

GLOSSARY

CITY OF KEARNEY GLOSSARY

ACCOUNT	A term used to identify an individual asset, liability, expenditure control, revenue control or fund balance.
APPROPRIATION	An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is limited in amount to the time it may be expended.
ASSESSED VALUATION	A valuation set upon real estate or property by the County Assessor as a basis for levying taxes.
BOND	A written promise, generally under seal, to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. <u>Note</u> : The difference between a warrant and a bond is that the latter usually runs for a longer period of time and requires greater legal formality.
BOND FUND	A fund used to account for the proceeds of general obligation bond issues.
BONDED DEBT	That portion of indebtedness represented by outstanding bonds.
BOND ISSUED	Bonds sold.
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. For additional information, see Performance Budget and Program Budget.
BUDGET MESSAGE	A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body.
BUDGET (APPROPRIATION)	The city prepares its budget in conformity with practices prescribed or permitted by the applicable statutes of the State of Nebraska. As prescribed by the Statutes, the City in its budgeting process includes as a resource (amount available for current expenditures) a portion of the fund balance that has been accumulated in prior years. This process

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minimizes tax levies and utilizes all available resources to the fullest extent.

CAPITAL ASSETS

Assets of a long-term character in which the intent is to continue to be held or used, such as land, buildings, machinery, furniture and other equipment. Note: The term does not indicate the immobility of an asset, which is the distinctive characteristic of "fixture".

CAPITAL BUDGET

A plan of proposed capital outlays and the means of financing them for the current fiscal year.

CAPITAL OUTLAYS

Expenditures which result in the acquisition of or addition to fixed assets.

CAPITAL PROJECTS

Established to account for all resources, principally bond proceeds and construction grants, which are used for the acquisition of capital facilities.

CHART OF ACCOUNTS

The classification system used by a city to organize the accounting for various funds.

DEBT SERVICE FUND

A fund established to finance and account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Also called a SINKING FUND.

DEBT SERVICE FUND REQUIREMENT

The amounts of revenue which must be provided for a debt service fund so that all principal and interest payments can be made in full on schedule.

DEBT SERVICE REQUIREMENT

The amount of money required to pay the interest on on outstanding debt, serial maturities of principal for serial bonds and required contributions to a debt service fund for term bonds.

ENTERPRISE FUND

A fund established to finance and account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of

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revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of enterprise funds are those for utilities, golf courses, airports and solid waste services.

EXPENDITURES

If the accounts are kept on the accrual basis this term designates total charges incurred, whether paid or unpaid, including expenses, provision for retirement of debt not reported as a liability of the fund from which retired, and capital outlays. If they are kept on the cash basis, the term covers only actual disbursements for these purposes.

EXPENSES

Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which are presumed to benefit the current fiscal period. Note: Legal provisions sometimes make it necessary to treat as expenses charges whose benefits extend over future periods. For example, purchase of materials and supplies which may be used over a period of more than one year and payments for insurance which is to be in force for a longer period than one year frequently must be charged in their entirety to the appropriation of the year in which they are incurred and classified as expenses of that year even though their benefit extend also to other periods.

FIDUCIARY FUND

A fund used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (1) Expendable Trust Funds, (2) Non-Expendable Trust Funds, (3) Pension Trust Funds and (4) Agency Funds.

FISCAL PERIOD

Any period at the end of which a governmental unit determines its financial condition and the results of its operations and closes its books. Note: It is usually a year, though not necessarily a calendar year.

FISCAL YEAR

A twelve-month period of time to which the annual budget applies and at the end of which a city

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	determines its financial position and results of operations.
FIXED CHARGES	Expenses the amount of which is more or less fixed. Examples are interest, insurance and contributions to pension funds.
FUNCTION	A group of related activities aimed at accomplishing a major service or regulatory program for which the city is responsible. For example, public safety is a function.
FUND	An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.
FUND ACCOUNTS	All accounts necessary to set forth the financial operations and financial condition of a fund. <u>Note</u> : Sometimes the term is used to demote budgetary accounts as distinguished from proprietary accounts but such usage is not recommended.
FUND BALANCE	The excess of a fund's assets over its liabilities and reserves.
GENERAL FUND	The fund that is available for any legal authorized purpose and which is therefore used to account for all revenues and all activities except those required to be accounted for in another fund. <u>Note</u> : The General Fund is used to finance the ordinary operations of a governmental unit.
GENERAL OBLIGATION	Bonds for whose payments the full faith and credit of the issuing body are pledged. More commonly, but not necessarily, general obligation bonds are considered to be those payable from taxes and other general revenues.
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 period.

