

SECTION 8000

GLOSSARY AND ACRONYMS AND ABBREVIATIONS

	<u>Subsection</u>
<u>Glossary</u>	8000
<u>Acronyms and Abbreviations</u>	8100

August 2003

Minnesota County Financial Accounting & Reporting Standards

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The following is a list of the common terms used in this manual along with their definitions. Some of the definitions were adapted from *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR) developed by the Government Finance Officers Association.

ABATEMENT. A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments, and service charges.

ACCOUNT. A term used to identify an individual asset, liability, expenditure/expense control, revenue control, encumbrance control, fund balance or net assets.

ACCOUNT NUMBER. See CODING.

ACCOUNTABILITY (ACCOUNTABLE). The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry--to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that people have a "right to know," a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. Financial reporting plays a major role in fulfilling a government's duty to be publicly accountable (GASBCS 1).

ACCOUNTING CYCLE. Since financial reports are given each period (usually a year in government) there are a set of steps (cycle) taken each period that result in the reports and preparation for the next period or cycle. The term cycle is used because every period there is a start and an end. In government, the cycle usually starts with the budget, goes through the journal entries, adjusting entries, posting to the accounts, financial reports, and closings. See also ACCOUNTING PERIOD.

ACCOUNTING DATA. Includes journals, ledgers, and other records such as spreadsheets that support financial statements. It may be in computer readable form or on paper.

ACCOUNTING ESTIMATE. An approximation of a financial statement element. Accounting estimates are often included in historical financial statements because measurement of some amounts is uncertain pending outcome of future events and relevant data about events that have occurred cannot be accumulated on a timely, cost-effective basis.

ACCOUNTING PERIOD. A period at the end of which and for which financial statements are prepared. See also FISCAL PERIOD.

August 2003

ACCOUNTING POLICIES. The specific accounting principles and the methods of applying those principles that are judged by the management of the county to be the most appropriate in the circumstances.

ACCOUNTING PRINCIPLES. Alternative ways of reporting and disclosing information in financial statements and related footnotes.

ACCOUNTING SYSTEM. The total structure of records and procedures designed to discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds or organizational components. See INTERNAL CONTROL.

ACCOUNTS PAYABLE. Liabilities on an open account owed to private persons, firms, corporations, or to governmental units (but not including amounts due to other funds or component units).

ACCOUNTS RECEIVABLE. Amounts owing on an open account from private persons, companies, non-profits, or from governmental units for goods and services provided by a government (but not including amounts due from other funds).

ACCRUAL BASIS. The basis of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

ACCRUED EXPENDITURES. Incurred fund expenditures not yet paid. See also EXPENDITURE and MODIFIED-ACCRUAL BASIS.

ACCRUED EXPENSES. Expenses incurred but not yet paid. See also ACCRUAL BASIS and EXPENSES.

ACCRUED LIABILITIES/PAYABLES. Liability accounts reflecting costs incurred but not due until a later date. See also ACCRUED EXPENDITURES and ACCRUED EXPENSES.

ACCRUED REVENUE. Revenue earned but not yet collected regardless of whether due or not. See also ACCRUAL BASIS.

August 2003

ACCUMULATED DEPRECIATION. A contra-asset account that accounts for the cumulative effect of depreciating a capital asset over its estimated useful life. If a capital asset (for example, a piece of equipment) has a cost of \$1,000,000 and a life of five years with no salvage value, then by the end of the second year, the accumulated depreciation will be \$400,000, that is \$200,000 from the first year and \$200,000 from the second. See also DEPRECIATION.

ACTIVITY. A specific and distinguishable service performed by one or more organizational components of the county to accomplish a specific function for which the government is responsible (e.g. county administration is an activity within the general government function).

ADDITIONS. Increases in the net assets of fiduciary funds.

ADMINISTRATIVE CONTROL. See INTERNAL CONTROL.

AD VALOREM TAX. A tax based on the value (or assessed value) of property [Latin: to the value added].

ADVANCE REFUNDING BONDS. Bonds issued to refund an outstanding bond issue prior to the date on which the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited with a trustee, invested in U.S. Treasury Bonds or other authorized securities, and used to redeem the underlying bonds at maturity or call date and to pay interest on the bonds being refunded or the advance refunding bonds.

ADVERSE OPINION. An auditor's opinion stating that financial statements do not present fairly financial position, results of operations, and (when applicable) cash flows in conformity with GAAP.

