

Account Number

The numeric coding for the City's accounting system. They provide the shorthand method of classifying and recording balances and transactions for City operations. The City uses a fourteen- (14) digit account number with four main parts:

- 1st three digits -- Fund
- Next four digits -- Department & Division
- Next three digits -- Activity Code
- Last four digits -- Object Code

Accrual Basis of Accounting

The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

Acronyms

- AFLAC**
American Family Life Assurance Company
- AFSS**
Automated Flight Service Station
- BEDI**
Brownfield Economic Development Initiative
- BID**
Business Improvement District
- CAFR**
Comprehensive Annual Financial Report
- CALEA**
National Commission on Accreditation for Law Enforcement
- CTEP**
Community Transportation Enhancement Program
- CDBG**
Community Development Block Grant
- CIP**
Capital Improvements Program
- DNRC**
Department of Natural Resources and Conservation
- DTGFA**
Downtown Great Falls Association

DUIT

Developing Unconventional Innovative Thoughts

EPA

Environmental Protection Agency

EMS

Emergency Medical Services

ERS

Equipment Revolving Schedule

FAA

Federal Aviation Administration

FHWA

Federal Highway Administration

FTE

Full time equivalent of one position

GAAP

Generally Accepted Accounting Principals

GASB

Governmental Accounting Standards Board

GFDA

Great Falls Development Authority

GFOA

Governmental Financial Officers Association

GO Bonds

General Obligation Bonds

HOME Grant

U.S. Department of Housing and Urban Development's HOME Investment Partnership Program

HUD

Housing and Urban Development

ICMA

International City Managers Association

LEAP

Leadership, Education, Action and Performance

MACI

Montana Air and Congestion Initiative

MDT

Montana Department of Transportation

MMIA

Montana Municipal Insurance Authority

NAHRO

National Association of Housing and Redevelopment Officials

PRIMA

Public Risk Management Association

SDWA

Safe Drinking Water Act

SID

Special Improvement District

SILD

Special Improvement Lighting District

SLD

Special Lighting District

SMLD

Special Maintenance Lighting District

SRF

State Revolving Fund

Activity Codes

There are four basic groups of Activity Codes - Assets, Liabilities and Equity, Revenues, and Expenditures. Asset (100's) and Liability and Equity (200's) Activity Codes identify the basic categories for those general ledger and balance sheet classifications. Revenue (300's) and Expenditure (500's) Activity Codes identify the basic categories for transaction classifications.

Ad Valorem Tax

A tax based on value of property and used as the source of monies to pay general obligation debt and to support the general fund.

Amended Budget

The original budget including any budget amendments for the fiscal year not completed at the time of budget development.

Appropriation

Expenditure authority with specific limitations as to the amount, purpose, and time, set by the City Commission through statutorily prescribed procedures.

Balanced Budget

A budget in which expenditures for a given period are matched by expected revenues for the same period.

Beginning Balance

The residual nonrestricted funds brought forward from the previous fiscal year (ending balance).

Bond

A written promise to pay a sum of money on a specific date at a specified interest rate. The most common types of bonds are general obligation, revenue bonds, and special improvement district bonds. These are most frequently used to finance capital projects.

Bond Anticipation Notes

Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date. The note is retired from proceeds of the bonds to which it is related.

Budget

A financial plan for the control of government operations. A budget primarily focuses on available reserve, revenue, and expenditure estimates as the means of control.

Budget Adjustment

A procedure to revise a budget appropriation either by City Commission approval or by City Manager authorization to adjust appropriations within a departmental budget.

Budget Columns

The Budget Detail Section presents budget information in columns as follows:

Actual

Historical data from the last completed fiscal year for comparison purposes.

Budget

The budget for the fiscal year.

Amended

The original budget including any amendments for the fiscal year not completed at the time of budget development.

Projected

Estimates of actual revenues and Expenditures for the fiscal year not completed at the time of budget development. These estimates are revised prior to public budget work sessions held in May.

Commission Adopted (Manager Proposed in Proposed Budget)

The official budget adopted by the City Commission after public work sessions and formal hearings on the proposed budget. (In the Proposed Budget, the recommendation is from the City Manager to the City Commission.)

Capital Budget

A capital budget is an integral part of each fund's annual budget. The City Commission prioritizes capital expenditure proposals and approves appropriations for those which can be done with available resources. Capital budgets are typically set for projects such as streets, buildings, major renovations, and major equipment.

Capitalized

Tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital outlay items normally include operating equipment which will last longer than one year and has an initial cost per item of at least \$5,000.

Capital Improvement Program

A long-term plan of capital expenditures.

