

## GLOSSARY OF BUDGET TERMS

ACCOUNTABILITY - The degree to which it is assured that public monies are collected and disbursed properly, ensuring that an auditable record is kept of all transactions. Under IFMS, every budgeted dollar is associated with a responsibility center and a designated manager accountable for the monitoring of expenditures and revenues.

ADOPTED BUDGET - The budget initially adopted by the City Council for each unit of appropriation and agency.

ACCRUAL ACCOUNTING - Calculating revenues or expenditures on the basis of when they are earned or encumbered. Accrual revenues are considered earned when a claim for reimbursement is submitted. Accrual expenses are considered encumbered when a Purchase Order or Contract is submitted.

ADVICE OF AWARD OF CAPITAL CONTRACT - form used in the IFMS-Capital Projects Fund System to register capital contracts and to encumber or obligate capital funds.

ALLOCATION - sum of money set aside for a specific purpose.

ATTRITION - natural reduction of employees from a payroll through resignation, retirements, deaths, and transfers.

BATCH - set of source documents input for computer processing as a group.

BILLED RECEIVABLES - expenditures for which invoices, i.e., claims have been submitted to Federal, State or other funding sources and an Advice of Revenue Invoice has been entered into the system, yet the claims are still outstanding and uncollected. In the accrual system of accounting, a billed receivable is recorded as revenue.

BLANKET ORDER - an agreement (applied against an existing Open Market Price Agreement or Requirement Contract) between the City and a private vendor for the City purchase of a stated quantity of specific supplies or equipment items to be delivered over a specified period of time.

BOND (Long-Term Debt) - interest-bearing certificate of indebtedness issued when the City borrows money for capital improvements. Interest and principal are paid back over a period of more than one year as specified in the certificate.

BUDGET AMENDMENT - change in a budget appropriation item. Usually refers to the capital budget.

BUDGET CODE - 4-digit code assigned to a schedule within an agency which identifies the allocation made in such schedule in terms of its accounting fund class, unit of appropriation, responsibility center, control category, local service district and program.

BUDGET GAP (DEFICIT) - difference between the estimated expenditures and revenues for a fiscal year.

**BUDGET LINE** - identified amount allocated for a specific purpose in expense budget supporting schedules for each budget code within a unit of appropriation. Budget lines are used to provide detailed information on the number of positions, titles, salaries, and other expenses in a budget code.

**BUDGET MODIFICATION** - change in an amount in any Expense Budget budget line during the fiscal year.

**CAPITAL BUDGET** - spending plan which indicated how the City proposed to commit monies and contracts for service to construct and upgrade its capital facilities for a specific fiscal year. The Capital Budget contains only appropriation levels sufficient to advance a capital project during the upcoming fiscal year.

**CAPITAL OBJECTS** - the lowest level at which project obligations are budgeted. An object may be associated with a specific purchase, or contract, or a particular, or a group of work effort(s) which may involve a number of purchases or contracts. Objects used the Capital Projects Fund are limited to a portion (the 200 series) of the overall Master Object Table.

**CAPITAL PROGRAM** - The City's Program is a three year projection of the necessary levels of appropriation for each item included in the Capital Budget for any given fiscal year.

**CAPITAL PROJECT** - the basic budgeting and accounting unit within the Capital Projects Fund. A capital project is either a particular construction effort or a group of similar activities to be performed on a number of sites or facilities. Individual projects must have a value of at least \$25,000 and have a period of probable usefulness of at least five year.

**CAPITAL PROJECTS FUND** - independent self-balancing accounting entity used to account for all obligations, revenues, assets, and liabilities associated with the process of constructing and improving capital facilities.

**COMMITMENT** - Within IFMS, commitments are used to identify the total of outstanding pre-encumbrances, outstanding encumbrances, unliquidated expenditures, and liquidated expenditures.

**COMMUNITY DEVELOPMENT PROGRAM** - provides federal assistance for projects that qualify for community development funding under HUD eligibility and spending guidelines.

**CONTROL CATEGORY** - information requirement necessary to determine resources allocated to activities that span organizational units.

