

Glossary of Terms

Accrued - Revenues recorded when earned or expenditures recorded as soon as they create liabilities for the benefits received. (The actual revenue collection or expenditure payment may occur at a later time.)

Allocation - The division of an appropriation into parts which are designated for expenditure by specific units or for specific purposes.

Appropriation - A legislative authorization to make expenditures and incur obligations.

Assets - Property owned by a governmental unit that has a monetary value.

Audit - An examination of documents, records, reports, systems of internal control, accounting and financial procedures, and other evidence of financial integrity. Three general categories of governmental audits are:

- Financial - focusing on accountability for funds and assets,
- Compliance - focusing on fulfillment of terms of a contract or agreement, and
- Performance - focusing on the qualitative fulfillment of the programs objectives.

Bill - A proposed law or statute presented to the Legislature for their consideration.

Bill of Bills (Supplemental Appropriations Act II) - A bill which contains funding for legislation that has fiscal impact and funding for other legislative action. It covers appropriations for two fiscal years.

Bond - A certificate of indebtedness issued by a government entity as evidence of money borrowed. A written promise to pay a specified sum at a specified date or dates together with specific periodic interest at a specified rate. The primary bonds used by

the State are General Obligation Bonds, Lease Revenue Bonds, and Revenue Bonds.

Budget - Estimates of proposed expenditures and expected revenues for a fiscal year

Building Blocks - Funding increases or decreases to existing programs.

Calendar Year - The year beginning 1 January and ending 31 December.

Capital Outlay - Expenditures which result in the acquisition or replacement of fixed assets other than computers & related hardware.

Current Expense - general operational expenses of the programs including: consultants; contracts; building maintenance; small office supplies; etc.

Data Processing (DP) - costs incurred to operate information technology systems, such as LAN connections, software under \$5,000, and supplies.

Debt - Any obligation resulting from borrowing money or from the purchase of goods and/or services on deferred payment terms. **Short-term Debt** is debt of less than one year.

Debt Service - The money required to pay the current outstanding interest payments on existing obligations according to the terms of the obligations.

Dedicated Credits Revenue - Money that is paid to an agency by other agencies or the public for services or goods. These funds are usually dedicated to paying for expenses of the agency.

Deficit - The excess of the liabilities of any fund over its assets or the excess of expenditures over revenues during a given accounting period.

Depreciation - That portion of the value of a fixed asset which is lost due to wear, deterioration or obsolescence which is charged to the current accounting period.

DP Capital - includes funding for computer hardware, support equipment, systems and software over \$5,000.

Encumbrance - An obligation in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a portion of an appropriation is reserved.

Enterprise Fund - Fund established by a governmental unit which operates much like a business. Used by governmental units that cover most or all of their operating costs through user charges.

Expenditures - Goods and services needed by the various program needs for the proposed budget year. The three columns generally shown in the LFA analysis are the actual year, (most recent completed fiscal year), the Authorized Year, (the current fiscal year), and the Recommendation (the proposed fiscal year).

Federal Funds - Money made available to the State by an Act of the Federal Congress. The Governor is authorized to accept, on behalf of the state, any federal assistance funds for programs that are consistent with the needs and goals of the state and its citizens and that are not prohibited by law. Generally, money comes to the State from the federal government with specific requirements. In many cases, the state must provide a match in State funds.

Fiscal Note - The estimate by the Legislative Fiscal Analyst of the amount of present or future revenue and/or expenditure that will be effected by the passage of a given bill.

Fiscal Year (FY) - An accounting period of

12 months at the end of which the organization ascertains its financial conditions. The State fiscal year (FY) runs from July 1 through June 30. The federal fiscal year (FFY) is from Oct. 1 through Sept. 30.

Fee - A fixed charge for a good or service..

Fixed Assets - Long term assets which will normally last in excess of one year such as land, buildings, machinery, furniture, etc.

FTE - is the abbreviation for “**Full Time Equivalent**” position or employee. It is a method of standardizing the personnel count. One person working a full 40 hour week for one year is equal to 1 FTE. Two people working part-time 20 hour weeks are equal to 1 FTE. Any combination of hours that would be the equivalent of a full time, 40 hour a week employee.

Full Faith and Credit - A pledge of the general taxing power of the government for the payment of a debt obligation.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts.

General Fund (GF) - The primary revenue source is the sales tax, although there are several other taxes and fees that contribute to the General Fund. General Funds can be spent at the discretion of the Legislature, as the Constitution allows.

General Obligation Bonds (G.O.) - G.O. debt is secured by the full faith and credit of the State and its ability to tax its citizens and is limited both by the Constitution and statute. G.O. debt is the least expensive tool available to the state for long term borrowing and is usually issued for six year terms.

Grant - A contribution by one entity to another without expectation of repayment. This is usually made in support of some

specified function or goal.

