

Glossary of Terms

Accounting System: The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accounts Payable: A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).

Accounts Receivable: An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by a government.

Accrual Basis of Accounting: A basis of accounting in which transactions (debits and credits) are recognized at the time they are incurred, as opposed to when cash is received or spent.

Activity: A specific and distinguishable line of work performed by one or more organizational components of a government for the purpose of accomplishing a function for which the government is responsible (i.e. The Police Department is an activity within the public safety function.)

Adoption: Formal action by the City Council that sets the spending limits for the fiscal year.

Ad Valorem: Latin for "value of". Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property.

Allocation: The portion of an appropriation which is designated for expenditure by specific organization units and/or for specific purposes.

Annual Operating Budget: The City's plan of current expenditures and the proposed means of financing them. The annual operating budget is the primary controlling document for most of the City's spending, financing, and/or acquisition activities.

Appropriation: The legal authorization granted by a legislative body (the City Council) to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in both amount and time.

Appropriation Ordinance: The City's legal instrument by which budgets are set and adopted on a line-item basis.

Assessed Valuation: The estimated value placed on real and personal property by the chief appraiser of the appraisal district as the basis for levying property taxes. All appraisal activity is the responsibility of The Georgetown County Assessor's Office.

Glossary of Terms (continued)

Audit: A methodical examination of the use of resources. It concludes in a written report of its findings, and it is a test of management's accounting system to determine the extent to which internal accounting controls are both available and being used.

Balance Sheet: The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

Bond: A written promise to pay a specified sum of money, called the face value or principal amount, at a specific date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Budget: A comprehensive financial plan of operation which incorporates an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Calendar: The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Message: A general discussion of the proposed budget presented in writing as a part of the budget document. The budget message explains principal budget issues against the background of the present economy and financial experience in recent years.

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

Capital Improvement Program (CIP): A plan for purchasing, leasing, and/or constructing the equipment or property needed to complete the City's long-term improvement projects. The plan details by year (over a fixed number of years) for each project. The plan also specifies the resources estimated to be available to pay for the project expenditures.

Capital Lease: A financing vehicle in which assets financed are pledged as collateral against the debt. A non-appropriations clause is included in the terms, thus the debt is not included in the entities 8% debt limit.

Capital Outlay: Equipment with a value in excess of \$5,000.00 and an expected life of more than one year.

Capital Project: Construction, purchase, or major renovation of City infrastructure which results in a fixed asset.

Cash Basis of Accounting: A basis of accounting under which revenues are recognized when cash is received and expenditures incurred when cash is paid.

Glossary of Terms (continued)

Certificates of Participation (COPS): A Financing instrument by which certificates or securities are sold to investors who underwrite a project. The issuance of COPs is secured by lease-purchase agreements to which the City is a party.

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.

Cost: The amount of money or other consideration exchanged for property or services. Costs may be incurred even before money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

Current Assets: Those assets which are available or can be made readily available from current operations or to pay current liabilities. Those assets which will be used up or converted to cash within one year. Some examples are cash, temporary investments and taxes receivable which will be collected within one year.

Current Liabilities: Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

Current Taxes: Taxes levied and due within one year.

Debt: An obligation resulting from borrowed money or from the purchase of goods and services. Debts of government include bonds and notes.

Debt Limit: The maximum amount of general obligated debt which is legally permitted. The State of South Carolina forbids cities from incurring debt in excess of 8% of the total assessed valuation of taxable property within the City.

Debt Service: The payment of principal and interest on borrowed funds, such as bonds.

Debt Service Requirement: The amount of money required to pay the interest currently due on outstanding debt, and /or principal portion due on debt maturing in the up-coming year. The city's debt service requirement may also include required annual contributions to sinking funds set up to accumulate monies for the retirement of term bonds.

Delinquent Taxes: Taxes that remain unpaid on and after the date they are due and which include a penalty for nonpayment.