**DEBT LIMIT** - ceiling on long-term borrowing imposed by the State Constitution.

**DEBT LIMIT FUNDS** - dollars budgeted in the Capital Budget that are subject to the debt limit.

**DEBT SERVICE** - funds covering payments on principal and interest for outstanding bonds and notes.

**DESIGN** - preparation of drawings and architectural solution to a physical problem that has been defined in terms of scope and site. Most design activities are funded from a lump sum appropriation that has been designed in each agency for planning and design purpose.

**DISALLOWANCE** - portion of a claim, already realized as Revenue, which the grantor subsequently determines is not reimbursable.

**DOCUMENT REFERENCING** - procedure whereby information on a document in a purchasing or revenue action is checked against the information on a prior document in the action. The Document ID, consisting of an agency code and a unique document number, is the basis for the reference.

**EARNED REVENUE PLANS** - month-by-month projection of revenues to be earned that is prepared by the agency prior to the beginning of a fiscal year.

**ENCUMBRANCE** - setting aside of funds following a preaudit, pending receipt of goods or services. This represents a legal obligation to pay, as evidenced by a purchase Order or Contract.

**ENCUMBRANCE CONTROL** - responsibility for encumbering funds and processing them to final expenditure. This function is performed jointly by the Purchasing and Accounting Subsystem.

**EXEMPT FUNDS** - Capital funds that have been exempted from the debt limit but are nonetheless subject to cash availability.

**EXPENDITURE** - payment of funds appropriated in the expense budget for a particular program activity, purpose, or institution.

**EXPENSE BUDGET** - provides funds for financing the City's on-going operations, including service staff salaries and fringe benefits, purchase of short-lived equipment, materials and supplies to fulfill maintenance and service requirements.

**FISCAL YEAR (FY)** - the City's twelve-month accounting period begins July 1st and ends the following June 30th.

**FRINGE BENEFITS** - payments made by the City to cover pensions, health insurance, and other benefits to City employees.

**FULL-TIME BUDGETED POSITIONS** - the number of full-time positions assigned to an agency's budget at the beginning of the Fiscal Year. These positions may be filled or vacant. An agency cannot fill every budgeted position in the scheduled amount, for such lines will exceed the appropriation. In order to stay within its appropriation, each agency will have to plan its expenditures for personnel to assure a sufficient number of vacant budget positions to provide for financial plan savings and turnover amounts. Periodically, some vacant lines may be eliminated by modification to bring filled positions into conformance with actual expenditure levels.

**FUND** - A Fund is an independent fiscal and accounting entity which accounts for a sum of money set aside for a particular purpose separately from other monies of the government. Each fund is considered self-balancing since each has its own assets, liabilities, and equity. The classification and recording of each financial transaction should satisfy the accounting equation that shows assets equal liabilities plus equity.

**GENERAL FUND** - All City revenues not specifically earmarked for a special fund purpose.

**GENERAL LEDGER** - The City's accounting record in which financial transactions are recorded through the posting of journal entries. (Includes the General Fixed Asset group of accounts.)

**INFRASTRUCTURE** - A term that refers to the physical facilities such as streets, sewers and water supply lines essential to keep the rest of the city operating.

**INTEGRATED DATA BASE** - A single data base into which all IFMS subsystems supply date, and from which all subsystems retrieve information. Therefore, all subsystems have access to the same date.

**INTER-FUND AGREEMENT (IFA)** - An inter-fund agreement is a contract which provides the basis for the Capital Projects Fund to reimburse the General Fund for the expenses of City employees who work on capital projects. An advice of Award of Capital Contract form is used to encumber amounts for IFA's.

**INTERFUND AGREEMENT** - An internal contract for capital construction services of City engineering, architectural and design staffs associated with specific capital projects.

**JOURNAL ENTRY** - A series of procedures for making entries in the financial records which cannot properly be made with the regular encumbrance and revenue accounting documents, including certain error corrections, revenue class redistributions, and annual closing entries.

**LINE ITEM BUDGET** - A detailed budget which includes allocations for individual personal service and OPTS.

**LIQUIDATED EXPENSE** - A voucher amount which has been warranted.

**LOCAL FINANCE LAW (LFL)** - The Local Finance Law (LFL) specifies a ceiling for the total amount of City borrowing. Certain expenses, particularly those related to public health and safety, are exempt from this debt ceiling. Those expenses referred to as City-exempt expenses. Expenses which are bondable only within the debt ceiling are called City non-exempt expenses.

