

Glossary of Terms

Account Number System of numbering or otherwise designating accounts in such a manner that the used number identifies the nature of the financial transaction being recorded.

Accrual Basis Method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.

Adopted Budget The official expenditure plan adopted the Commission for a fiscal year.

Ad Valorem Imposed at a rate percent of value (tax on goods).

Appropriation An authorization granted by a legislative body to incur obligations and to expend public funds for a stated purpose. An appropriation is usually limited in amount and as to the time when it may be expended.

Assessed Valuation Valuation set upon real estate or other property by a government as a basis for levying taxes.

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

Audit A formal examination of an organization or individual's accounts or financial situation.

Authority A government or public agency created to perform a single function or a restricted group of related activities.

Balanced Budget A budget in which estimated revenues is equal to or greater than estimated expenditures.

Basis Basis (of accounting) relates to the timing of the measurement made, or in other words, to when revenues, expenditures, expenses, and transfers are recognized in the accounts and reported in the financial statements of an entity.

Bond A written promise to pay a specified sum of money at a specified date in the future together with periodic interest at a specific rate.

Bond Rating A grade given to bonds that indicates their credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these evaluations of a bond issuer's financial strength, or its the ability to pay a bond's principal and interest in a timely fashion.

Budget A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them, usually for a period of one year.

Budget Adjustment A legal procedure utilized by County staff and the Jackson County Commission to revise a budget appropriation.

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

Budget Message A written policy and financial overview of the County.

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Budgetary Basis Refers to the form of accounting utilized throughout the budget process. Takes one of three forms: Cash, Modified Accrual or Full Accrual

Capital Improvement Plan (CIP) A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from long-term work programs. Capital expenditures of significant amounts of money involving major construction and acquisition are usually included in the capital improvement plan (CIP).

Capital Lease A lease that meets one or more of the following criteria, meaning it is classified as a purchase by the lessee: the lease term is greater than 75% of the property's estimated economic life; the lease contains an option to purchase the property for less than fair market value; ownership of the property is transferred to the lessee at the end of the lease term; or the present value of the lease payments exceeds 90% of the fair market value of the property.

Capital Outlay A disbursement of money which results in the acquisition of, or addition to, fixed assets. The item must have a purchase price greater than \$5000 and a life of over one-year to be a capital item.

Capital Projects Fund A fund type 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).

Comprehensive Annual Financial Report (CAFR) Financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, and 3) statistical, and whose financial section provides information on each individual fund and component unit.

Component Unit Legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Contingency An estimated amount of funds needed for deficiency, contingent or emergency purposes.

Deficit An excess of liabilities and reserves of a fund over its assets.

Debt Something owed, obligation.

Debt Service Cash required over a given period for the repayment of interest and principal on outstanding bond debt.

Debt Service Fund Fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Department A major operating budget area of the County which includes overall management for an activity or group of related activities with possibly one or more sub-activities.

Depreciation (1) Expiration in the service life of fixed assets, other than wasting assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a fixed asset other than a wasting asset which is charged as an expense during a particular period.

Distinguished Budget Presentation Awards Programs A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget and other financial documents.

Employee Benefits Compensation given to employees in addition to regular salaries and wages. Such compensation often includes but is not limited to employer sponsored benefits for health care or life insurance, travel reimbursements, vacation and sick pay

Enterprise Funds Proprietary fund types used to report an activity for which a fee is charges to external users for goods and services. Enterprise funds finance the jail commissary, copy center, sewer and wastewater treatment services.

Expenditures Under the current financial resources measurement focus, decreases in net financial resources now properly classified as *other financing uses*.

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 Year A twelve-month period of time to which the annual budget applies. The County's fiscal year is from January 1 to December 31.

Fixed Assets Equipment and other capital items used in governmental fund type operations and are accounted for in the General Fixed Assets Group of Accounts rather than in the government funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems. No depreciation has been provided on general fixed assets.

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 charges therein, which are segregated for the purpose of carrying on specific activities.

Fund Accounting The accounts of the County are organized on the basis of funds and account groups in order to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund Balance Difference between assets and liabilities reported in a governmental fund.

General Debt Service The General Debt Service Fund includes principal and interest payments to the State of Michigan.