AGENCY FUND. A fund used to account for assets held by a government as an agent for individuals, private organizations, other governments, and/or other funds; for example, taxes collected and held by a county for a fire district. The funds may be used for suspense, clearing, or custodial purposes. See the classification of funds in Section 5200.

AGREED-UPON PROCEDURES. An engagement where the client specifies procedures and the accountant agrees to perform those procedures. An accountant may accept an engagement limited to applying agreed-upon procedures to financial statement elements, where the scope of the engagement is not sufficient to express an opinion on the elements, if the users assume responsibility for sufficiency of the procedures, and use of the report is restricted to specified users.

August 2003

ALLOCATION. Distribution according to a plan. Depreciation, amortization, and depletion are methods to allocate a cost to periods benefitted.

ALLOT. To divide an appropriation into amounts for certain periods or for specific purposes.

ALLOTMENT. Portion of an annual or biennial budget appropriation allocated to an interim period.

ALLOWANCE FOR DOUBTFUL ACCOUNTS. A contra-asset account with a credit balance used to reduce the carrying amount of accounts or other receivables to net realizable value. The allowance balance is the estimated total of uncollectible accounts included in the receivable.

AMORTIZATION. The allocation of the cost of an intangible asset over its expected useful life. See also DEPRECIATION.

ANALYTICAL REVIEW. Term used in connection with auditing. The process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial and nonfinancial data.

ANNUAL AUDIT. An audit which embraces all financial transactions and records and which is made regularly at the close of the accounting period. (This, of course, does not mean every transaction will necessarily be examined. The number to be examined will depend on the auditor's judgment in light of the particular conditions encountered. The auditor's opinion, however, will cover all transactions based on the tests which are applied.)

ANNUAL BUDGET. A budget approved by the county board applicable to a single fiscal year. See also BUDGET.

ANNUAL COVERED PAYROLL. Term used in connection with defined benefit pension plans. All elements included in annual compensation paid to active employees on which contributions to a pension plan are based.

ANNUAL REQUIRED CONTRIBUTION (ARC). Term used in connection with defined benefit pension plans. ARC represents the employer's mandated contribution for the year calculated in accordance with certain parameters. The parameters include requirements for the frequency and timing of actuarial valuations as well as for the actuarial methods and assumptions that are acceptable for financial reporting.

August 2003

ANNUITY. A series of equal money payments made at equal intervals during a designated period of time.

ANNUITY AMOUNT OF. The total amount of money accumulated or paid during an annuity period. This total includes compound interest at a designated rate.

ANNUITY PERIOD. The designated length of time during which the amount of an annuity is accumulated or paid.

APPORTIONMENT. See ALLOTMENT.

APPRAISE. To make an estimate of value, particularly of the value of property. If the property is valued for purposes of taxation, the less-inclusive term "assess" is substituted for this term.

APPROPRIATION. An authorization granted by the county board to make expenditures and to incur obligations for specific purposes. Note: An appropriation is usually limited in amount and as to the time when it may be expended.

APPROPRIATION-EXPENDITURE LEDGER. A subsidiary ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the net balance, and other related information.

ARBITRAGE. Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

AS-OF-DATE. This date indicates the financial status of an entity at a certain point in time. An example would be the Statement of Net Assets as of December 31, 20XX.

ASSESS. To value property officially for the purpose of taxation.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

August 2003

ASSESSMENT. (1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

ASSESSMENT (COURTS). A monetary amount imposed by the court for a law violation.

ASSESSMENT ROLL. In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner are also usually shown. In the case of personal property, the assessment roll is the official list containing the name and address of the owner, a description of the personal property, and its assessed value.

ASSETS. Resources owned or controlled by a county, as a result of a past transaction or other event, that have a recognizable monetary value.

AUDIT. An examination to determine the accuracy and validity of records and reports or the conformity of procedures with established policies. Note: The term “audit” is sometimes applied to the examination of a single transaction; for example, the audit of an invoice, that is, the checking of an invoice and supporting evidence for the purpose of action in the accounts. On the other hand, even such a limited audit involves the examination of documents, records, reports, systems of internal control, and other evidence. See ANNUAL AUDIT, CASH AUDIT, FINANCIAL AND COMPLIANCE AUDIT, INDEPENDENT AUDIT, INTERNAL AUDIT, PERFORMANCE AUDIT, PRE-AUDIT, and SINGLE AUDIT.

