burglaries to be investigated).