Department: A major administrative unit of the City which manages an operation or group of related operations within a functional area.

Depreciation: The decrease in value of physical assets due to use and the passage of time.

Glossary of Terms (continued)

Sub-Department: A sub-unit of a Department having responsibility for a specific function within the Department.

Encumbrance: Commitments related to unperformed contracts for goods or services. Encumbrances represent the estimated amount of expenditures ultimately to result if the unperformed contracts are completed. Encumbrances are used for budgetary purposes only and are not expenditures under generally accepted accounting principles (GAAP).

Enterprise Fund: A fund established to account for operations: (a) financed through user charges and operated in a manner similar to private businesses, where the intent is to cover the cost of providing goods and services to the general public on a continuing basis; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, or other purposes. The City's Enterprise Funds are for Electric, Water, Wastewater, Stormwater, Waste Management, and Kaminski House Museum.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Exempt: Personnel not eligible to receive overtime pay and who are expected to put in whatever hours are necessary to complete their job assignments. Compensatory time off, as partial compensation for overtime hours worked, may be allowed by the respective department head.

Expenditures/Expenses: The amount of cash paid or to be paid for a service rendered, goods received or an asset purchased.

Federal Emergency Management Agency (FEMA): A federal agency that provides disaster relief.

Fiscal Year (FY): A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Georgetown's fiscal year begins July 1st and ends the following June 30th.

Fixed Asset: Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery, and equipment.

Full Accrual Basis of Accounting: The method of accounting where revenues are recognized when earned, expenditures are recognized when incurred, and fixed assets are depreciated over their estimated useful life. All enterprise and internal service funds are accounted for using this method of accounting.

Fund: A fiscal and accounting entity that has 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.

Glossary of Terms (continued)

Fund Balance: The difference between governmental fund assets and liabilities also referred to as fund equity.

GASB 34: Statement number 34 issued by GASB. A new reporting model that will require government financial statements to be written in a format similar to private business.

Generally Accepted Accounting Principles (GAAP): A body of accounting and financial reporting standards set by the Governmental Accounting Standards Board (GASB) for state and local governments.

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

General Ledger: A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.

General Obligation (GO) Bonds: When the city pledges its full-faith and credit to the repayment of the bonds it issued, then those bonds are general obligation (G.O.) bonds. Sometimes the term is used to refer to bonds which are repaid from taxes and other general revenue.

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

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

Governmental Funds: Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

Grant: A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed the grantee.

Infiltration & Inflow (I&I): A situation where storm water enters the sewer system.

Interfund Transfers: Amounts transferred from one fund to another, generally for expenses incurred but paid from another fund for services rendered or for account tracking purposes.

Intergovernmental Revenue: Revenue received from other governments, whether local, state or federal, usually in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

Insurance Service Office (ISO): Provides ratings bases on industry standards for fire services.

Glossary of Terms (continued)

Levy: To impose taxes, special assessments, or service charges for the support of City activities.

Long Term Debt: Any unmatured debt that is not a fund liability since it is not currently due, such as outstanding bonds issued by the City.

Operation and Maintenance (O&M) Costs: The day-to-day operating and maintenance cost of a municipality including such things as personnel, gas, electric utility bills, telephone expense, reproduction costs, postage, and vehicle maintenance.

Mill: A tax rate based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation.

Modified Accrual Accounting: A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are “measurable” and available. It is recommended as the standard for most governmental funds.

Non-Exempt: Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

Objectives: A desired outcome that is measurable and that can be achieved within a specific time frame.

Operating Budget: A financial plan for the City’s general operations, such as salaries, utilities, and supplies.

Operating Transfers: Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Ordinance: A formal legislative enactment by the governing board of a municipality (the City Council). If it is not in conflict with any higher form of law, such as, a State statute, a Federal law, or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less formality and has a lower legal status. Ordinarily, the City’s statutes or charter will specify or imply those legislative actions which must be by ordinance and those which may be by resolution.

