

Budget Development Guidelines

The following represents the policy direction for county departments to follow in developing budget requests for the 2005-2006 budget:

1. **Service Levels** – The Council recognizes that projected 2005/2006 revenues will likely fall short of funding base level budgets in 2005/2006. The Council requests that the Administration develop a budget that, wherever possible, maintains essential levels of service. A proposal for new or expanded high priority services should be offset by a reduction or elimination of lower priority services or an increase in revenue.
2. **Prioritize Services** – The Council requests the Administration, in conjunction with departments, prioritize departmental services in light of the mission of the county and the mission of the department. The Council requests that the Administration develop a prioritization of services currently offered, based on the feedback received from the Council in budget policy discussions to date, along with the Administration’s own prioritization.
3. **Staffing Levels** – The Council supports the Administration’s desire to avoid layoffs. The Council anticipates that no new positions will be considered unless they are an element of an additional service request (ASRs) that is budget neutral or funded through internal cost savings. The Council will carefully analyze the social and economic impacts in the elimination of positions previously supported by discontinued grants and external sources of funding. Should the negative impacts of the loss of these positions be deemed too great, the Council will explore all funding options to maintain existing services.
4. **Consolidation of Functions and Services** – The Council encourages the Administration and all departments to, where appropriate, consolidate or integrate similar or compatible functions to improve operational efficiency and public access to county services.
5. **Revenues** - The Council encourages the Administration to review fees and propose fee changes wherever appropriate. Whenever possible, fees should be structured in order to recover the total cost of providing the associated service, including administrative overhead. Whenever possible, the Administration should seek to recover administrative overhead from grants and contracts. The Council encourages the administration to review all existing Whatcom County taxes, levies, and fees, and to propose increasing, decreasing, or maintaining these revenues to fund general fund expenditures, while supporting policies for ending fund balances and reserves.
6. **Efficiencies** – The Council encourages the Administration and all departments to make every reasonable effort to reduce costs, conserve energy, and carefully utilize public resources while providing the best possible service to the public.

Budget Development Guidelines continued

- 7. Ending Fund Balance and Reserves** – The Council requests the Administration to develop the 2005/2006 General Fund Budget so that it provides cash reserves of at least 15 percent of the projected general fund budgeted expenditures. The Administration may utilize fund balance in excess of this limitation to:
- a) Fund onetime capital purchases and onetime program expenditures;
 - b) Make provision for year 2005/2006 supplemental budgets; and
 - c) Maintain 2004 service levels in the 2005/2006 budget.
- 8. Cooperative Business Operations** – The Council encourages the Administration to develop cooperative partnerships with governmental and private entities that provide services in an efficient and cost effective manner.

2005-2006 Bond Fund Expenditures

Fund	Cost Center	2005 Budget	2006 Budget
219	219000 CRID #9 General Debt	\$189,360	\$189,360
242	242000 1997 Ltd Tax GO & Refunding Bond	\$1,178,015	\$1,186,128
243	243000 1998 Ltd Tax GO Bond	\$254,535	\$254,145
244	244000 2003 Ltd Tax GO Bond	\$426,618	\$429,718
Total		\$2,048,528	\$2,059,351

2005-2006 General Fund Expenditures

Department Expenditures

Department	2005 Budget	2006 Budget
Assessor	\$ 2,054,428	\$ 2,108,599
Auditor	\$ 1,030,042	\$ 1,073,219
County Council	\$ 814,012	\$ 822,224
County Executive	\$ 436,446	\$ 449,970
Planning & Develop Svcs	\$ 4,891,532	\$ 4,290,128
Treasurer	\$ 1,178,235	\$ 1,215,310
Sheriff	\$ 9,645,221	\$ 9,538,742
Jail	\$ 7,838,239	\$ 7,966,641
District Court	\$ 1,481,532	\$ 1,479,894
District Court Probation	\$ 1,299,482	\$ 1,342,164
Hearing Examiner	\$ 149,071	\$ 150,859
Juvenile	\$ 3,599,239	\$ 3,719,719
Prosecuting Attorney	\$ 4,025,594	\$ 4,184,554
Public Defender	\$ 2,488,327	\$ 2,647,661
Superior Court	\$ 3,709,678	\$ 3,436,183
Cooperative Extension	\$ 317,278	\$ 325,864
Non - Departmental	\$ 8,545,673	\$ 8,391,329
Park	\$ 3,239,811	\$ 3,246,496
Public Health	\$ 9,773,286	\$ 9,898,093
Total General Fund	\$ 66,517,126	\$ 66,287,649

