

GLOSSARY OF TERMS:

Accrual Accounting: Method of accounting in which transactions are recorded at the time they are incurred, as opposed to when cash is received or spent.

Activity: Includes all capital improvements required to perform one type of service for the public. It may encompass one or more development programs and one or more projects.

Appropriation: An authorization legislated by the County Council that permits the County to incur obligations and to make expenditures of resources.

Audit: A comprehensive review of the manner in which the County's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvement where necessary.

Bond: A written promise to pay a specified sum of money (called principal or face value) at a specified future date along with periodic interest paid at a specific percentage of the principal. Bonds are typically used for long-term debt.

Budget: A financial plan for a given fiscal year showing revenues and expenditures for different funds of the County.

Budget Adjustment: The transfer of funds from one appropriation account to another, requiring approval of County Administrator, Finance Director and Department Director.

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

Budget Document: The instrument prepared by the Administration to present a comprehensive financial program to the County Council for consideration and adoption.

Budget Ordinance: "Ordinance" or "Resolution" means that governmental action which appropriates revenues and fund balances for specified purposes, functions or activities for a budget period.

Budget Period: The period for which a budget is proposed or a budget ordinance or resolution is adopted.

Budget Year: The fiscal year of the County that begins July 1 and ends June 30.

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 Outlay: An expenditure for the acquisition of, or addition to, a fixed asset. Items acquired for less than \$5,000 are not considered capital outlay.

Capital Projects: Projects that result in the acquisition or construction of capital assets of a local government which are of a long-term and permanent nature. Such assets include land, buildings, and related improvements, streets and highways, bridges, sewer and parks.

Contingency: Items that may become liabilities as a result of conditions undetermined at a given date.

Debt Services: An expenditure to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

GLOSSARY OF TERMS:

Department: An administrative agency of the County having management responsibility for an operation or a group of related services within a functional area.

Encumbrance: Any commitment of funds against an appropriation. It may be in the form of a purchase order or a contract. Encumbrance accounting is formally integrated into the accounting system for expenditures control purposes. Until such time as the goods or services are received, the commitment is referred to as an encumbrance.

Enterprise Fund: A fund established to account for operations financed and operated in a manner similar to private business enterprises. The County maintains two enterprise funds, the Public Service Commission and the Airport.

Expenditure: Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, capital outlays, intergovernmental grants, entitlements and shared revenues.

Expenditure/Expense: This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. "Expenditure" applies to Governmental Funds and "Expense" to Proprietary Funds.

Fiscal Year: A 12 month period to which the Operating Budget applies and at the end of which the County determines its financial position and its results of operations. The County's fiscal year runs from July 1 through June 30.

Fund: A fiscal and accounting entity with a self-balance set of accounts in which cash and other financial resources, all related liabilities and residual equities, balances and change therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: Refers to the excess of assets over liabilities and is, therefore, generally known as amount available for appropriations.

Funding Source: Identifies the source of revenue to fund both the operating and capital appropriations.

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 whose principal and interest are paid from property tax for debt service and are backed by the City's full faith and credit. Approval by referendum vote is required for general obligation bonds to be issued.

Generally Accepted Accounting Principals (GAAP): Uniform minimum standards and guidelines for financial accounting and reporting. The primary authoritative body on the application of GAAP to state and local governments is the GASB.

Goals: A measurable statement of desired conditions to be maintained or achieved.

Governing Authority: Governing authority means that official or group of officials responsible for governance of the unit of local government.

Governmental Funds: Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities except for those accounted for in proprietary funds and fiduciary funds.

GLOSSARY OF TERMS:

Intergovernmental Revenue: The funds received from another governmental entity, such as the Federal, State and City governments.

Legal Level of Control: The lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

Millage Rate: The ad valorem tax rate expressed in the amount levied per thousand dollars of the taxable assessed value of property. One mill is equal to one dollar per thousand.

Modified Accrual Accounting: A basis of accounting in which revenues are recorded when collected within the current period or soon enough thereafter to be used to pay liabilities of the current period and expenditures are recognized when the related liability is incurred.

Operating Budget: The portion of the budget pertaining to daily operations that provides basic governmental services. The operating budget contains appropriations for such expenditures as personal services, fringe benefits, commodities, services and capital outlay.

Personnel Services: For the purpose of budgeting, this term refers to the County's costs of salary, health insurance, retirement contributions, social security contributions, life insurance premiums, workers compensations and unemployment costs.

Proprietary Funds: Used to account for government's ongoing organizations and activities that are similar to those found in the private sector.

Real Estate Taxes: The revenues from current taxes, delinquent taxes, penalties and interest on delinquent taxes. These taxes are levied on real and personal property according to the property's assessed value and tax rate.

Retained Earnings: A fund equity account, which reflects accumulated net earnings (or losses) in a proprietary fund. As in the case of fund balance, retained earnings may include certain reservations of fund equity.

Revenue: Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers.

Special Revenue Fund: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. GAAP only requires the use of special revenue funds when legally mandated.

Taxes: Compulsory charges levied by a government to finance services performed for the common benefit. Taxes levied by Pickens County are approved by the County Council and are within limits determined by the State.

Tax Base: The value of all taxable real property in the County as of January 1 each year, as certified by the Tax Assessors. The tax base represents net value after all abatements and exemptions.

Tax Levy: The resultant product when the tax base multiplies the tax rate per one hundred dollars.

Tax Rate: The amount of tax stated in terms of a unit of the tax base. (e.g. 25 mills per dollar of assessed valuation of taxable property.)