AUDIT COMMITTEE. A group of individuals, selected by the governing body, having specific responsibility for addressing all issues related to the independent audit of the financial statements.

AUDIT GUIDES. A series of AICPA publications that enjoy “level b” status on the hierarchy of authoritative sources of GAAP established by SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report*, when they are specific to state and local government and cleared by the GASB.

AUDIT PROGRAM. A detailed outline of work done and the procedures applied in any given audit.

August 2003

AUDIT REPORT. The report by an auditor furnished at the conclusion of internal audits, independent audits, and investigations. As a rule, the report would include: (1) a statement of the scope of the audit; (2) explanatory comments or findings (if any) concerning exceptions by the auditor; (3) opinions; (4) financial statements and schedules; and (5) sometimes statistical tables, supplementary comments, and recommendations.

AUDIT SCOPE. In the context of a financial statement audit, the coverage provided by the independent auditor's opinion on the financial statements.

AUDITED VOUCHER. A voucher which has been examined and approved for payment.

AUDITOR'S OPINION. A statement signed by an auditor in which he/she states that he/she has examined the financial statements in accordance with generally accepted auditing standards (with exceptions, if any) and in which he or she expresses an opinion on the financial position and results of operations of some or all of the funds of the government as appropriate. See ADVERSE OPINION, QUALIFIED OPINION, and UNQUALIFIED OPINION,.

AUDITOR'S REPORT ON INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL REPORTING. Report issued in conjunction with a financial audit performed in accordance with Generally Accepted Governmental Auditing Standards. In this report, the independent auditor reports on internal control weaknesses and instances of noncompliance discovered in connection with the financial audit but does not offer an opinion on internal controls or compliance.

AUTHORITY. A government or public agency created to perform a single function or a restricted group of related activities. Usually such units are financed from service charges, fees, and tolls but, in some instances, they also have taxing powers. An authority may be completely independent of other governments or partially dependent upon other governments for its creation, its financing, or the exercise of certain powers.

AVAILABILITY CRITERION. Principle of the modified accrual basis of accounting according to which revenues may only be recognized when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

AVAILABILITY PERIOD. A specified period immediately following the close of the fiscal year by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.

August 2003

BAIL (COURTS). An amount of money determined by the judge and posted with the courts as security to ensure the defendant's appearance in court at a specific time.

BALANCE SHEET. A statement which discloses the assets, liabilities, reserves, and balances of a fund or governmental unit at a specified date properly classified to exhibit financial position of the fund or unit at that date. See also STATEMENT OF NET ASSETS

BANK HOLDING COMPANY. A company that controls one or more banks and may own subsidiaries with operations closely related to banking. When branch banking was severely limited, bank holding statutes allowed banking systems to develop by permitting common ownership of several banks.

BANKERS' ACCEPTANCES. Short-term, non-interest-bearing notes sold at a discount and redeemed by the accepting banks at maturity for face value. Bankers' acceptances generally are created based on a letter of credit issued in a foreign trade transaction. [SGAS 31]

BASIC FINANCIAL STATEMENTS. The minimum combination of financial statements and note disclosures required for their presentation in conformity with GAAP.

BASIS DIFFERENCES. Differences that arise through the employment of a basis of accounting for budgetary purposes that differs from the basis of accounting prescribed by GAAP for a given fund type.

BASIS OF ACCOUNTING. The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus because a particular timing of recognition is necessary to accomplish a particular measurement focus.

BETTERMENT. An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset. The term improvement is preferred.

BLENDING (BLENDED). The method of reporting the financial data of a component unit that presents the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government.

August 2003

BLUE BOOK. A term commonly used to designate the Government Finance Officers Association's publication *Governmental Accounting, Auditing, and Financial Reporting*.

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

BOND (COURTS). An agreement by a party or third party to pay a certain sum of money if the defendant fails to appear in court.

BOND ANTICIPATION NOTE. Short-term interest-bearing note issued by a government in anticipation of bond proceeds to be received at a later date. The note is retired from proceeds of the bonds to which it is related.

BOND DISCOUNT. The excess of the face value of a bond over the price for which it is sold or acquired. The price does not include accrued interest at the date of sale or acquisition.

BOND FUND. A fund formerly used to account for the proceeds of general obligation bond issues. See CAPITAL PROJECTS FUND and DEBT SERVICE FUND.

BOND ORDINANCE OR RESOLUTION. An ordinance or resolution authorizing a bond issue.