City

The City is a group of service businesses. Operations within the city organization are separate accounting entities. This is comparable to individual businesses which make up a downtown or a mall. Adding up the group is interesting, but each business must really be considered as an individual entity.

Contingency

A budgetary reserve to provide for emergency or unanticipated expenditures during the fiscal year.

Debt Service

Paying back, with interest, the money borrowed by the City. Debt service is typically paid according to a schedule of payments set at the time of the borrowing.

Department

A grouping of City divisions assigned to a single department head for administrative purposes.

Depreciation

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

Disbursement

A payment of cash. A disbursement is typically the final step in the expenditure process.

Distinguished Budget Presentation Awards Program

A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Division

A basic organizational unit of the City which is functionally unique in its delivery of services. Divisions are the individual businesses or business segments which make up the City.

Encumbrance

Commitments of funds against an appropriation until such time as the goods or services are received. An encumbrance may be in the form of a purchase order or a contract.

Expenditures

Disbursements and obligations to pay for goods or services which have been received by the City. Obligations to pay are the accrued part of expenditures.

Fiscal Year

State statute mandates a twelve month accounting year from July 1 through June 30. It should be noted that with this accounting period seasonal operations such as golf courses and construction projects are split between years for budgeting and reporting purposes.

Fixed Assets

Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, and other equipment.

Full-Time Equivalent

A measure of effective authorized positions, indicating the percentage of time a position or group of positions are funded. It is calculated by equating 2,080 hours of work per year with the full-time equivalent of one position.

Fund

A fiscal and accounting entity with a self-balancing set of accounts. A fund can be thought of as a separate, complete business

Fund Accounting

The fund accounting hierarchy provides for the following fund groupings:

Governmental Funds:**General Fund**

Account for all revenues and expenditures of the City which are not accounted for in other funds. The General Fund includes police, fire, court, parks, general administration and the City Commission. The intent is to clearly identify dependency on City general-purpose revenues.

Special Revenue Funds

Account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes other than trusts or capital projects.

Debt Service Funds

Account for the special financing and disbursement for general long-term debt.

Capital Project Funds

Account for financial resources to be used for the acquisition or construction of major capital facilities, other than trust or enterprise capital projects.

Proprietary Funds:**Enterprise Funds**

Account for operations: (a) that are financed and operated in a manner similar to private business enterprises, primarily through user charges or (b) where enterprise type records are appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds

Account for goods or services provided on an interdepartmental or intergovernmental cost reimbursement basis. Costs are allocated to benefited operations, allowing accurate presentation and review of service and program costs.

Fund Balance

The difference between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions.

Reserved fund balance is simply to isolate the portion of fund balance that is not available for the year's budget, so that unreserved fund balance can serve as a measure of current available financial resources.

Unreserved fund balance may be subdivided into designated and undesignated portions. A designation represents the City's intended future use of resources (e.g., contingencies, equipment replacement) and generally reflects actual plans approved the City Commission.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards for financial accounting and recording, encompassing the rules and procedures that define accepted accounting principles.

General Obligation (GO) Bonds

Bonds that are secured by the issuer's pledge of its full faith and credit to the repayment of the bonds, generally repaid from taxes and/or other general revenues.

Goals

A long-term attainable target for an organization – its vision of the future.

Grants

A contribution of assets (usually cash) by one governmental entity or other organization to another. Usually contributions are made to local governments from the state and federal governments and are for a specific purpose.

Indirect Costs

Costs necessary and related to providing a product or service, but which are not an integral part of the product or service. Electricity, heat, rent, telephones, office supplies, management, and supervision are examples of typical indirect costs.

Infrastructure

The streets, sidewalks, water lines, sewer lines, and other major systems and structures which provide the foundation for a community.

Interfund Transfers

Budgeted amounts transferred from one governmental accounting fund to another for work or services provided. As they represent a double counting of expenditures, these amounts are deducted from the total operating budget to calculate the net budget. The two major categories of interfund transfers are:

Residual Equity Transfers

Nonrecurring or nonroutine transfers of equity between funds such as start up contributions, or balances from discontinued funds.

Operating Transfers

All other interfund transfers, such as operating subsidies and sharing general property taxes.

Intergovernmental Revenue

Revenue received from another government unit for a specific purpose.

Internal Services Charges

The charges to user departments for internal services provided by another government agency, such as accounting, equipment maintenance, and communications.

Legal Debt Margin

The excess of the amount of debt legally authorized over the amount of debt outstanding.

Levy

To impose taxes, special assessments, or service charges for the support of governmental facilities and services.

Manager's Message

The part of the budget's introductory section in which the City Manager identifies key policies, strategies, and conditions to the City Commission and general public.

