

# APPENDIX D

## GLOSSARY

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# GLOSSARY

**ACOMPLISHMENTS** - Goals and Objectives that are completed by a department/division within a particular budget year.

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

**ACCRUAL BASIS OF ACCOUNTING** - The basis of accounting under which revenues are recorded when earned and expenditures are recorded when goods are received and services performed even though the receipt of the revenue or the payment of the expenditure may take place in whole or part in another accounting period.

**AD VALOREM TAXES** - A tax levied on the assessed value of real and personal property (also known as "property taxes").

**ALLOT** - To divide an appropriation into amounts that may be encumbered or expended during an allotment period.

**APPROPRIATION** - A legal authorization granted by the County Council permitting staff to make expenditures and incur obligations on the behalf of the County for specified purposes.

**ASSESSED VALUATION** - The just or fair market value of land, buildings, and business inventory and equipment as determined on an annual basis by the County in accordance with State law.

**ASSESSMENT RATIO** - The ratio at which the tax rate is applied to the tax base.

**ASSETS** - Resources owned or held by governments that have monetary value.

**AUDIT** - Prepared by an independent certified public accountant (CPA), the primary objective of an audit is to determine if the County's financial statements present fairly the County's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter.

**AUTHORIZED POSITIONS** – Employee positions, which are authorized in the adopted budget, to be filled during the year.

**BALANCED BUDGET** - A budget in which estimated revenues and other available funds equal estimated expenditures.

**BASIS OF ACCOUNTING** - A term used to refer to when revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in accounts and reported in financial statements. Basis of accounting specifically relates to the timing of the measurements made. Full Accrual and Modified Accrual are each an accepted Basis of Accounting.

**BOND** - Most often, 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 date(s), together with periodic interest at a specified rate. The difference between a bond and a note is that the latter is issued for a longer period of time and requires greater legal formality.

**BOND ANTICIPATION NOTE (BAN)** – A short-term debt instrument (usually one year or less) that allows a government to borrow money that will be paid when bond proceeds are received.

**BOND, GENERAL OBLIGATION (GO)** – This type of bond is backed by the full faith, credit and taxing power of the government.

**BOND, REVENUE** – only the revenues back this type of bond from a specific enterprise or project.

**BOND REFINANCING** – The payoff and re-issuance of bonds to obtain better interest rates and/or bond conditions.

**BONDED DEBT** – The part of the school district debt that is covered by outstanding bonds of the district. Sometimes called "Funded Debt."

**BUDGET** - A plan of financial operation, embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Upon approval by the County Council, the budget appropriation ordinance becomes the legal basis for expenditures in the budget year.

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**BUDGET AMENDMENT** – An addition, deletion or change to the adopted budget authorized by County Council.

**BUDGET CALENDAR** – The schedule of key dates a government follows in the preparation and adoption of the budget.

**BUDGET MESSAGE** -- The opening section of the budget document, which summarizes the principal aspects of the budget and notes significant changes from the current and previous fiscal years.

**BUDGET ORDINANCE** – A document authorizing the levy of taxes and the expenditures of funds for one fiscal year.

**BUDGET POLICIES** -- General and specific guidelines that govern financial plan preparation and administration.

**BUDGETARY BASIS** – This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash or modified accrual.

**BUDGETARY CONTROL** – The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

**CAPITAL IMPROVEMENT PROGRAM (CIP)** - The CIP is a capital investment strategy for the County of Spartanburg focusing on the current budget year and the five years thereafter. The CIP depicts a comprehensive picture of the County's capital needs and aids in budget planning. Capital projects often extend beyond the fiscal year in which they are approved. The County either appropriates the entire project cost in the initial fiscal year, or identifies annual phases which may be approved in future years should funding be available. Projects included in the CIP have an expected life span of greater than 10 years and an estimated cost of \$100,000 or more.

**CAPITAL OUTLAY** - An expenditure category for construction equipment, vehicles, or machinery that results in the acquisition or addition to the County's general fixed assets. For the County of Spartanburg, Capital Outlay specifically refers to equipment with value in excess of \$5,000 and an expected life of five years or more.

**CAPITAL PROJECT** – A major improvement or acquisition; often funded by bonds or taxes over several years.

**CARRY FORWARD** – Funds not used in a prior fiscal year for a specific project, which are approved to be moved into the next fiscal year budget to complete a project.

**CASH BASIS** - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

**CHARGES FOR SERVICE** - Revenues derived from charging fees for providing certain government services. These revenues can be received from private individuals or entities or other governmental units.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** - Program of the U.S. Department of Housing and Urban Development (HUD) designed to benefit low and moderate-income persons to provide revitalization and human services to urban, suburban, and rural communities.

**CONSTANT OR REAL DOLLARS** – The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

**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 (i.e., economic inflation).

**CONTINGENCY** - A budgetary reserve set aside for emergencies or unforeseen expenditures.

**CONTRACTUAL SERVICES** – Services rendered to a government by private firms, individuals or other governmental agencies.