Non-Departmental Expenditures

Cost Center		2005 Budget	2006 Budget
2100	Medical Examiner	\$ 289,511	\$ 297,897
2945	LEOFF I Medical	\$ 215,311	\$ 235,948
4017	Law and Justice Council	\$ 10,000	\$ 10,000
4022	Lake Whatcom Management	\$ 100,000	\$ 100,000
4025	Indigent Burial	\$ 15,000	\$ 15,000
4035	County Morgue	\$ 43,535	\$ 44,361
4040	Strategic Planning	\$ 4,000	\$ 4,000
4050	Domestic Violence	\$ 59,500	\$ 59,500
4055	Starling Program	\$ 15,000	\$ 15,000
4060	Public Health/Home Health	\$ 10,000	\$ 10,000
4070	Annual State Audit	\$ 120,000	\$ 120,000
4075	Leave Pay Out	\$ 300,000	\$ 300,000
4085	Employee Recognition	\$ 3,000	\$ 3,000
4090	Association Dues	\$ 59,500	\$ 61,750
4100	Criminal Justice Data Int.	\$ 30,000	\$ 30,000
4105	Sister County Project	\$ 5,000	\$ 5,000
4115	Water Conservation Board	\$ 6,000	\$ 6,000
4120	Civil Service Commission	\$ 24,945	\$ 25,456
4130	Horticultural Inspections	\$ 10,440	\$ 10,440
4135	Pest Board	\$ 5,000	\$ 5,000
4140	Economic Development	\$ 20,000	\$ 20,000
4150	Courthouse Security	\$ 260,000	\$ 260,000
4160	LEOFF Board	\$ 2,300	\$ 2,300
4240	Northwest Regional Council	\$ 79,302	\$ 88,300
4250	Emergency Communications	\$ 655,868	\$ 675,000
4270	Ambulance Services	\$ 1,322,970	\$ 1,322,970
4290	Air Pollution Control	\$ 27,229	\$ 28,500
4300	Animal Control	\$ 334,815	\$ 341,511
4440	Senior Support / RSVP	\$ 35,000	\$ 35,000
4450	Planning / Com Dev	\$ 53,781	\$ 54,600
4455	Readiness to Learn	\$ 5,000	\$ -
4456	Music & Art	\$ 17,000	\$ 17,000
4490	Marine Resources	\$ 155,000	\$ 155,000
4515	Homeless Shelter/Lydia PI	\$ 10,000	\$ 10,000
4520	Boundary Review Board	\$ 10,081	\$ 10,081
4530	Transfers to Other Funds	\$ 2,455,591	\$ 1,232,600
4900	Misc Non - Departmental	\$ 1,775,994	\$ 2,780,115
	Total Non - Departmental	\$ 8,545,673	\$ 8,391,329

2005 Beginning & Ending Fund Balances

Fund	Description	Estimated Beginning 2005 Balance	Expenditures 2005	Revenues 2005	Estimated Ending 2005 Balance
001	General Fund	(18,454,667)	66,517,126	(62,310,459)	(14,248,000)
108	County Road	(8,893,065)	32,667,348	(26,060,799)	(2,286,516)
109	Election Reserves	(168,711)	745,653	(654,749)	(77,807)
114	Veterans Relief	(134,621)	157,674	(157,674)	(134,621)
121	Low-Income Housing Projects	(923,190)	335,000	(335,000)	(923,190)
140	Solid Waste	(1,432,710)	1,287,385	(1,046,000)	(1,191,325)
141	WC Convention Center	(253,902)	161,584	(150,000)	(242,318)
142	Victim Witness	(94,613)	124,096	(112,717)	(83,234)
148	CERB	(61)	189,360	(189,360)	(61)
151	Community Development	(13,566)	5,000	-	(8,566)
154	Road Improve #1	(45,165)	24,769	(22,160)	(42,556)
155	Road Improve #2	(1,083)	2,088	(1,848)	(843)
159	Road Improve #7	(1,367)	2,683	(2,626)	(1,310)
162	Road Improve Guarantee	(113,735)	113,735	-	-
165	WC Drug Fund	(963,506)	737,472	(330,000)	(556,034)
166	Auditor's O&M	(412,884)	119,929	(125,400)	(418,355)
167	Emergency Management	(46,636)	372,013	(371,126)	(45,749)
169	Flood Control Zone	(8,610,243)	5,434,139	(3,781,065)	(6,957,169)
170	Pt. Robert's Fuel Tax	(129,698)	79,849	(30,000)	(79,849)
175	Conservation's Future	(2,096,924)	75,000	(862,365)	(2,884,289)
180	Lake Management	(13,588)	6,000	-	(7,588)
219	CRID #9 Gen Debt	-	189,360	(189,360)	-
220	LRID #10 Gen Debt	(55,650)	-	(14,641)	(70,291)
242	1997 Ltd Tax GO & Refund Bond	(788)	1,178,015	(1,178,015)	(788)
243	1998 Ltd Tax GO Bond	(1,039)	254,535	(254,535)	(1,039)
244	2003 Ltd Tax GO & Refund Bond	(5,083)	426,618	(426,618)	(5,083)
324	REET II	(1,400,000)	40,000	(1,505,172)	(2,865,172)
326	REET	(1,916,408)	1,278,015	(1,505,172)	(2,143,565)
330	Parks Improvement	(37,414)	39,414	(1,000)	1,000
332	Public Utilities Improvement Fund	(7,081,268)	909,023	(2,293,425)	(8,465,670)
501	ER&R	(15,606,004)	9,828,957	(8,654,130)	(14,431,177)
507	Administrative Services	(5,908,283)	16,857,298	(15,757,925)	(4,808,910)
16921	Lynden/Everson Sub-Zone	(190,409)	58,000	(23,730)	(156,139)
16922	Sumas/Nooksack/Everson Sub-Zone	(367,727)	117,250	(68,841)	(319,318)
16923	Acme/Van Zandt Sub-Zone	(41,756)	25,000	(13,617)	(30,373)
	Total	<u>(75,415,764)</u>	<u>140,359,388</u>	<u>(128,429,529)</u>	<u>(63,485,905)</u>

