

G L O S S A R Y

ACCOUNTING PERIOD - A period of time 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 or disbursements.

ALLOCATION - A component of an appropriation earmarking expenditures for a specific purpose and/or level of organization.

ANNUAL BUDGET - A budget applicable to a single fiscal year.

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 expended.

APPROPRIATION RESOLUTION - The means by which appropriations are given legal effect.

ASSESSED VALUATION - A valuation set upon real estate 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, which have monetary value.

BARS - The system of budgetary accounting and reporting including a chart of accounts and accounting procedures prescribed by the Washington State Auditor for local governments.

BASIS OF ACCOUNTING - Refers to when the revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The modified accrual basis is followed in the General, Special Revenue, Debt Service, Capital Project and Agency funds. Under this method revenue is recorded when susceptible to accrual, i.e. both measurable and available. Expenses are recorded when incurred. The accrual basis is followed in Enterprise and Internal Service funds. Under this method revenue is recognized when earned and expenses are recorded when incurred.

BOCC - The Board of County Commissioners. The three elected officials who comprise the legislative branch of County government.

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

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET BASIS - The budget basis is substantially the same as the basis of accounting. However, depreciation is not recognized as a budget expense. Salaries and wages are budgeted as if incurred for the full year and accrued leave is not budgeted for.

BUDGET DOCUMENT - The instrument used by the budget-making authority to present a comprehensive financial program to the appropriate body.

BUDGET MESSAGE - A general discussion of the proposed budget, as presented in writing, by the budget-making authority to the legislative body.

Appendix B
Glossary

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 in accordance with an approved budget for the purpose of keeping expenditures within the limitation of available appropriations and available revenues.

CAO – **Critical Areas Ordinance**. An ordinance regulating development in or near critical areas consistent with the State Growth Management Act.

CAPITAL BUDGET - A plan of proposed capital outlays and the means of financing them.

CAPITAL OUTLAY - Fixed assets which have a value of \$5,000 or more and have a useful economic lifetime of more than one year.

CAPITAL PROJECTS FUND - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CAFR - **Comprehensive Annual Financial Report**. The annual financial report of the County that encompasses all funds and component units of the County.

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.

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 debt principal and interest.

DEFICIT - The excess of liabilities of a fund over its assets.

DEPARTMENT - Basic organizational unit of government which is functionally unique in its delivery of services.

DEPRECIATION - Expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence.

DIVISION - The organizational component of a department. It may be further subdivided into programs and program elements.

DOUBLE ENTRY - A system of bookkeeping which requires that for every entry made to the debit side of an account or accounts an entry for a corresponding amount or amounts be made to the credit side of another account or accounts.

ENCUMBRANCE - Commitments related to unperformed contracts for goods or services.

ENDING FUND BALANCE - The fund equity of a governmental fund or trust fund at the end of the accounting period.

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.

ESA - Endangered Species Act. A federal law designed to prevent the extinction of certain plants and animals.

EXPENDITURES - Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlays.

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

FASB – Financial Accounting Standards Board. An authoritative independent organization in the private sector whose mission is to establish and improve standards of financial accounting and reporting.

FISCAL YEAR - A twelve 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.

FIXED ASSETS - Assets which are intended to be held or used for a long term, such as land, buildings, improvements, machinery and equipment.

FUND - A fiscal and accounting entity with a self-balancing set of accounts for 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.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity.

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

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

GENERAL OBLIGATION BONDS - Bonds for the payment of which the full faith and credit of the issuing government are pledged.

GMA - Growth Management Act – An act of the Washington State Legislature requiring local governments, citizens, communities and the private sector to cooperate and coordinate comprehensive land use planning.

GOVERNMENT FINANCE OFFICERS ASSOCIATION - GFOA is a professional association of state/provincial and local finance officers in the United States and Canada.

GOVERNMENTAL FUND TYPES - Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, excepting those accounted for in proprietary funds and fiduciary funds.

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

INTERFUND TRANSACTIONS - Transactions between funds of the same government.

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

Appendix B
Glossary

INTERNAL SERVICE FUND - A fund used to account for 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.

LEVY - The total amount of taxes, special assessments or service charges imposed by a government.

LIMITED TAX GENERAL OBLIGATION BONDS (LTGO) – The Board of County Commissioners may, by resolution, authorize the issuance of limited tax general obligation bonds in an amount up to 1.5 percent of the assessed valuation of all taxable property within the County without a vote of the people.

LONGEVITY BONUS – A cash bonus paid to employees upon reaching a specified number of years of service and is usually based on a percentage of annual pay.

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. 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) inventories of materials and supplies which may be considered expenditures either when purchased or when used, (2) prepaid insurance and similar items which need not be reported, (3) 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.

OPERATING TRANSFER - All interfund transfers other than residual equity transfers.

OPERATIONAL AUDIT - Examinations intended to assess (1) the economy and efficiency of the audited entity's operations and (2) program effectiveness to the extent that program objectives are being obtained.

ORDINANCE - A formal legislative enactment by the governing board of a municipality.

ORIGINAL ADOPTED BUDGET - The budget as originally enacted by the Board of County Commissioners in the preceding December.

PROGRAM - A group of activities related to a single policy concern, goal or dimension which overrides organizational lines.

PROPRIETARY FUND TYPES - Funds used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector.

RCW - Revised Code of Washington. The codification of the laws of the State of Washington.

REAL ESTATE EXCISE TAX - A tax levied on all real estate sales, measured by the full selling price including the amount of any liens, mortgages and other debts given to secure the purchase.

REFUNDING BONDS - Bonds issued to retire outstanding bonds.

RESERVE - An account used to segregate a portion of the fund balance to indicate that it is not available for expenditure; an account used to segregate a portion of fund equity as legally set aside for a specific future use.

RESOLUTION - A special or temporary order of a legislative body which is less formal legally than an ordinance.

REVENUE FORECAST – A projection into future periods of the amount of revenue to be received.

REVENUES - The increase in governmental fund types net current assets. Also, the increase in proprietary fund types net total assets from other than expense refunds, capital contributions or residual equity transfers.

SDAP - **S**ite **D**evelopment **A**ctivity **P**ermit. A permit required prior to certain activities on a parcel of land such as grading, connecting to a storm drainage system, some land clearing activities or creating impervious surfaces of a specific size.

SMART GOALS – Goals of a department that are **S**pecific, **M**easurable, **A**ttainable, **R**elevant and **T**imely.

SPECIAL REVENUE FUNDS - Funds used to account for resources which are designated to be used for specified purposes.

TRANSPORTATION IMPROVEMENT PLAN (TIP) – A formally adopted plan of improvements to County roads, bridges, interchanges, etc. over the next six years.

UNFUNDED MANDATES –Requirements placed on local governments by state or federal governments to do some action for which no funding source is provided to meet the new required expenses.

WESTNET – **W**est **S**ound **N**arcotics **E**nforcement **T**eam - An interlocal agreement between the Counties of Kitsap and Mason and the Cities of Bainbridge Island, Port Orchard, Bremerton, Poulsbo and Shelton to assist law enforcement agencies in combating controlled substance trafficking.

WIA – **W**orkforce **I**ntervention **A**ct.