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

General Obligation Bond Long-term debt instruments that have the backing of the County's full faith and credit, based on its taxing power outside the 15-mill limitation, if approved by the voters.

Governmental Funds Funds generally used to account for tax-supported activates. There five different types of governmental funds; the general fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

Grants Contributions or gifts of cash or other assets from another government, business or foundation to be used or expended for a specified purpose, activity or facility.

Interfund Transfer Flows of assets (such as cash or goods) between funds and blended component units of the primary government with a requirement for repayment.

Internal Service Funds Proprietary fund type that may be 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.

Liability Obligated according to law or equity.

Line Item A unit of budgeted expense used to classify expenditures by item or category. A line item establishes the permissible level of expenditure for an item.

Line Item Budget A budget that emphasizes allocations of resources to given organizational units for particular expenditures such as, salaries, supplies, services and equipment. Line item budgets may be organized to provide accountability at varying levels, such as on department, division, or agency levels.

Mandate A formal order from a superior court or official to an inferior one.

Millage / (Mill) One thousandth of dollar of assessed taxable value, meaning that one mill is worth \$1 of tax per \$1,000 of assessed taxable value.

Mission Statement A brief description of functions and objectives rendered by an organization for the community it serves.

Modified Accrual Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

Net Assets Assets remaining after the deduction of all charges, outlay, or loss.

Non-Departmental Expenditures for purposes that are not related to a specific department or agency but relate to the overall operations of general government.

Object of Expenditure In the context of the classification of expenditures, the article purchased or the service obtained, rather than the purpose for which the article or service was purchased or obtained (e.g., personal services, contractual services, materials and supplies).

Obligations Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

Other Post Employment Benefits (OPEB) Post-employment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Operating Budget The authorized revenues and expenditures for on-going municipal services and the primary means by which government spending is controlled. The life span of an operating budget typically is one year or less.

Operating Revenues and Expenses Cost of goods sold and services provided to customers and the revenue thus generated.

Ordinance A formal legislative enactment by the governing board of a municipality. 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 municipality to which it applies.

Other Charges An expenditure object within an activity, which includes professional services, rents, utilities, and training, as examples.

Strategic Outcomes Desired output-oriented accomplishments which can be measured within a given time period and are related to the County's strategic plan.

Personnel Services An expenditure object within an activity that includes payroll and all fringe benefits.

Policy A plan, course of action or guiding principle, designed to set parameters for decisions and actions.

Proprietary Funds Funds that focus on the determination of operating income, changes in net assets (or cost recover), financial position and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

Resolution A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue An addition to the assets of a fund which does not increase a liability, does not represent a recovery of an expenditure, does not represent the cancellation of a liability without a corresponding increase in any other liability or a decrease in assets, and does not represent a contribution of fund capital in enterprise or in intra-governmental service funds.

Revenue Bonds Bonds whose principal and interest are payable only from earnings of an Enterprise Fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the Enterprise Fund's property.

Self Insurance Self funded insurance plan.

Securities Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

Special Assessment Fund Fund used to account for the construction and financing of public improvements provided in benefiting districts, which are to be paid, at least in part, from an assessment against the benefited property.

Special Revenue Fund Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes

Statute A law enacted by a legislature body, under constitutional authority, that becomes law, governing conduct within its scope. Statutes are enacted to prescribe conduct, define crimes, create inferior government bodies, appropriate public monies, and in general promote the public welfare.

Surplus An excess of the assets of a fund over its liabilities and reserves.

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

Taxing Authority The government entity given authority by voter referendum or legislative action to levy a tax for the purpose of financing services performed for the common benefit.

Temporary Restraining Order A temporary restraining order is a temporary order of a court to preserve current conditions as they are until a hearing is held at which both parties are present.

Transfers In/Out A legally authorized funding transfer between funds in which one fund is responsible for the initial receipt and the other fund is responsible for the actual disbursement.

Trust Fund Funds used to account for assets by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

Unreserved Fund Balance The Unreserved Fund Balance represents that portion of a governmental fund's net assets that is available for appropriation. Unrestricted Net assets represent that portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

User Fees An excise tax usually in the form of a license or supplemental charge levied to fund a public service

Voucher A written document, which evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.