2006 Beginning & Ending Fund Balances

Fund	Description	Estimated Beginning 2006 Balance	Expenditures 2006	Revenues 2006	Estimated Ending 2006 Balance
001	General Fund	(14,248,000)	66,287,649	(63,184,483)	(11,144,834)
108	County Road	(2,286,516)	17,897,549	(20,818,074)	(5,207,041)
109	Election Reserves	(77,807)	760,958	(683,152)	(1)
114	Veterans Relief	(134,621)	162,381	(162,381)	(134,621)
121	Low-Income Housing Projects	(923,190)	541,700	(341,700)	(723,190)
140	Solid Waste	(1,191,325)	1,236,626	(1,046,000)	(1,000,699)
141	WC Convention Center	(242,318)	153,584	(150,000)	(238,734)
142	Victim Witness	(83,234)	126,047	(113,800)	(70,987)
148	CERB	(61)	189,360	(189,360)	(61)
151	Community Development	(8,566)	5,000	-	(3,566)
154	Road Improve #1	(42,556)	24,769	(22,160)	(39,947)
155	Road Improve #2	(843)	2,088	(1,848)	(603)
159	Road Improve #7	(1,310)	2,683	(2,626)	(1,253)
162	Road Improve Guarantee	-	-	-	-
165	WC Drug Fund	(556,034)	708,407	(350,000)	(197,627)
166	Auditor's O&M	(418,355)	110,010	(125,400)	(433,745)
167	Emergency Management	(45,749)	369,394	(366,741)	(43,096)
169	Flood Control Zone	(6,957,169)	3,792,908	(3,138,977)	(6,303,238)
170	Pt. Robert's Fuel Tax	(79,849)	94,849	(30,000)	(15,000)
175	Conservation's Future	(2,884,289)	75,000	(889,072)	(3,698,361)
180	Lake Management	(7,588)	6,000	-	(1,588)
219	CRID #9 Gen Debt	-	189,360	(189,360)	-
220	LRID #10 Gen Debt	(70,291)	-	(13,806)	(84,097)
242	1997 Ltd Tax GO & Refund Bond	(788)	1,186,128	(1,186,128)	(788)
243	1998 Ltd Tax GO Bond	(1,039)	254,145	(254,145)	(1,039)
244	2003 Ltd Tax GO & Refund Bond	(5,083)	429,718	(429,718)	(5,083)
324	REET II	(2,865,172)	-	(1,636,600)	(4,501,772)
326	REET	(2,143,565)	1,286,128	(1,636,600)	(2,494,037)
330	Parks Improvement	1,000	-	(1,000)	-
332	Public Utilities Improvement Fund	(8,465,670)	131,184	(2,408,096)	(10,742,582)
501	ER&R	(14,431,177)	7,674,932	(8,857,526)	(15,613,771)
507	Administrative Services	(4,808,910)	15,385,267	(14,334,670)	(3,758,313)
16921	Lynden/Everson Sub-Zone	(156,139)	58,000	(23,730)	(121,869)
16922	Sumas/Nooksack/Everson Sub-Zone	(319,318)	117,250	(68,841)	(270,909)
16923	Acme/Van Zandt Sub-Zone	(30,373)	25,000	(13,617)	(18,990)
	Total	(63,485,905)	119,284,074	(122,669,611)	(66,871,442)