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GOVERNMENTAL ACCOUNTING	The composite of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governmental units and agencies.
GRANT	A contribution by one governmental unit to another. The contribution is usually made to aid in the support of a specified function, but it is sometimes also for general purposes.
INCOME	This term is used in accounting for governmental enterprises and represents the excess of the revenues earned over the expenses incurred in carrying on particular phases of an enterprise's activities. As indicated elsewhere, the excess of the <u>total</u> revenues over the <u>total</u> expenses of the enterprise for a particular accounting period is called "net income".
INTERNAL SERVICE	A fund established to finance and account for services and commodities furnished by a designated department or agency to other departments or agencies within a single governmental unit or to other governmental units. Amounts expended by the fund are restored thereto, either from operating earnings or by transfers from other funds, so that the original fund capital is kept intact.
INVENTORY LIST	A detailed list showing quantities, descriptions and values of property; also units of measure and unit prices. <u>Note:</u> The term is often confined to consumable supplies but may also cover fixed assets.
INVENTORY OF SUPPLIES	The cost value of supplies on hand.
INVESTMENTS	Securities and real estate held for the production of income in the form of interests, dividends, rentals or lease payments. The term does not include fixed assets used in city operations.
LAND	A fixed asset account which reflects the value of land owned by a governmental unit. If land is purchased, this account shows the purchase price and costs such as legal fees, filling and excavation costs and the like which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account

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reflects the estimated fair value at the time of acquisition.

NON-OPERATING

Income of governmental enterprises of a business character which is not derived from the operation of such enterprises. An example is interest on investments or on bank deposits.

OBJECT

As used in expenditure classification, this term applies to a more specific arrangement of expenditures for services or commodities purchased; for example, Salaries - Regular, Salaries - Seasonal. As used in revenue classification, this term applies to a more specific arrangement of revenue sources; for example, Federal Receipts - Transportation and Public Works, Federal Receipts - Public Health, Hospitals and Welfare, General Sales and Use Tax, Hotel-Motel Occupancy Tax, etc.

OBJECTIVE

Desired output-oriented accomplishments which can be measured and achieved within a given time frame. Achievement of the objective advances the activity and organization toward a corresponding goal.

OPERATING

(1) As used in the accounts of governmental enterprises of a business character, the term means such costs as are necessary to the maintenance of the enterprise, the rendering of services for which operated, the sale of merchandise, the production and disposition of commodities produced and the collection of the revenues.

(2) The term is sometimes used to describe expenses for general governmental purposes.

PROGRAM

A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the city is responsible.

REVENUE

The yield of taxes and other monetary resources that the city collects and receives into the treasury for public use. For those revenues which are recorded on the accrual basis, this term designates additions to assets which: (a) do not increase any liability; (b) do not represent the recovery of an expenditure; (c) do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or

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a decrease in assets; and (d) do not represent contributions of fund capital in enterprise and internal service funds. The same definition applies to those cases where revenue are recorded on the modified accrual or cash basis, except that additions would be partially or entirely to cash.

SURPLUS

The excess of the assets of a fund over its liabilities; or if the fund has other resources and obligations; the excess of resources over the obligations. The term should not be used without a properly descriptive adjective unless its meaning is apparent from the context. See also FUND BALANCE.

SPECIAL REVENUE FUND

A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

TAX LEVY

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

TAX RATE

The amount of tax levied for each \$100 of assessed valuation.

TAX ROLL

The official list showing the amount of taxes levied against each taxpayer or property.

TAXES

Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. Note: The term does not include specific charges made against particular persons or property for current or permanent benefits, as for example, special assessments. Neither does the term include charges, as, for example, licenses and permits.

USER CHARGES

The payment of a fee for direct receipt of a public service by the party benefiting from the service.