BOND PREMIUM. The excess of the price at which a bond is sold or acquired over its face value. The price does not include accrued interest at the date of sale or acquisition.

BONDED DEBT. That portion of indebtedness represented by outstanding bonds.

BONDS AUTHORIZED AND UNISSUED. Bonds which have been legally authorized but not issued and which can be issued and sold without further authorization. This term must not be confused with the term "legal debt margin," which represents the difference between the legal debt limit of a government and the debt outstanding against it.

BONDS ISSUED. Bonds that have been sold.

BONDS PAYABLE. The liability for the face value of bonds issued and unpaid.

August 2003

BOOK VALUE. Value as shown by books of account. In the case of assets which are subject to reduction by valuation allowances such as depreciation, book value refers to cost or stated value less the appropriate allowance. Sometimes a distinction is made between “gross book value” and “net book value,” the former designating value before deduction of related allowances and the latter after their deduction. In the absence of any modifier, however, the term book value means, net book value.

BOOK-ENTRY SYSTEM. A system that eliminates the need for physically transferring bearer-form paper or registering securities by using a central depository facility.

BOOKS OF ORIGINAL ENTRY. The record in which the various transactions are formally recorded for the first time, such as the cash receipts journal, the cash disbursements journal, or the general journal. When mechanized bookkeeping methods are used, it may happen that one transaction is recorded simultaneously in several books, some of which may be considered the books of original entry.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Note: The term “budget” is used in two senses in practice. Sometimes it designates the financial plan presented to the county board for adoption and, at other times, it represents the adopted budget. Therefore, it is usually necessary to specify whether the budget under discussion is preliminary and tentative or whether it has been approved by the board. See ANNUAL BUDGET, CAPITAL BUDGET, and CAPITAL PROGRAM.

BUDGETARY ACCOUNTS. Those accounts which reflect budgetary operations and conditions, such as estimated revenues, appropriations, and encumbrances.

BUDGETARY BASIS OF ACCOUNTING. The method used to determine when revenues and expenditures are recognized for budgetary purposes.

BUDGET DOCUMENT. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them. The second consists of

schedules supporting the summary. These schedules show in detail the information as to the past years' actual revenues, expenditures, and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

BUDGETARY BASIS OF ACCOUNTING. The method used to determine when revenues and expenditures are recognized for budgetary purposes.

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

BUDGETARY REPORTING. The requirement to present budget-to-actual comparisons in connection with general purpose external financial reporting. Budgetary reporting is required in connection with the basic financial statements for both the general fund and individual major special revenue funds with legally adopted annual budgets. Budgetary reporting also is required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.

BUILDINGS. A fixed asset account which reflects the acquisition value of permanent structures used to house persons and property owned by the county. If buildings are purchased or constructed, this account includes the purpose or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects their appraised value at the time of acquisition.

BUSINESS-TYPE ACTIVITIES. One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

CAFR. See COMPREHENSIVE ANNUAL FINANCIAL REPORT.

CALL. Actions taken to pay the principal amount of the bonds prior to the stated maturity date, in accordance with the provisions for “call” stated in the proceedings and the bonds.

CALL PREMIUM. A dollar amount, usually stated as a percentage of the principal amount called, paid as a “penalty” or a “premium” for the exercise of a call provision for debt.

August 2003

CALLABLE. Subject to payment of the principal amount (and accrued interest) prior to the stated maturity date, with or without payment of a call premium.

CALLABLE BOND. A type of bond which permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

CANCEL SUPPORTING DOCUMENTS. To mark supporting documents as having been used to support a transaction so the same documents cannot be used as support for a second transaction. An example is stamping vouchers “paid” and marking them with the check number.

CAPITAL ASSETS. Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL BUDGET. A plan of proposed capital outlays and the means of financing them for the current fiscal period.

CAPITAL EXPENDITURES. See CAPITAL OUTLAYS.

CAPITAL IMPROVEMENT PROGRAM. See CAPITAL PROGRAM.

CAPITAL OUTLAYS. Expenditures which result in the acquisition of or addition to capital assets.

CAPITAL PROGRAM. A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CAPITAL PROJECTS FUND. Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CAPITAL RESOURCES. Resources of a fixed or permanent character, such as land and buildings, which cannot ordinarily be used to meet current expenditures.

