

# Glossary of Terms

**Accrual Accounting:** The basis of accounting in which revenues and expenditures are recorded at the time they are earned or incurred as opposed to the cash basis of accounting where the transfer of funds causes the recording of the transaction. For example, in accrual accounting, a revenue which was earned between May 1 and June 30, but for which payment was not received until July 25, is recorded as a revenue of June rather than July.

**Ad Valorem Tax:** A tax levied on goods or properties at a percentage of their value.

**Adopted Budget:** The budget approved by the County Commission and enacted by budget appropriation ordinance on or before June 30 of each year.

**Appraised Value:** The estimate of fair market value assigned to property by an appraiser or County Tax Assessor. For tax assessment purposes, the value is stated as of the last reappraisal date. See also assessed value.

**Appropriation:** An authorization made by the County Commission which permits the County staff to incur obligations and to make expenditures of governmental funds and resources. Appropriations are usually for a fixed dollar amount for a particular budget year.

**Assessed Value:** A value that is established for real or personal property for use as a basis for levying property taxes.

**Basis for Budgeting:** The County's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except where encumbrances are treated as budgeted expenditures.

**Budget:** A financial plan for a specified period of time (fiscal year) that balances projected revenues and fund balance appropriations to estimated service expenditures and operating transfer obligations.

**Budget Appropriation Resolution:** The official enactment by the County Commission establishing the legal authority for County administrative staff to obligate and expend funds.

**Budget Calendar:** The schedule of the dates involved in the preparation, review and passage of the annual budget.

**Budget Document:** The official written statement prepared by the County's staff which presents the proposed budget to the County Commission.

**Budget Message:** The opening section of the budget which provides the County Commission and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and comments of the County Executive. This message is the same as the Transmittal Letter.

**CAFR:** Comprehensive Annual Financial Report.

**Capital Improvements Budget:** Appropriation of funds for a capital improvement project. A capital improvement project is a permanent addition to the County's assets and includes design, construction and purchase of land, buildings and facilities.

**Capital Improvements Program: (CIP)** The County's plan for capital expenditures to provide long-lasting physical improvements to be incurred over the next six years. The plan is reviewed and updated annually.

**Capital Outlay:** The purchase of equipment and machinery of significant value (more than \$5,000) and having a useful life of several years, also referred to as fixed assets. Capital improvements such as acquisition of land and related construction and engineering fees are included in the Capital Improvements budget.

**Capital Projects:** Projects identified specifically for the purpose of showing the cost of a particular project. Capital projects are usually large public work projects such as roads, bridges, and buildings.

**Contingency:** A budgeted amount set aside for emergencies and unforeseen expenditures not otherwise budgeted.

**Contractual Services:** Services rendered to County activities by private firms and individuals outside County government. Examples include utilities and building and equipment maintenance.

**Cost Center:** An operating unit within a County department with an organizational budget.

**Debt Service:** Repayment of County's outstanding debt including principal, interest, and bond reserve requirements.

**Department:** Closely associated County activities under the day to day oversight by a department head.

**Designated Fund Balance:** A portion of a fund's balance that is set aside for a specific purpose and, although not legally restricted, is not available for general appropriation as long as the designation is valid.

**Direct Debt:** The sum total of bonded debt issued by the County.

**Disbursement:** The payment of County funds for obligations incurred.

**Diversify:** To expand by increasing the varieties of revenues generated.

**EMS:** Emergency Medical Services.

**EMT:** Emergency Medical Technician.

**Encumbrance:** An administrative control under which commitments for the expenditures of money are recorded; thus the money is not available for new expenditure commitments. The use of encumbrances prevents overspending and permits officials to be certain how much money is available for new commitments.

**Estimated Revenue:** The amount of projected revenue to be collected during the fiscal year.

**Expenditure:** The cost of goods and services received regardless of when the payment is actually made.

**FASB:** Financial Accounting Standards Board. The official policy and procedural organization designated by the American Institute of Certified Public Accountants (AICPA) to establish accounting principles for both profit and nonprofit entities in the United States.

**Fiscal Year:** A time frame designating the beginning and ending period for recording financial transactions. Blount County uses a fiscal year beginning July 1 through June 30.

**Fund:** A fiscal entity with a self-balancing set of accounts used to account for activities with common objectives. Commonly used government fund groups are: general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund, internal service funds, special assessment funds and trust and agency funds.

