GLOSSARY

28E Agreement-Chapter 28, Section E of the Iowa Code which establishes intergovernmental agreements for two or more governmental agencies to cooperate on an issue/activity.

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.

Activity-Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

Ad Valorem Taxes-Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Allot-To divide an appropriation into amounts which may be encumbered or expended during an allotment period.

Annualize-Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget.

Appropriation- A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation-The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Assessment Ratio-The ratio at which the tax rate is applied to the tax base.

Asset-Resource owned or held by a government which has monetary value.

Attrition-A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions-Employee positions, which are authorized in the adopted budget, to be filled during the year.

Base Budget-Cost of continuing the existing levels of service in the current budget year.

Bond-A long-term I.O.U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date.) Bonds are primarily used to finance capital projects.

General Obligation (G.O.) Bond-This type of bond is backed by the full faith, credit and taxing power of the government.

Revenue Bond-This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

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

Budget-A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budgetary Basis-This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

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

Budgetary Control-The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

CAFR-Comprehensive Annual Financial Report

CALEA-Commission on Accreditation for Law Enforcement Agencies

COPS-Community Oriented Policing Services sponsored by the U.S. Department of Justice.

Capital Asset-Asset of significant value and having a useful life of several years. Capital assets are also called fixed assets.

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 Improvements Program (CIP)-A Plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Outlay-Fixed assets which have a value of $1,000 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Capital Project-Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Capital Reserve-An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition.

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

Collective Bargaining Agreement-A legal contact between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Commodities-Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, and asphalt.

Community Development Block Grant- (CDBG): a grant that is funded by the federal government through the Housing and Urban Development agency to the State of Iowa that then administers it through the Iowa Department of Economic Development.

Comprehensive Annual Financial Report-(CAFR)

Constant or Real Dollars-the presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Consumer Price Index (CPI)-A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

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

Contractual Services-Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreement, and professional consulting services.

Cost-of-living Adjustment (COLA)-An increase in salaries to offset the adverse effect of inflation on compensation.

Debt Service-the cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Dedicated Tax-A tax levied to support a specific government program or purpose.

Deferred Compensation-Income deferred until retirement age.

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

Department-The basic organizational unit of government which is functionally unique in its delivery of services.

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

Development-related Fees-Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.

Disbursement-The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program-A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Employee (or Fringe) Benefits-Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

Encumbrance-the commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Entitlements-Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.

Expenditure-The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense-Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

FEMA-Federal Emergency Management Agency

Fiscal Policy- A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an

agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year-A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization.

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

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

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to a .5 full time position.

Function- A group of related activities aimed at accomplishing a major service or regulatory program for which a government id responsible (e.g., public safety).

Fund-A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

Fund balance-the excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP-Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GIS-Geographic Information System

GPS-Global Positioning System

Goal-A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Grant-A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

HVAC-Heating, Ventilation, and Air Conditioning

Hourly- An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads, or to address temporary staffing needs. Hourly employees are paid on a per-hour basis, and receive limited benefits.

ICMA-International City/County Management Association

IDED-Iowa Department of Economic Development

IDNR-Iowa Department of Natural Resources

IDOT-Iowa Department of Transportation

IMFOA-Iowa Municipal Finance Officers Association

Indirect Cost- A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure-The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

Interfund Transfers-the movement of monies between funds of the same governmental entity.

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.

Internal Service Charges-the charges to user departments for internal services provided by another government agency, such as data processing, or insurance funded from a central pool.

Iowa Communities Assurance Pool-(ICAP): the organization the City holds membership to cover its liability insurance.

Lapsing Appropriation-An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period, and unexpected or unencumbered balance lapses or ends, unless otherwise provided by law.

League-Iowa League of Cities

Levy-To impose taxes for the support of government activities.

Line-item Budget-A budget prepared along departmental lines that focuses on what is to be bought.

Long-term Debt-Debt with maturity of more than one year after the date of issuance.

Mill-The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each $1,000 of assessed property valuation.

Municipal Fire and Police Retirement System of Iowa-(MFPRSI).

Metropolitan Planning Organization-(MPO).

Metropolitan Transportation Authority-(MTA)

Net Budget-The legally adopted budget less all interfund transfers and interdepartmental charges.

Nominal Dollars-The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

Object of Expenditure-An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.

Objective-Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

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

Operating Revenue-Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day -to-day services.

Operating Expenses-the cost for personnel, materials and equipment required for a department to function.

Output Indicator-A unit of work accomplished, without reference to the resources required to do the work (e.g., number of permits issued, number of refuse collections made, or number of bur-

glary arrests made). Output indicators do not reflect the effectiveness or efficiency of the work performed.

Pay-as-you- go Basis-A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

Pay Plan-Classifications and corresponding salary ranges of positions within the City government.

Performance Budget-A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

Performance Indicators-Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure-Data collected to determined how effective or efficient a program is in achieving its objectives.

Personal Services-Expenditures for salaries, wages, and fringe benefits of a government's employees.

Prior-Year Encumbrances-Obligations from previous fiscal years in the form of purchase orders, contacts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program-A Group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Program Budget-A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Program Performance Budget-A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a work group. Each program has an identifiable service or output and objectives to effectively provide the service. The effectiveness and efficiency of providing the service by the program is measured by performance indicators.

Program Revenue (Income)-Revenues earned by a program, including fees for services, license and permit fees, and fines.

Purpose-A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

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

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

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

Revenue-Sources of income financing the operation of government.

Revitalize Iowa's Sound Economy-(RISE) grant that is funded by the Iowa Department of Transportation for the purpose of providing infrastructure for economic development projects.

SAF-T-Strategic Anti-Felony Team: a metro wide cooperative effort of criminal investigation.

Service Lease-A lease under which the lessor maintains and services the asset.

Service Level-Services or products which comprise actual or expected out put of a given program. Focus is on results, not measures of workload.

Source of Revenue-Revenues are classified according to their source or point of origin.

Supplies and Services-expendable materials and operating supplies necessary to conduct departmental operations.

Target Budget-Desirable expenditure levels provided to departments in developing the coming year's recommended budget. Based on the prior year's adopted budget, excluding one-time expenditures, projected revenues, and reserve requirements.

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

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.

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

Unencumbered Balance-The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

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

User Charges-The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Variable Cost-A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.

Wastewater Reclamation Agency-(WRA): formerly the Integrated Community Area.

Working Cash-Excess of readily available assets over current liabilities or cash on had equivalents which may be used to satisfy cash flow needs.

Workload Indicator-A unit of wok to be done (e.g., number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated).

Work Years-The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees One "work year" is equal to one full-time, year round employee. For most categories, this equals 2,080 hours year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.