**CURRENT TAXES** - Taxes levied and becoming due within one year.

**DEBT FINANCING** – Borrowing funds as needed and pledging future revenues to make current expenditures.

**DEBT INSTRUMENT** - Method of borrowing funds, including general obligations bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax anticipation notes and other short-term notes, and certificates of participation.

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**DEBT LIMIT** - The maximum amount of outstanding gross or net debt 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 County.

**DEBT SERVICE** - The payment of interest and principal on borrowed funds such as bonds.

**DEBT SERVICE FUNDS** – This fund type is used to account for the payment and accumulation of resources related to general long-term debt principal and interest.

**DEFERRED REVENUE** – Revenue amounts that are available but do not meet the criteria for recognition, and are reported as a liability rather than a revenue. Example: Grant funds received for which the expenditures have not been made.

**DEFICIT** – The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

**DELINQUENT TAXES** – Taxes that remain unpaid on or after the day due.

**DEPARTMENT** - An organizational unit of the County, which manages an operation or group of related operations within a functional area.

**DEPRECIATION** – Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. This is a non-cash expense.

**DISBURSEMENT** – The expenditure of monies from an account.

**DIVISION** - The second level in the formal County organization in which a specific function is carried out; several divisions may comprise a single department.

**EMPLOYEE (OR FRINGE) BENEFIT COST-** Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included is the government's share of costs for Social Security, Medicare, and the various pensions, medical and life insurance plans.

**ENCUMBRANCE** - A financial commitment for a contract not yet performed. An encumbrance is charged against an appropriation and a portion of the appropriation is reserved for the purpose of

satisfying the encumbrance. It represents the expenditure the County will make after performance under the contract is completed and an invoice is served.

**ENCUMBRANCE ACCOUNTING** – A system or procedure which involves giving recognition in the accounting budgetary expenditure control records for the issuance of purchase orders, statements, or other commitments chargeable to an appropriation in advance of any liability or payment.

**ENTERPRISE FUND** - Self-supporting fund designed to account for activities supported by user charges.

**ESTIMATED REVENUE** - The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by County Council.

**ENTITLEMENT** – Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or federal government.

**EXPENDITURE** - The amount of cash paid or to be paid for a service rendered, goods received, or an asset purchased.

**EXPENSE** - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

**FEES, LICENSES, AND PERMITS** - Revenues derived from the issuance of local licenses and permits, including professional and occupational licenses, building permits, and other miscellaneous permits.

**FIDUCIARY FUNDS** - The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

**FINES AND FORFEITURES** - Fines and Forfeitures are derived from penalties imposed for the commission of statutory offenses, violations of lawful administrative rules and regulations, and for neglect of official duty. These revenues include court fines, confiscated property and parking violations.

**FISCAL POLICY** – A government's policies with respect to revenues, spending and debt

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management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

**FISCAL YEAR** - Any consecutive 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 County of Spartanburg's fiscal year runs from July 1 - June 30.

**FIXED ASSETS** – Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

**FTE (Full-Time Equivalent)** – A combination of positions working less than full-time equaling one full-time position. Example: Two half-time positions (.5 positions) equal one full-time position (1.0).

**FULL FAITH AND CREDIT** – A pledge of a government's taxing power to repay debt obligations.

**FULL-TIME POSITION** - An employee who receives full benefits and works at least forty hours per week.

**FUNCTION** – A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., Public Safety).

**FUND** - An accounting entity with self-balancing accounts. A fund records all financial transactions for specific activities or government functions.

**FUND BALANCE** - The excess of the assets of a fund over its liabilities, reserves and carryovers.

**FUND BALANCE, AVAILABLE (UNDESIGNATED)** – Funds remaining from the prior year, that are available for appropriation and expenditure in the current year.

**GAAP**- Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.

**GENERAL FUND** - The fund used to account for all financial resources, except those required to be

accounted for in another fund. The General Fund is the main operating fund for the County.

**GENERAL OBLIGATION BOND**- Bonds backed by the full faith and credit (taxing power) of the County.

**GOVERNMENTAL FUNDS** - 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 and Fiduciary funds.

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

**INDIRECT COST** – A cost necessary for the functioning of the organization as a whole, but cannot be directly assigned to one service.

**INDUSTRIAL REVENUE BOND** – a bond issued by a business concern secured by pledging certain business assets. The County does not secure it in any way, and the County does not receive or pay any debt on these bonds.

**INFRASTRUCTURE** – The physical assets of a government (e.g., sidewalks, streets, sewer, public buildings).

**INTERFUND TRANSFERS** – The movement of monies between funds of the same governmental entity.

**INTERGOVERNMENTAL REVENUES** - Revenues from other governments (state, federal, and local), which can be in the form of grants, shared revenue, payments in lieu of taxes, or entitlements.

**INTERNAL SERVICE FUNDS** - Funds established to account for the financing of goods or services provided by one department for other departments within the County. Goods and services are furnished and billed at cost plus a fixed factor, which is designed to cover all expenses of the funds. The Fleet Maintenance Fund is one example of an Internal Service Fund.