**LONG-TERM DEBT** - See "Bond"

**LUMP SUM APPROPRIATIONS** - Allocations which, at the time of budget preparation, cannot be broken down into specific line items, but are held in reserve pending budget modifications.

**LUMP SUM PROJECT** - A lump sum project is a grouping of related work efforts of purchases to be carried out or made at various locations or facilities. Lump sum projects are classified as construction and reconstruction, equipment, and land or design.

**MASTER TABLES** - An Organized set of data containing information used to direct and control all IFMS processing.

**MICR** - Magnetic Ink Character Recognition is used to enable a computer to access hand printed characters written using magnetic ink.

**MOD SET** - A group of budget modification forms that constitute a single budgetary action.

**MODIFIED ACCRUAL** - An accounting procedure by which the City will recognize revenues on a cash bases except when they are known and measurable (i.e., State and Federal grants). On the expense side, all expenses are recognized on an accrual bases except debt service and pension contributions.

**MODIFIED BUDGET** - The Budget as of that date. Modifications are made in the adopted Expense budget throughout the Fiscal Year, with the approval of the Office of Management and Budget.

**OBJECT** - The object of expense on a line identified by a 3-digit code. It comprises the third-order classification level in the Chart of Accounts.

**OBJECT CATEGORY** - The current division of City expense into Personal Services and Other Than Personnel Services identified by a 2-digit code. It comprises the first-order classification level in the Chart of Accounts.

**OBJECT CLASS** - A broad grouping of objects identified by a 2-digit code, e.g., full-time salaried. It comprises the second-order classification level in the Chart of Accounts.

**OBJECT (FOR CAPITAL EXPENDITURES)** - The term object refers to objects of expenditure within each sub-project. It is structurally equivalent to the object coding in the General Fund.

**OBLIGATION** - An expenditure or legal promise to make an expenditure, with the distinction determined by the bases of obligation. PS items are obligated on a cash basis (expenditure), but OPTS items are obligated on an encumbrance bases (legal promise to make an expenditure).

**ON-LINE** - Refers to terminals and data bases that are connected to the computer ready for use at any time.

**ON-LINE INQUIRY** - The method by which agencies can obtain limited types of IFMS financial information by using CRT (video) terminal to access the data base.

**ON-LINE PROCESSING** - Each document line processed upon input into the IFMS system.

**OPEN AMOUNT** - The portion of the contract amount which has not yet been vouchered.

**OPERATING BUDGET** p Itemizes the budget for a unit of appropriation. It indicates where dollars in a unit of appropriation have been budgeted. It is broken down by object within budget code within responsibility center, within unit of appropriation.

**ORGANIZATIONAL BUDGET** - A key concept within IFMS, organizational budgeting shows how agency resources are distributed among organizational units. Accountability for expenditures is assigned to a responsibility center manager, providing a basis for assessing performance against plan.

**OTHER THAN PERSONAL SERVICE (OTPS)** - The object category identifying the funding for expenses other than salaries, including supplies, equipment, and contractual services.

**PENDING MOD FILE** - An IFMS file that contains all budget modifications awaiting budget modifications awaiting budget up-date or that have passed the second-level edit.

**PERIOD OF PROBABLE USEFULNESS (PPU)** - The number of years established in the State Local Finance Law as the useful life of a particular type of capital project. This period is the maximum term that the bond may be sold to finance a capital project.

PERSONAL SERVICE (PS) - The object category identifying the funding of salaries and fringe benefits of City employees.

PERSONNEL CEILING - A monthly number of positions authorized by OMB as part of the quarterly allocation system. A ceiling is established for each full-time, full-year object within the unit of appropriation. The number is modifiable only by OMB.

POSITION SCHEDULE - Summarizes the position distribution of a unit of appropriation. It indicates the number of positions and the annualized dollars budgeted for each title code. It is broken down by aggregated line within object, within unit of appropriation.

POSTING PERIOD - The month and year to which transactions being reported are charged.

PRE-ENCUMBRANCE - The reservation of funds for an intended purchase of goods or services as documented on a valid Purchase Requisition. It is not an obligation.

