

Glossary of Budget Terms

Account

A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenses.

Accrual Basis

A method of accounting in which revenue is recorded in the period in which it is earned (whether or not it is collected in that period), and expenses are reported in the period when they are incurred (not matter when the disbursements are made).

Administrative Services Departments

Refers to organizational units or departments that primarily provide services to other departments or divisions. These include:

- **Legislative:** city councils, county commissioners, and their functions;
- **Financial Services:** the accounting, financial reporting, customer service, and treasury functions;
- **Personnel Services:** provides centralized personnel services to all city operations;
- **Administrative Services:** provides supervision of financial services and personnel services as well as budget, fiscal planning, tax and license, data processing, risk management, and other general administrative services;
- **Civil Service:** the independent panel that works with personnel/ hiring issues for the public safety departments.

Agency Fund

A governmental accounting classification to record transactions where one jurisdiction is acting on behalf of another.

Appropriation

The legal spending level authorized by the governing body of the local government via ordinance or resolution (whichever is the highest action for the local government). Spending should not exceed this level without prior approval of the governing body.

Assessed Valuation

The value assigned by the county assessor to properties that is used to compute the property taxes to be paid by property owners.

Assigned Fund Balance

A portion of fund balance that has been assigned by past council action for a specific purpose.

BARS

An acronym for the Budgeting, Accounting, and Reporting System of the Washington State Auditor's Office which prescribes the accounting and reporting standards for local governments in Washington State.

Benefits

Employer-provided employee benefits, such as social security, retirement, worker's compensation, life insurance, medical insurance, vision insurance, and dental insurance.

Biennial Budget

A two-year budget process that can be adopted by local governments. For cities, biennial budgets can only begin on January 1 of an odd-numbered year. Counties can adopt a biennial budget that begins on January 1 of any year.

Budget

A document that outlines the financial plan of operations for the local government. It is a plan, not a list of accounts and amounts.

Budget Amendment

An ordinance/resolution which changes the amount(s) appropriated for the current budget. To amend the current budget, a budget amendment can only be adopted until December 31 of the current year.

Capital Improvement Plan (CIP)

The element of the budget that deals with the expenditure of funds on durable capital facilities and equipment, typically with a value of more than \$5,000.

Capital Outlay

A budget category that may be a part of a capital improvement program, or in the case of expending less than \$5,000 but more than \$500, is a part of the operating budget.

Capital Project

A single project within the Capital Improvement Program.

Cash Basis

A method of accounting in which revenue is reported in the period it is received and expenses are reported in the period they are paid.

Committed Fund Balance

A portion of fund balance which is limited to certain uses that have been imposed by the governing body through the most binding formal action of the entity and remains binding unless removed through the same formal action.

Cost Allocation

The assignment of applicable costs incurred by a central services department (like "administrative services") to a fund based on the benefit to the fund being assessed.

Councilmanic Bonds

Bonds that can be authorized by the local government governing body without a vote of the public, up to the limits in state law.

Current Expense Fund

See “General Fund.”

Debt Service

Interest and principal payments on debt.

Debt Service Funds

The type of fund that accounts for the payment of debt service on general obligations of the local government.

Enterprise Fund

A type of proprietary fund in which the direct beneficiaries pay for all costs of the fund through fees, or where a periodic determination of revenues and expenses is desired by management.

Fund

A self-balancing group of accounts that includes revenues and expenditures.

GAAP

“Generally Accepted Accounting Principles,” which are mostly determined by the GASB for governments.

GASB

“Governmental Accounting Standards Board,” which determines the underlying principles to be used in accounting for and reporting governmental activities.

General Fund

The fund of the local government that accounts for all activity not specifically accounted for in other funds. Includes such operations as police, fire, engineering, planning, parks, museums, and administration.

General Obligations

Bonds or other indebtedness of the local government for which the pledge made for repayment is the full faith and credit of the entity.

Governmental Fund Types

Funds that provide general government services. These include the general fund, special revenue funds, capital projects funds, and debt service funds.

Intergovernmental Revenues

Interfund charges to pay for quasi-external transactions of the fund.

Internal Controls

A system of controls established by the local government that are designed to safeguard the assets of the entity and provide reasonable assurances as to the accuracy of financial data.

Internal Service Funds

A type of proprietary fund that accounts for the goods and services provided to other units of the local government. Payment by the benefiting unit is intended to fund the costs of providing such services.

LOEFF

The “Law Enforcement Officers and Fire Fighters” retirement system of the state that provides coverage for public safety employees.

Levy Certification

The process of certifying the amount of property taxes to be levied by the county on behalf of taxing districts. Most taxing districts must submit a levy increase ordinance/resolution as well as a levy certification form, both of which can be found on the DOR website.

Levy Rate

The property tax rate (per \$1,000 assessed value) used in computing property tax revenues.

LID

“Local Improvement District.” A financing mechanism that permits the building of public infrastructure improvements which benefit a confined area and where the costs for those improvements are to be paid by the benefiting area land owners.

Mid-Biennium Review

A review of a biennial budget that must occur during the first year of the biennial budget period.

Operating Budget

The annual appropriation to maintain the provision of services to the public.

PERS

“Public Employee Retirement System.”

The state system for public employment retirement applicable for most local government employees, except where LEOFF is applicable.

Preliminary Budget

That budget which is proposed by staff to the governing body and has not yet been adopted by the governing body.

Proprietary Funds

A group of funds that account for the activities of the local government that are of a proprietary or “business” character. See “Enterprise Fund.”

Public Safety

A term used to define the combined budget of the law enforcement and fire departments.

Restricted Fund Balance

A portion of fund balance that is restricted to certain uses externally by law or legal agreements with an outside entity (creditors, donors, grantors, etc.).

Revenue Bonds

Bonds sold by a local government that are secured only by the revenues of a particular system, usually the water/sewer fund and the regional water fund.

Special Revenue Funds

General government funds for which the use of revenues is dedicated to a specific purpose.

Working Capital

The year-end balance of current assets less current liabilities.