**Fund Balance:** The accumulated amount of excess revenues over expenditures in a particular fund at any point in time. A negative fund balance is the accumulated amount of excess expenditures over revenues.

**GASB:** Governmental Accounting Standards Board. The official procedural organization designated by the American Institute of Certified Public Accountants (AICPA) to establish accounting principles for state and local governments.

**General Fund:** The County's primary operating fund accounting for most all of the financial resources and obligations. The general fund revenues include property taxes, business taxes, sales taxes, licenses and permits, service charges and other types of revenue. The fund provides the resources for most of the basic operating services such as police protection, finance, data processing, and general administration.

**General Obligation Bonds:** Bonds for whose payment the full faith and credit of the issuing body are pledged. Most commonly, general obligation bonds are considered to be those payable from taxes and other general revenues. A GOB is typically used for long-term financing of capital projects and represents a written promise to pay to the bond purchaser a specified sum of money at a specified future date along with a periodic interest paid at a specified interest percentage.

**GFOA:** Government Finance Officers Association. A nationally recognized association of worldwide professional government finance officers.

**Goal:** The underlying reason(s) for the provision of essential County services.

**Grant:** A contribution by the State or Federal Government or other entity supporting a particular project.

**Infrastructure:** Assets for general use of the public. Examples: Roads, sidewalks, buildings, traffic signals.

**Interfund Transfers:** Amounts transferred from one fund to another.

**Intergovernmental Revenue:** Revenue received from another government for general purposes or a special purpose.

**Line Item Budget:** A budget summarizing the detail categories of expenditures for goods and services the County intends to purchase during the fiscal year.

**Long Term Capital Plan:** Capital spending plan that encompasses the next six years of capital spending.

**Moody's Investors Service:** A recognized bond rating agency.

**Natural Gas Franchise Fee:** Five percent tax levied on consumption of natural gas.

**Object Code:** A detailed line item expenditure category, such as clerical salaries (162), office supplies (435), or building improvements (707).

**Objective:** A measurable statement of the actual results which a County activity expects to achieve in support of a stated goal.

**Operating Budget:** The expenditure plan for continuing everyday service programs and activities. In most instances, operating expenditures are made in a single fiscal year. These expenditures include personal services, contractual services, minor capital outlay, and debt service requirements.

**Performance Measures:** Specific quantitative and qualitative measures of work performed as an objective of the department.

**Personal Services:** All costs related to compensating employees of Blount County, including salaries and employee benefit costs such as County contributions for retirement, social security and health insurance.

**Purchase Order:** A legal document that authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them, which upon acceptance by a vendor, becomes a contract. Its main function is to expedite and control buying by the County.

**Public Building Authority: (PBA)** Local government entity that serves as a financing mechanism to provide capital loans to local governments throughout the state. Also, manages construction projects of primary government and discretely presented Blount County School Department.

**Recommended Budget:** The budget proposed by the Blount County Finance Committee to the County Commission for adoption.

**Research and Development Park: (R&D Park)** Newly created mixed-use park for retail, residential, research and development facilities.

**Reserved Fund Balance:** The portion of a fund's balance that is legally restricted for a specific purpose and is not available for general appropriation.

**Revenue:** A term used to represent actual or expected income to a specific fund. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

**Risk Management:** An organized attempt to protect a government's assets against accidental loss in the most economical method.

**Short-term Capital:** Capital spending completed within one year for items with a life expectancy of less than five years.

**Standard & Poor's:** A recognized bond rating agency.

**Surplus Revenues:** The net funds collected above the approved budget for the General Fund aggregate are directed to the debt service fund in order to help meet the County's future debt obligations.

**Tax Levy:** The total amount of tax that optimally should be collected based on tax rates and assessed values of real, personal, and public utility properties.

**Tax Rate:** The amount of taxes charged per \$100.00 of assessed value of taxable property. This rate is set each year by the County Commission at the time the annual budgets are adopted.

**Transmittal Letter:** A general discussion of the budget presented to the County Commission by the County Mayor as a part of the budget document. The transmittal letter explains principal budget issues against the background of financial experience in recent years and presents recommendations made of the County Mayor. This letter is also referred to as the budget message.

**Unencumbered Balance:** The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purchases.

**Unreserved Fund Balance:** The portion of a fund's balance that is not restricted for a specified purpose and is available for general appropriation.

