

Glossary



*Today's Decisions and Actions
Create Tomorrow's Opportunities*

Glossary

Glossary of Terms

Appropriation – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the Appropriations Ordinance. The City of Jerome must adopt the ordinance prior to October 1 every year. The adopted budget may be amended during the fiscal year to appropriate unanticipated revenues. The City is required to follow the same procedure required to adopt the original appropriations ordinance.

Balanced Budget is a budget in which revenues are equal to expenditures, or spending. A balanced budget is achieved when revenues equate to no more than expenditure over the given fiscal year. In other words, a government's budget is balanced if its income is equal to its expenditures.

Base Budget Allowances – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget allowance provides funding to continue previously authorized services and programs.

Bonds – Debt instruments that require repayment of a specified amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest.

Budget – A plan of financial operation for a specified period of time (the City of Jerome's adopted budget is for a fiscal year, October 1 to September 30). The budget contains the estimated expenditures needed to continue the City's operations for the fiscal year and revenues anticipated to finance them.

Capital Budget – See Capital Improvement Program

Capital Funds – Resources derived from issuance of bonds for specific purposes, related federal project grants, and participation from other agencies used to finance capital expenditures.

Capital Improvement Program (CIP) – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, sewers, water lines or parks). It projects these infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates, or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

Capital Outlay – Items that cost more than \$5,000 and have a useful life of at least five years.

Carryover – Expenditures originally planned for in the current fiscal year, but because of delays, are postponed to the following fiscal year.

CDBG – See Community Development Block Grant

CIP – See Capital Improvement Program

City Administrator's Budget – A balanced budget presented to the City Council by the City Administrator (sometimes referred to as the preliminary budget) based upon an earlier Trial Budget, City Council and community feedback, and/or changing economic forecasts. Any City Council changes to the City Administrator's Budget are incorporated into the final adopted budget. The City Administrator's budget is also known as the tentative budget.

Community Development Block Grant (CDBG) – Grant funds allocated by the federal government to the City of Jerome to use for the prevention and removal of slum and blight, and to benefit low- and moderate-income persons. The federal funds are passed through at the state level by the Idaho Department of Commerce. The City disburses these funds through an annual application process open to all nonprofit organizations and city departments.

Glossary

Contingency – An appropriation of cash carryover funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates, shortfalls in revenue and similar eventualities. Contingency funds commonly referred to as “rainy day funds.”

Debt Service – Payment of principal and interest on an general long term obligation resulting from the issuance of bonds.

Enterprise Funds – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The City has two such self-supporting funds: sewer and water.

Estimate – Also known as projected funds, represents the most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Expenditures – Refers to current cash operating expenses and encumbrances.

Fiscal Year – The City Charter designates October 1 to September 30 as Jerome’s fiscal year.

FTE – See Full-Time Equivalent Position

Full-Time Equivalent Position (FTE) – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one-half a full-time position or 0.5 FTE.

Fund – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

Fund Balance – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

GAAP – See Generally Accepted Accounting Principals

General Obligation Bonds (G.O. Bonds) – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the “full faith and credit” of the issuing government.

Generally Accepted Accounting Principals (GAAP) – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements.

GFOA – Government Finance Officers Association

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grant – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function.

HUD – U.S. Department of Housing and Urban Development

Infrastructure – Facilities that support the daily life and growth of the City, for example, roads, water lines, sewers, public buildings, and parks.

Glossary

In-Lieu Property Taxes – An amount charged to certain city enterprise and federally-funded operations that equals the city property taxes that would be due on plant and equipment if these operations were for-profit companies. The City of Jerome receives in-lieu property taxes from the Jerome Housing Authority.

Levy – See Tax Levy

Mandate – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provisions of specialized transportation services.

Modified Accrual Accounting-- An accounting method commonly used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred. This system divides available funds into separate entities within the organization to ensure that the money is being spent where it was intended. The City of Jerome utilizes a Modified Accrual Accounting system as the basis of accounting.

Mill Levy – See Tax Levy

Objective – A desired output-oriented accomplishment that can be measured and achieved within a given time frame, and advances the activity and organization toward a corresponding goal.

Operating Funds – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

Ordinance – A formal legislative enactment by the City Council. 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 city.

Personnel Services – All costs related to compensating City employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials.

Property Taxes – A levy upon the assessed valuation of property within the City of Jerome.

Special Revenue Fund – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures.

State Shared Revenues – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Idaho, a portion of the state's sales, gas, and alcohol revenues are distributed on the basis of a city's relative population percentage.

Tax Levy – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

Working Capital – Funds that are not restricted or designated that are available to meet current obligations (Current assets minus current liabilities).