August 2003

CAPITALIZATION THRESHOLD. The dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPPING. Term used in connection with municipal solid-waste landfills (MSWLF). The cost of final cover expected to be applied near or after the date that the MSWLF stops accepting solid waste. [SGAS 18]

CASH. The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. [SGAS 9]

CASH AUDIT. An audit of the cash transactions for a stated period for the purpose of determining that all cash received has been recorded, that all disbursements have been properly authorized and vouched, and that the balance of cash is either on hand or on deposit. A cash audit can be limited from a complete inquiry into all cash transactions (a complete cash audit) to one involving only some of them (a limited cash audit). Such an audit establishes the accountability of the persons responsible for cash.

CASH BASIS OF ACCOUNTING. Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

CASH DISCOUNT. An allowance received or given if payment is completed within a stated period of time.

CASH EQUIVALENT. Term used in connection with cash flows reporting. Short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, original maturity means the original maturity to the entity holding the investment. [SGAS 9]

CASH WITH FISCAL AGENT. Deposits with fiscal agents, such as commercial banks, generally for the payment of matured bonds and interest or debt service related to debt refunding.

August 2003

CATEGORICAL AID. Aid given to a local government that is restricted to a specific purpose.

CHARACTER CLASSIFICATION. Expenditure classification according to the periods expenditures are presumed to benefit. The four character groupings are: (a) *current operating expenditures*, presumed to benefit the current fiscal period; (b) *debt service*, presumed to benefit prior fiscal periods as well as current and future periods; (c) *capital outlays*, presumed to benefit the current and future fiscal periods, and (d) *intergovernmental*, when one government transfers resources to another.

CHART OF ACCOUNTS. The classification system used by a county to organize the accounting for various funds.

CHECK. A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his/her order, or to the bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

CHECK REGISTER. A listing of checks issued, normally in numeric sequence and in order by date issued.

CIRCUIT BREAKER. A state-paid property tax refund program for homeowners and renters who have property taxes out of proportion with their income.

CLASS RATES. The percent of market value set by state law that establishes the property's tax capacity subject to the property tax.

CLASSIFIED PRESENTATION. The separate presentation on the statement of position of the current and long-term portions of assets and liabilities. A classified presentation is required for the proprietary fund statement of net assets.

CLEARING ACCOUNT. An account used to accumulate total charges or credits for the purpose of distributing them later among the accounts to which they are allocable or for the purpose of transferring the net difference to the proper accounts.

August 2003

CLOSED AMORTIZATION PERIOD. Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth. [SGAS 25]

CLOSED-END MUTUAL FUND. A SEC-registered investment company that issues a limited number of shares to investors that are then traded as an equity security on a stock exchange. [SGAS 31]

CLOSING DATE. The date on which a new issuance of bonds is delivered to the purchaser upon payment of the purchase price and the satisfaction of all conditions specified in the bond purchase agreement.

CODING. A system numbering or otherwise designating accounts, entries, invoices, vouchers, etc.

COLLATERAL. Term used in connection with deposits with financial institutions. Security pledged by a financial institution to a governmental entity for its deposit. [SGAS 3]

COMBINING FINANCIAL STATEMENTS. Financial statements that report separate columns for individual funds or component units. Combining financial statements normally are required in a comprehensive annual financial report to support each column in the basic financial statements that aggregates information from more than one fund or component unit.

COMMERCIAL PAPER. An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

COMMODITIES PROGRAMS. The distribution of surplus agricultural products as a form of assistance.

COMPARABILITY. The principle according to which differences between financial reports should be due to substantive differences in the underlying transactions or the governmental structure rather than due to selection of different alternatives in accounting procedures or practices. [SGAC 1]

COMPARATIVE DATA. Information from prior fiscal periods provided to enhance the analysis of financial data of the current fiscal period.

August 2003

COMPARATIVE FINANCIAL STATEMENTS. Financial statements providing all of the information required by GAAP for two or more fiscal periods.

COMPLETENESS. Assertions about completeness deal with whether all transactions and accounts that should be presented in the financial statements are included. For example, county management asserts that all purchases of goods and services are recorded and included in the financial statements. Similarly, management asserts that bonds payable in the balance sheet include all such obligations of the county.

COMPLIANCE SUPPLEMENT. Term used in connection with Single Audits. A publication of the U.S. Office of Management and Budget outlining compliance requirements for federal awards programs. The publication is designed to assist independent auditors performing Single Audits.