**LAPSING APPROPRIATION** – An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period, all appropriations not spent lapse or ends, unless otherwise provided by law. Capital project and grant budgets may be appropriated for multiple years.

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**LEVY** - To impose taxes, special assessments, or service charges for the support of County activities.

**LONG-TERM DEBT** – Debt with a maturity of more than one year after the date of issuance.

**MATERIALS AND SUPPLIES** - Expendable materials and operating supplies necessary to conduct departmental operations.

**MILLAGE RATE** - Rate used in calculating taxes based upon the value of property. Expressed in mills per dollar of property value. One mill equals \$1.00 of tax revenue for each \$1,000 of property value. The millage rate is the total number of mills of tax assessed against this value.

**MODIFIED ACCRUAL ACCOUNTING** - The basis of accounting where revenues are recorded when collectable within the current period or soon thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related liability is incurred.

**NET BUDGET** – The legally adopted budget less all interfund transfers and interdepartmental charges.

**NOMINAL DOLLARS** – The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

**OBJECT OF EXPENDITURE** - An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies or asphalt.

**OBJECTIVES** - Specific targets for achievement which represent an interim step or progress toward a goal within a specified time span.

**OBLIGATIONS** – Amounts that a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

**OPERATING BUDGET** - A financial plan that presents proposed expenditures for a fiscal year and estimates of revenue to finance those expenditures.

**OPERATING EXPENSES** - Costs other than those for salaries and benefits that are necessary for the provision of services offered by the County.

**OPERATING REVENUE** – Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for day-to-day operations.

**ORDINANCE** - A formal legislative enactment by the County Council. If it is not in conflict with any higher form of law, such as a statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

**OTHER** - A category for expenditures itemizing costs related to banking fees and other financial transactions.

**OTHER FUND TRANSFERS** - Dollars that are transferred from one fund to another.

**PART-TIME EMPLOYEE** – An employee who works fewer than forty hours per week on a continual basis.

**PAY-AS-YOU-GO** – A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

**PERSONNEL SERVICES** - The expenditure category that includes total costs of all wages, salaries, retirement, and other fringe benefits.

**PRIOR YEAR ENCUMBRANCES** – Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

**PRIOR YEAR PROPERTY TAXES** - Taxes that remain unpaid on and after the date they are due. A penalty is included for non-payment.

**PROFESSIONAL DEVELOPMENT** – Employee education and career-related courses, seminars and customer satisfaction training.

**PROGRAM** - An organized set of related work activities, which are directed toward a common purpose or goal and represent well-defined uses of County resources.

**PROGRAM BUDGET** – A budget that allocates money to the functions or activities of a government

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rather than to specific items of cost or to specific departments.

**PROGRAM REVENUE (Income)** – Revenues earned by a program, including fees for services, license and permit fees and fines.

**PROPERTY TAXES** - Taxes levied on real and personal property according to the property's assessed valuation and the tax rate applied.

**PROPRIETARY FUNDS** - Income determination or commercial type fund used to account for a government's ongoing activities or operations that are similar to those often found in the private sector (i.e. enterprise and internal service funds). The accounting principles used generally are those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position, and changes in financial position.

**RESERVE** -- an account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific, future purpose.

**RESOLUTION** – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**REVENUE** - Income generated by taxes, business licenses, user fees, fines and forfeitures, reimbursements, and investments.

**REVENUE BOND** – A bond that is secured by pledging of specific revenues. It is not secured by the taxing power of the County.

**SECTION** - The third tier within the organizational chart. A Section is a subdivision of a division. Example: Crime Prevention is a section within the Law Enforcement Division of the Department of Public Safety.

**SERVICE EFFORTS AND ACCOMPLISHMENTS** - Measures of effort and accomplishment that illustrate the performance of the County in terms of service provision.

**SERVICE LEVEL** - Services or products that comprise actual or expected output of a given program. Focus is on results, not measures of workload.

**SPECIAL REVENUE FUND** - This fund type is used to account for the proceeds from specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**TAX ANTICIPATION NOTES (TAN)** – A short-term loan, usually less than six months, borrowed to fund County operations until property tax collections are received.

**TAX BASE** - The total assessed valuation of real property within the County limits.

**TAX INCREMENT FINANCING** - A method of financing capital improvements using any additional tax revenues generated by new development occurring within a designated area after a certain date. This method is generally used to stimulate investment in economically depressed areas.

**TAX LEVY** - The resultant product when the tax rate per one thousand dollars is multiplied by the taxable value.

**TRANSFERS IN/OUT** - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

**TRUST AND AGENCY FUNDS** – Also known as Fiduciary Fund Types, these funds are used to account for assets held by the County in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. The fiduciary funds used by the County include expendable trust and agency funds.

**UNRESERVED FUND BALANCE** - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**USER FEE** - Payment of a fee for the direct receipt of a public service by the person(s) who benefit from the service(s).

**WORKING CAPITAL** – Excess of readily available assets over current liabilities. Or, cash on hand equivalents that may be used to satisfy cash flow needs.

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