Performance Measurement: A method of evaluation that uses measurable performance of activities to determine achievement of goals.

Personal Services: The costs associated with compensating employees for their labor.

Glossary of Terms (continued)

Program: An organized set of related work activities that are directed toward a common purpose or goal and represent well-defined uses of city resources.

Property Tax: Property taxes are levied on both real and personal property according to the property's assessed valuation and the tax rate applied.

Proposed Budget: The budget as formulated and proposed by the budget-making authority (the City Administrator). It is submitted to the legislative body (the City Council) for review and approval.

Purchase Order: A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

Reserve: An account used to earmark a portion of the fund balance. This may be done for various reasons. The most common are to indicate that a portion of the fund balance is not available for general expenditures or the amount has been legally segregated for specific future use.

Resolution: A special or temporary order of a legislative body (the City Council). This action requires less legal formality than an ordinance.

Resources: Total monies available for appropriation purposes to include revenues, fund balances, transfers, and other financing services (e.g. bond proceeds).

Restricted Assets: Monies or other resources whose use is restricted by legal or contractual requirements. In governmental accounting, special treatment is given to restricted assets arising out of revenue bond indentures in enterprise funds.

Retained Earnings: An equity account reflecting the accumulated earnings of an enterprise or internal service fund. For budgeting purposes, the working capital definition of fund balance is used.

Revenue: Income received or anticipated from taxes or other sources, such as business licenses, user fees, fines, and investments.

Revenue Bonds: When a government issues bonds which do not pledge the full faith and credit of the jurisdiction, it issues limited liability revenue bonds. Typically, pledges are made to dedicate one specific revenue source to repay these bonds. Revenue bonds are not included in the 8% general obligation debt limit set by the State. The City's revenue bonds are repayable from utility user charges.

Services: The costs related to services performed for the City by individuals, businesses, or utilities.

Short Term Debt: Any debt obligation of five years or less duration, such as short term loans or lease/purchase agreements for equipment purchases.

Glossary of Terms (continued)

Special Assessments: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

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

Supervisory Control and Data Acquisition (SCADA): A technology of automatic radio transmissions of data from a remote source to a receiving station for recording and analysis. Used in providing a monitoring mechanism for water and sewer systems.

Supplies: A cost category for minor items (individually priced at less than \$500.00) required by departments to conduct their operations.

Support Services: The expenditure class for charges paid by one City department or agency to another for services rendered or material supplied.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit, such as police and fire services, planning, parks and recreation, etc. This term does not include specific charges such as special assessments or user charges.

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

User Charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service (e.g. fees paid for periodic refuse pick-up).

Working Capital: An amount calculated by subtracting current liabilities from current assets. An indicator of the liquidity of an entity.

Glossary of Acronyms

BOD: Biochemical Oxygen Demand

BS: Balance Sheet

CA: Current Assets

CALEA: Communications Assistance for Law Enforcement Act

CEU: Continuing Education Units

CL: Current Liabilities

CIP: Capital Improvement Program

CDBG: Community Development Block Grant

CPI: Consumer Price Index

DS: Debt Service

FEMA: Federal Emergency Management Agency

FY: Fiscal Year

GAAP: Generally Accepted Accounting Principles

GASB: Governmental Accounting Standards Board

GO: General Obligation Bonds

GIS: Geographic Information System

I & I: Infiltration and Inflow

ISO: Insurance Service Office

NPDES: National Pollution Discharge Elimination System

O & M: Operations and Maintenance Costs

PARD: Parks and Recreation Department

PO: Purchase Order

PSM: Process Safety Management

RE: Retained Earnings

SCADA: Supervisory Control and Data Acquisition

SCLGIP: South Carolina Local Government Investment Pool

SCMIRF: South Carolina Municipal Insurance Risk Financing Fund

SCMIT: South Carolina Municipal Insurance Trust

WWTP: Wastewater Treatment Plant

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