PROCEED DIRECTIVE - Sets forth the terms and conditions under which the project shall proceed and informs the Comptroller of the amount of obligations to be used for financing the Capital Project.

PROJECT - This refers to either a specific construction effort (line project) or a group of sub-projects for many similar or related efforts (lump sum projects). It is structurally equivalent to a unit of appropriation in the General Fund.

REIMBURSABLE EXPENDITURE - Expenditures that will be totally or partially reimbursable according to a grant agreement.

REPORTING CATEGORY - A category identified by a 6-character agency-specific code that can be assigned to budget codes and expense and revenue transactions. Reports based on this coding will gather actual expenditure and revenue data for analysis and claim preparation.

REQUISITION - Notification of pre-encumbrance or commitment of funds for goods and services.

RESPONSIBILITY CENTER - An organization unit within an agency with an identifiable manager, responsible for the unit's activities.

RESPONSIBLE AGENCY CODE - A 3-digit code identifying the agency responsible for the estimation and recognition of a revenue source.

RESPONSIBILITY CENTER - An organization unit within an agency with an identifiable manager, responsible for the unit's activities.

REVENUE BUDGET - All tax and non-tax funds the City expects to receive in the course of the Fiscal Year to finance day-to-day expenditures, including the real property, sales, income, and other taxes; licenses, fees, permits, rentals and fines; Federal, State, and private assistance or grants-in-aid; receipts from intra-city sales or payments for services performed by one agency for another.

REVENUE CATEGORY - The category to which the revenue source belongs. A revenue category identifies a group of revenue classes by a 2-digit code.

**REVENUE CLASS** - The class to which the revenue source belongs. A revenue class identifies a group of revenue sources by a 3-digit code. **REVENUE RECOGNITION** - The recognition of anticipated revenues, whether on a cash or accrual basis. Revenues from State and Federal grants are generally recognized when service is performed and the claim submitted (accrual basis). Revenues from all other sources are recognized when Cash Receipts have been received (cash basis).

**REVENUE SOURCE (FOR REVENUES)** - The term "revenue source" refers to specific grants of other sources of funds. It is structurally equivalent to the object coding in the general fund.

**SCHEDULE AMOUNT** - The maximum amount that may be obligated in a given budget line.

**SCHEDULE RATE** - The annual amount of salary used to calculate the budget amount. If positions are available to an agency for the entire year, the schedule rate and schedule amount will be equal.

**SCHEDULIZE** - To allocate an amount of money, such as a lump sum appropriation, to particular budget lines or codes.

**SECTION 225** - Under section 225 of the charter, the Mayor may increase the amount of the City funds for a project up to a maximum of 15% of the inception-to-date City Council appropriation.

**SITE ACQUISITION AND PREPARATION** - The conveyance of title to the City and clearance of property that has been designated as a capital project site. Preparation for construction of a City capital improvement may involve the demolition of existing structures and the relocation of site tenants.

**SUBOBJECT** - The lowest OTPS level of detail in the hierarchy that defines an object of expenditure: Object Category, Object Class, Object, and Subobject. Agencies may use a subobject code to make distinctions below the level of an object.

**SUPPORTING SCHEDULE** - Detailed itemization by budget lines of how funds will be spent within units of appropriation.

**UNBILLED RECEIVABLES** - These represent valid claims on Federal, State, or other funding sources which have not yet been invoiced or collected.

**UNIT OF APPROPRIATION** - An agency's expense budget is divided into the number of units of appropriation. An agency receives a single appropriation for all its other than personal service (OTPS) expenditures. Personal service (PS) expenditures on the other hand, are allocated to one or more of appropriation corresponding to organizational subdivisions of an agency.

**UNLIQUIDATED EXPENDITURES** - Represent the cost of goods delivered or services rendered for which vouchers (requests for payment) have been entered but for which warrants have not yet been out and issued.

**VOUCHER** - A request by an agency for the Comptroller to issue a payment for goods delivered or services rendered.

**YEAR-END ACCRUAL** - An estimated amount of revenue "earned" by the close of the fiscal year for which reimbursement claims will not be submitted until after the close of the fiscal year.