Acronyms

ABCD	Access to Baby and Child Dentistry
ADA	Americans with Disabilities Act
ADS	Administrative Services (has been superceded, see also AS)
AED	Automated External Defibrillators
AH	Anti-Harassment
ART	Aggression Replacement Training
ARY	At-Risk Youth
AS	Administrative Services (current acronym, see also ADS)
AS/400	Central computer (mainframe) used by Whatcom County government
BARS	Budgeting, Accounting & Reporting System
BMP	Best Management Practices
BR&R	Building Repair & Replacement
CAPA	County Arterial Preservation Accounts
CDBG	Community Development Block Grant
CDDA	Chemical Dependency Disposition Alternative
CDL	Clandestine Drug Lab
CE	Current Expense Fund (aka General Fund)
CEA	County Executives of America
CEDS	Community Economic Development Strategy
CERB	Community Economic Revitalization Board
CERT	Community Emergency Response Team
CHINS	Children in Need of Services
CJAA	Community Justice Accountability Act
CJS	Consolidated Juvenile Services
COG	Council of Governments
CPG	Comprehensive Procurement Guideline
CRAB	County Road Administration Board
CRID	County Road Improvement District
CRP	County Road Project
CSHCN	Children with Special Health Care Needs
CTR	Commute Trip Reduction
CZM	Coastal Zone Management
DCD	Department of Community Development
DEA	Drug Enforcement Agency

Acronyms continued

DEM	Department of Emergency Management
DNR	Department of Natural Resources
DOE	Department of Ecology
DOL	Department of Licensing
DOT	Department of Transportation
DSHS	Department of Social and Health Services
DTF	Drug Task Force
DUI	Driving Under the Influence
DV	Domestic Violence
DWLS	Driving While License Suspended
EDA	Economic Development Act
EDC	Economic Development Council
EDI	Economic Development Investments
EHD	Electronic Home Detention/Monitoring
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
ER&R	Equipment Rental & Revolving
ESA	Endangered Species Act
FCZD	Flood Control Zone District
FEMA	Federal Emergency Management Agency
FFT	Family Functional Therapy
FTA	Failure to Appear
FTE	Full-time Equivalent
GAL	Guardian Ad Litem
GFOA	Government Finance Officers Association
GIS	Geographical Information Systems
GMA	Growth Management Act
GO Bond	General Obligation Bond
GPS	Global Positioning System
HAVA	Help America Vote Act
HD	Health Department
HHW	Household Hazardous Waste
HIDTA	High Intensity Drug Trafficking Areas
HIVA	Hazard Identification and Vulnerability Analysis

Acronyms continued

HR	Human Resources (a division of Administrative Services)
HVAC	Heating Ventilation and Air Conditioning
ICWC	In Custody Work Crew
IFPTE	International Federation of Professional and Technical Engineers
IPM	Integrated Pest Management
IS	Information Services (a division of Administrative Services)
J&S	Judgment & Sentencing document
JAIBG	Juvenile Accountability Incentive Block Grant
JIS	Judicial Information System
JRA	Juvenile Rehabilitation Administration
LEOFF	Law Enforcement Officers and Fire Fighters
LEPC	Local Emergency Planning Committee
LLEB	Local Law Enforcement Block Grant
LOS	Levels of Service
LRID	Local Road Improvement District
MIS	Management Information Systems
NACO	National Association of County Officials
NEP	Needle Exchange Program
NFIP	National Flood Insurance Program
NPDES	National Pollution Discharge Elimination System
NSMHA	North Sound Mental Health Association
NWAPA	Northwest Air Pollution Authority
NWRC	Northwest Regional Council
O&M	Operations & Maintenance
OFM	Office of Financial Management (Washington State)
PA	Prosecuting Attorney
PAWS	Public Agricultural Weather System
PC/LAN	Personal Computers/Local Area Network
PDR	Purchase Development Rights
PHIMS	Public Health Issue Management System
PWS	Public Water System
RCW	Revised Code of Washington
REET I	Real Estate Excise Tax I