# Sources

Blount County Chamber of Commerce

Blount County Payroll Department

Blount County School System

Blount County Trustee

Bureau of Economic Analysis

Center for Business and Economic Development

Foundation for the Blount County Public Library

Great Smoky Mountain National Park Service

Knoxville Area Chamber Partners

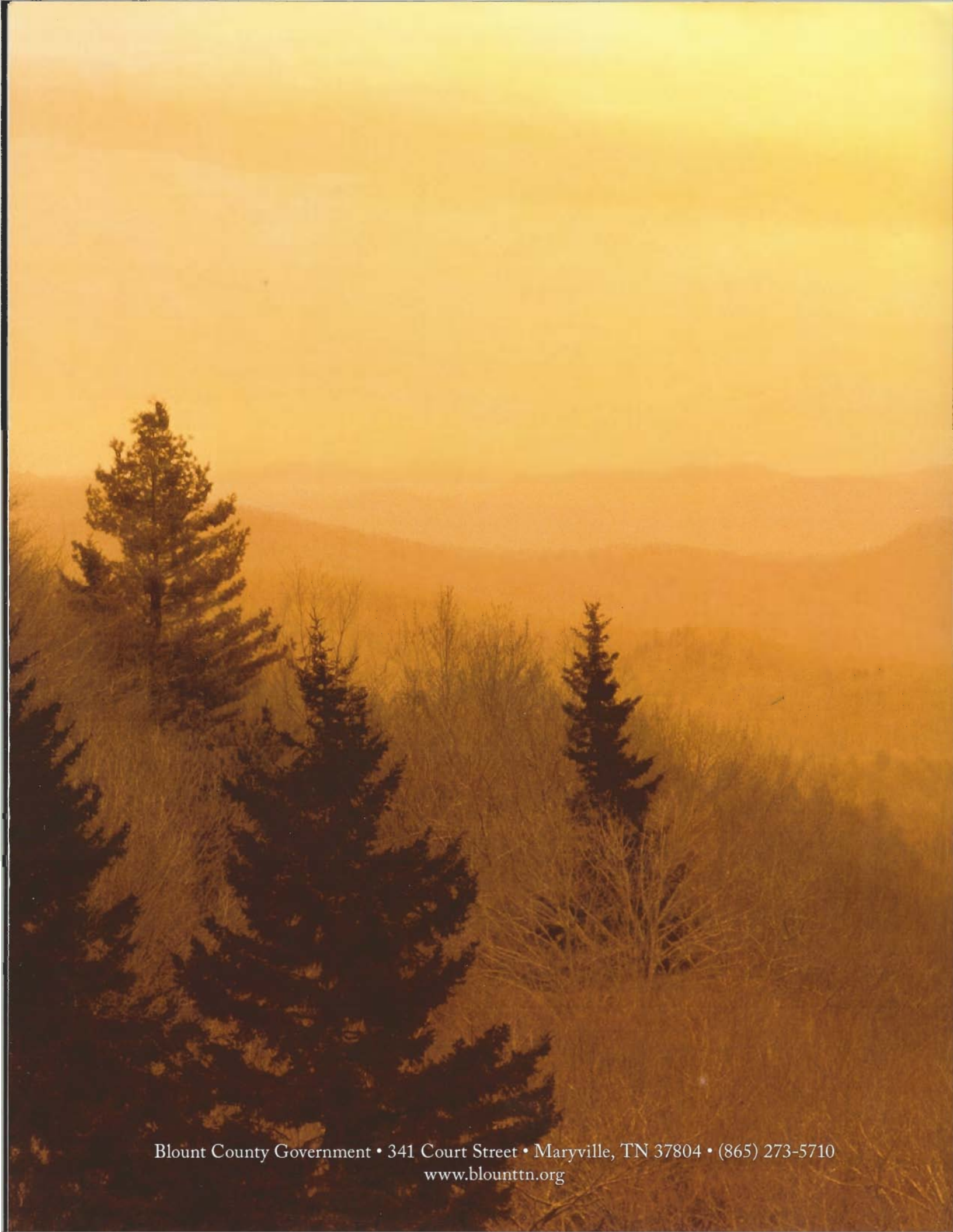
Metropolitan Knoxville Airport Authority

Smoky Mountain Visitors' Bureau

Tennessee Department of Employment Security

Tennessee Farm Bureau

US Census Bureau



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