COMPONENT UNIT. A legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

COMPOSITE DEPRECIATION METHODS. Depreciation methods applied to groups of assets rather than to individual assets.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain: (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data. The CAFR of a public employee retirement system or an investment pool also should provide information on investments. Likewise, the CAFR of a public employee retirement system should provide actuarial information.

COMPREHENSIVE FRAMEWORK OF INTERNAL CONTROLS. A structure of internal controls that provides for: (a) a favorable control environment; (b) the continuing assessment of risk; (c) the design, implementation, and maintenance of effective control-related policies and procedures; (d) the effective communication of information; and (e) the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

CONDENSED FINANCIAL STATEMENTS. Abbreviated financial statements sometimes required by GAAP to be presented within the notes to the financial statements in connection with component units, external investment pools, and segments. In addition, GAAP prescribe the presentation of condensed financial information for the prior fiscal year as part of management's discussion and analysis.

CONDUIT DEBT. Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. [IGAS 2]

CONNECTION FEES. Fees charged to join or to extend an existing utility system. Often referred to as tap fees or system development fees.

CONSISTENCY. The principle according to which once an accounting principle or reporting method is adopted; it will be used for all similar transactions and events. The concept of consistency in financial reporting extends to many areas such as valuation methods, basis of accounting, and determination of the financial reporting entity. [SGAC 1]

CONSTRUCTION IN PROGRESS. A capital asset account reflecting the cost of construction work for projects not yet completed.

CONSUMPTION METHOD. The method under which inventories are recorded as expenditures when used. See PURCHASES METHOD.

CONTINGENT LIABILITIES. Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. All contingent liabilities should be disclosed within the basic financial statements, including the notes thereto.

CONTINUING APPROPRIATION. An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked, or expended.

CONTRACTS PAYABLE. Amounts due on contracts.

CONTROL. A policy or procedure that is part of internal control.

CONTROL ACCOUNT. An account in the general ledger which summarizes the aggregate of debit and credit postings to a number of identical or related accounts called subsidiary accounts. For example, Taxes Receivable is a control account supported by the aggregate of individual balances in individual property taxpayers' subsidiary accounts. See GENERAL LEDGER and SUBSIDIARY ACCOUNT.

CONTROL CYCLE. Term used in connection with the evaluation of internal controls. A series of logically connected transactions/processes and associated control-related policies and procedures.

CONTROL ENVIRONMENT. Term used for the attitude, awareness, and actions of the board, management, and others about the importance of control. This includes integrity and ethical rules, commitment to competence, board or audit committee participation, organizational structure, assignment of authority and responsibility, and human resource policies and practices.

CONTROL POLICIES AND PROCEDURES. Control activities are the policies and procedures that help ensure management directives are carried out. Those pertinent to an audit include performance reviews, information processing, physical controls and segregation of duties.

CONTROL RISK. The risk that material error in a balance or transaction class will not be prevented or detected on a timely basis by internal controls.

CORRECTION OF ERRORS. (1) See PRIOR PERIOD ADJUSTMENTS. (2) See REFUND and INTERFUND ACTIVITY.

August 2003

COST. The amount of money or money's worth exchanged for property or services. Note: Costs may be incurred even before money is paid, that is, as soon as a liability is incurred. Ultimately, however, money or money's worth must be given in exchange.

COST RECORDS. All ledgers, supporting records, schedules, reports, invoices, vouchers, and other records and documents reflecting the cost of projects, jobs, production centers, processes, operations, products, or services, or the cost of any of the component parts thereof.

COST-REIMBURSEMENT BASIS. Term used in connection with internal service funds. The setting of charges so that costs are systematically recovered on a break-even basis over time.

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer. [SGAS 25]

COUNTERPARTY. Term used in connection with custodial credit risk. Another party to a transaction. In the case of deposits and investments made by governmental entities, a counterparty could be the issuer of a security, a financial institution holding a deposit, a broker-dealer selling securities, or a third party holding securities or collateral. [SGAS 3]

COUPON RATE. The interest rate specified on interest coupons attached to a bond, also called the nominal interest rate.

CROSSOVER REFUNDING. A type of advance refunding in which the escrow established with the proceeds of the refunding bonds only begins to secure repayment of the refunded debt at some designated future time, known as the "crossover date."

CUMULATIVE EFFECT OF CHANGING TO A NEW ACCOUNTING PRINCIPLE. This is the effect on fund balance/net assets at the beginning of the current period of implementing or changing to a new accounting principle.