Income Tax - A major source of revenue for the Uniform School Fund and a potential source of revenue for Higher Education.

Indirect Charges - Also called Overhead Shared Expenses, which cannot be exactly identified to a specific product or service that are often allocated rather than computed.

Initiative - A procedure by which citizens can propose a law and ensure its submission to the electorate.

Intent Language - A statement, added to appropriations bills to explain or put conditions on the use of line item appropriations. These statements are part of an Appropriations Act, but, expire at the end of the fiscal year. Intent language cannot replace or supersede current statutes.

Interim - The period between regular sessions of the Legislature.

Internal Service Fund - A fund established by a governmental unit to provide goods and services, primarily to other governmental agencies which will be financed through user charges.

Inventory - A detailed listing by quantity, description and value of fixed assets.

Lapse - Means the automatic termination of an appropriation and the return of the unexpended funds to the base fund.

Lapsing Funds - Since it is against the law to spend more than the Legislature has budgeted, it is likely that a program will have some funds left over at the end of the Fiscal Year. Money that is left over at the end of the year reverts (or lapses) back to the base fund, unless otherwise designated.

Lease Revenue Bonds - The State Building

Ownership Authority, issues lease revenue bonds as the official owner of state facilities. Debt service (usually paid over 20 years) is funded through rents collected from user agencies and carries an interest rate slightly higher than general obligation debt.

Legislative Oversight - The responsibility of the Legislature to review operations of executive and judicial agencies.

Line Item - Each appropriated sum is identified by an item number in an appropriations bill. Each line item appropriation may have several programs. Once the appropriation becomes law, funds can be moved from program to program within the line item, but, cannot be moved from one line item to another.

Net Income - The excess of revenue minus expenses.

Nonlapsing Funds - The Legislature can authorize an agency to keep unused funds at the end of a fiscal year. This can be done in statute or through intent language. Otherwise, unexpended funds are returned to their account of origin.

Obligations - Amounts which a governmental unit may be legally required to pay out of its resources.

One-time vs. Ongoing Funding - Both revenue and expenditures may be one-time (short, distinct period of time) or ongoing (lasting from year to year).

Operating Expenses - Those costs which are necessary to the operations of an agency and its program(s).

Operations and Maintenance (O&M) - Expenses to clean and maintain facilities on a regular basis.

Pass-Through - Funds that are collected by a program or agency and "passed-through"

to another group for services or expenditure.

Per Diem - Literally, per day, daily expense money rendered legislators and State personnel.

Personal Services - all personnel costs, including salary and benefits.

Petty Cash - Money set aside for making change or paying small obligations for which the execution of a voucher and issuance of a check would not be cost effective.

Purchase Order - A document that authorizes the delivery of specified merchandise or services at specified charges.

Referendum - A method by which a measure, adopted by the Legislature, may be submitted to a popular vote of the electorate.

Refund - An amount paid back or credit allowed because of over-collection or return of an item that had been sold.

Regulation - A rule or order of an agency promulgated under the authority of a statute.

Reimbursement - Cash or assets received as a repayment of the cost of work or goods by one governmental unit to another unit, department, corporation or individual.

Restricted Funds (GFR, USFR, Transportation Fund Restricted) - These accounts restrict revenue for specific purposes or programs.

Retained Earnings - The accumulated earnings of an Internal Service Fund (ISF) or Enterprise Fund (EF) which

have been retained in the fund which are not reserved for any specific purpose.

Revenue - The yield of taxes and other sources of income that the state collects.

Revenue Bonds - Revenue bonds are funded through a dedicated source other than a lease payment. Revenue debt service comes primarily from sales revenue such as at State Liquor stores or from auxiliary functions (such as student housing) at institutions of higher education.

Shared Revenue - Revenue levied by one governmental unit and distributed to one or more other governmental units.

Statute - A written law enacted by a duly organized and constituted legislative body and approved by the Governor.

Supplemental Appropriation - The adjustment of funds allocated over/under the original appropriation. Generally, an increase in current year appropriations above the original legislative appropriation.

Surety Bond - A written commitment to pay damages for losses caused by the parties named due to non-performance or default.

Tax - A compulsory charge or contribution levied by the government on persons or organizations for financial support.

Transfers - Movement of money from one governmental unit account to another governmental unit account.

(Usually reflects the exchange of funds between line items.)

Transportation Fund - The Funding is primarily from the gas tax. This revenue is constitutionally restricted to road and highway related issues.

Travel, in-state and out-of-state - funding for necessary travel supports, e.g. airline tickets, rental cars, hotels, meals, etc.

Uniform School Fund (USF) - Revenue for education programs that is primarily from personal income taxes and corporate franchise taxes.

Veto - An official action of the governor to nullify legislative action. The legislature may override the action by a constitutional 2/3 vote of each house if still in Session or if called back into veto override session.