Mill

The traditional unit of expressing property tax rates. A mill equals one-thousandth (1/1000) of a dollar, or \$1 tax per \$1,000 of taxable valuation. Ten mills equals one percent (1%).

Modified Accrual Accounting

Basis of accounting according to which revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

Neighbor Works

A national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts.

Object Code

The most detailed coding of expenditures. The basic elements of the object classifications are Personal Services, Supplies and Materials, Purchased Services, Fixed and Internal Charges, and Capital Outlay. Each of these classifications represents further subtotal and line item detail for very precise identification of expenditures.

Objectives

A specific measurable and observable result of an organization's activity which advances the organization toward its goal – a defined method to accomplish an established goal.

Operating budget

The portion of the budget that pertains to daily operations that provide basic governmental services, such as personnel, supplies, and purchased services.

Overlapping Debt

The outstanding long-term debt of Cascade County, School District #1, City of Great Falls, and the Transit District that overlap geographically for property located in the City of Great Falls.

Performance Measures

Specific, quantitative measures of work performed within an activity or program.

Personnel Services

Costs related to compensating employees, including salaries, wages, and benefit costs.

Project Codes (Numbers)

These are 5 digit numbers used to identify especially large and/or complex capital projects. The use of project codes, in addition to the normal 14 digit account coding system allows accumulation of data for a specific project regardless of the number of departments and /or divisions involved.

Property Valuation

The value placed on real estate, personal property, and centrally assessed utilities as a basis for levying taxes.

Receipts

Cash received. Revenue collected. A receipt is typically the final step in a revenue system.

Reserve

An account used to indicate that a portion of a fund's assets are legally restricted for a specific purpose and is not available for general appropriation.

Revenue

Receipts and receivables derived from any and all financing sources. The primary revenue classifications are:

Taxes

Real (property), personal, and motor vehicle property taxes, including the penalty and interest on delinquent taxes. The City does not receive any income taxes or sales taxes.

Fees charged for licenses and permits

Licenses include: motor vehicle, business, animal, etc. Permits include: building, utilities, signs, excavation, sidewalk, etc.

Intergovernmental Revenue

Revenues from federal, state and other governmental units. Tax levies collected by the county on behalf of the City are direct tax revenues of the City.

Charges for Services

Fees charged to users of services and facilities such as: water, sewer, parking, library, swim pools, golf, etc.

Fines and Forfeitures

Revenues from fines and forfeitures such as: traffic, DUI, parking, library, etc.

Internal Services

Charges for services provided among departments/divisions within the City organization. Although internal service charges have a "doubling" effect on the total revenues of the City, they are necessary to clearly show the costs and financing sources applicable to individual operations within the City.

Special Assessments

Special levies on property which represent costs of a benefit provided to a special district (group of properties) or individual property. Special assessments include street lighting, improvements, street maintenance, green area maintenance, and hazard removal.

Miscellaneous Revenues

Interest earnings and other revenues not otherwise classified.

Revenue Bond

Bonds sold for constructing a project that will produce revenue for the government. The revenue is pledged to pay the principal and interest of the bond.

Special Assessments

Special levies on property which represent costs of a benefit provided to a special district, group of properties, or individual property. Special assessments include street lighting, improvements, street maintenance, green area maintenance, and hazard removal.

Special Improvement District (SID)

Special Improvement District bonds are issued for capital projects which benefit specific properties. The bonds are not general obligations of the City; however, the city administration is committed to payment of all special improvement district debt issued by the City.

Tax Increment

In 1977 the Tax Increment District was created and the taxable value of the district identified. This taxable value is the base value of the district. New construction and improvements have taken place in the district since 1977 which have increased the taxable value. This increased taxable value is the tax increment valuation for the district. Tax increment is the increase in annual taxes since the district was created.

Tax Increment Bond

Specially limited obligation bonds payable from anticipated incremental increases in tax revenues, resulting from the redevelopment of an area. Tax revenue from construction and improvements in the Tax Increment District provides funding for new construction and improvements.

Tax Year

The tax year parallels the fiscal year. One-half of taxes levied or assessed by the City are due in November and one-half in May.

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include licenses, permits, special assessments, or other specific charges made to individuals or individual properties for unique benefits.

Trust and Agency Funds

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds.

Unreserved Balance

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

Working Capital

Net current assets. The balance that can be identified as available for commitment on the short term (usually one year). Formula:

1. Add cash;
2. Add other current assets (known receivables which can be expected to be available for expenditure in the short term); and
3. Deduct current liabilities (payables which are expected to be paid in the short term).