Acronyms continued

REET II	Real Estate Excise Tax II
RFP	Request for Proposal
RFQ	Request for Qualifications
SARA	Superfund Amendments and Reauthorization Act
SEPA	State Environmental Policy Act
SMA	Shoreline Management Act
SSODA	Special Sex Offender Disposition Alternative
SSP	Security Specialists Plus
STD	Sexually Transmitted Disease
STOP	Services Training Officers Prosecutors
STP	Surface Transportation Program
TAP	Teen Adventure Program
TB	Tuberculosis
TDR	Transfer Development Rights
TPA	Third Party Administrator
TR&R	Technology Repair & Replacement
TRO	Temporary Restraining Orders
UGA	Urban Growth Area
US	United States
VOA	Volunteers of America
WAC	Washington Administrative Code
WACO	Washington Association of County Officials
WAN	Wide Area Network
WC	Whatcom County
WCIP	Whatcom County Investment Pool
WERS	Whatcom Emergency Radio System
WIC	Women, Infant and Children Program
WRIA	Water Resource Inventory Area
WSAC	Washington State Association of Counties
WSDOE	Washington State Department of Ecology
WSDOH	Washington State Department of Health
WWU	Western Washington University

Terms

Accounting Period - A period at the end of which and for which financial statements are prepared.

Accrual Basis - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Appropriation - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be used.

Assessed Valuation - A valuation set upon real assets or other property by a government as a basis for levying taxes.

Assessment - The process of making the official valuation of property for purposes of taxation.

Assets - Resources owned or held by a government that have monetary value.

Biennial Budget - A budget applicable to two fiscal years.

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body.

Budget Document - The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years actual revenues, expenditures and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

Budget Message - A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

Budgetary Accounts - Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

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

Terms continued

Capital Budget - A plan of proposed capital outlays and the means of financing them.

Capital Program - A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

Capital Projects Fund - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

Cash Basis - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Continuing Appropriations - An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked or expended.

Debt Limit - The maximum amount of gross or net debt which is legally permitted.

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

Deficit - The excess of expenditures over revenues during an accounting period.

Double Entry - A system of bookkeeping which requires an entry to the debit side of an account or accounts for the corresponding amount or amounts of the entry to the credit

side of another account or accounts.

Encumbrance - Commitments for unperformed contracts for goods or services.

Enterprise Fund - A fund established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Expenditures - Decreases in net current assets. Expenditures include debt service, capital outlays, and those current-operating costs which require the use of current assets. The difference between expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays, while expenses measure total costs.

Expenses - Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Fiscal Year - A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. Whatcom County's fiscal year begins on January 1 and ends on December 31.

Fixed Assets - Assets which are intended to be held or used for a long term, such as land, buildings, improvements, machinery and equipment. In common usage, the term refers only to operating facilities and equipment, not to long-term investments and other non-current assets.

Terms continued

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 changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance - The fund equity of governmental funds and trust funds.

General Fund - The fund used to account for all financial resources except those required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

Governmental Accounting Standards Board - The authoritative accounting and financial reporting standard-setting body for government entities.

Governmental Fund Types - Funds used to account for the acquisition, use and balances of expendable financial resources and the related

current liabilities – except those accounted for in proprietary funds and fiduciary funds. The measurement focus in these fund types is on the determination of financial position rather than on net income determination. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

Grants - External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility.

Interfund Transfers - Interfund transfers are a type of interfund transaction. There are two types of interfund transfers. Both types involve the permanent movement of resources between funds. For any one transaction, the transfer-in and the transfer-out must be classified in the same way, so that the total operating transfers-in for the entire county equal the total operating transfers-out and the total residual equity transfers-in equal the total residual equity transfers-out.

Residual Equity Transfers - These transfers are the nonrecurring or non-routine transfers of equity between funds.

Operating Transfers - All other interfund transfers are operating transfers. These transactions are often the interfund equivalent of operating subsidies. As such, their purpose is to support the normal level of operations in the recipient fund.

Intergovernmental Revenues - Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

Internal Service Fund - A fund used to account for

Terms continued

the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

Liabilities - Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date. This term does not include encumbrances.

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

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for: (1) prepaid insurance and similar items which need not be reported; (2) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; and (3) principal and interest on long-term debt which are generally recognized when due. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Proprietary Fund Types - Sometimes referred to as income determination or commercial-type

funds, the classification is used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector.

Revenues - (1) Increases in governmental fund type net current assets other than expenditure refunds and residual equity transfers. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers.

Special Revenue Fund - A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

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. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

Unencumbered Appropriation - That portion of an appropriation not yet expended or encumbered.