CURRENT. A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods.

August 2003

CURRENT ASSETS. Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, short-term investments, and taxes receivable which will be collected within one fiscal year.

CURRENT BUDGET. The annual budget prepared for, and effective during, the present fiscal year.

CURRENT COSTS. Term used in connection with municipal solid waste landfills. The amount that would be paid if all equipment, facilities, and services included in the estimate of closure and postclosure care costs were acquired during the current period. [SGAS 18]

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

CURRENT LIABILITIES. Liabilities which are payable within a relatively short period of time, usually no longer than a year.

CURRENT REFUNDING. A refunding transaction in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded. This situation differs from an advance refunding, where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.

CURRENT RESOURCES. Resources which can be used to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and in the case of certain funds, bonds authorized and unissued.

CURRENT REVENUE. Revenues of a governmental unit which are available to meet expenditures of the current fiscal year. See also REVENUE.

CUSTODIAL CREDIT RISK. The risk that a government will not be able (a) to recover deposits if the depository financial institution fails, or (b) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. [SGAS 3, Q&A]

CUSTOMER DEPOSITS. The liability account used in an enterprise fund for deposits made by customers as a prerequisite to receiving services and for goods provided by the fund.

DATA PROCESSING. (1) The preparation and handling of information and data to obtain results such as classification, problem solution, summarization, and reports. (2) Preparation and handling of financial information wholly or partially by mechanical or electronic means.

DATED DATE (OR ISSUE DATE). The date of a bond issue from which the bondholder is entitled to receive interest, even though the bonds may actually be delivered at some other date.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods or services. See also BOND, LONG-TERM DEBT, and NOTE PAYABLE.

DEBT LIMIT. The maximum amount of gross or net debt which is legally permitted.

DEBT SERVICE FUND. Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. [NCGA Statement 1] Also called a SINKING FUND.

DEBT SERVICE REQUIREMENT. The amount of money required to pay the interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to a debt service fund for term bonds.

DEDUCTION. Term used in connection with fiduciary funds. Decrease in the net assets of a fiduciary fund.

DEFEASANCE. In financial reporting, the netting of outstanding liabilities and related assets on the statement of position. Defeased debt is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. Most refundings result in the defeasance of the refunded debt. Defeasance also is sometimes encountered in conjunction with annuity contracts purchased in connection with lottery prizes and settlements of claims and judgments.

DEFERRED CHARGES. Expenditures which are not chargeable to the fiscal period in which made but are carried on the asset side of the balance sheet pending amortization or other disposition, for example, discount on bonds issued. Note: Deferred charges differ from prepaid expenses in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operations. See also PREPAID ITEMS.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFERRED SPECIAL ASSESSMENTS. Special assessments which have been levied but which are not due within one year.

DEFICIENCY. A general term indicating the amount by which anything falls short of some requirement or expectation. The term should not be used without qualification.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation. [SGAS 25]

DEFINED CONTRIBUTION PENSION PLAN. A pension plan having terms that specify how contributions to a plan member's account are to be determined, rather than the amount of retirement income the member is to receive. The amounts received by a member will depend only on the amount contributed to the member's account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member's account. [SGAS 25]

DELINQUENT SPECIAL ASSESSMENTS. Special assessments remaining unpaid on and after the date on which a penalty for nonpayment is attached.

DELINQUENT TAXES. Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid, or converted into tax liens.

DEMAND BONDS. Long-term debt issuances with demand (“put”) provisions that require the issuer to repurchase the bonds upon notice from the bondholder at a price equal to the principal plus accrued interest. To assure its ability to redeem the bonds, issuers of demand bonds frequently enter into short-term standby liquidity agreements and long-term “take out” agreements. [IGAS 1]

DEPLETION. (1) The reduction in quantity of a natural resource (wasting asset), such as coal, standing timber, or a rock quarry. (2) The portion of the cost which is charged as an expense during a particular period. See ALLOCATION, AMORTIZATION, and DEPRECIATION.

DEPOSIT. (1) Money or securities placed with a bank or other institution or with a person such as the county treasurer either as a general deposit subject to withdrawal by check or as a special deposit made for some specified purpose. (2) Sums deposited by customers and by contractors and others to accompany and guarantee their bids.

DEPOSITARY. A person/entity entrusted with the safekeeping and depositing of assets.

DEPOSITORY. A place where assets are deposited for safekeeping.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets. (2) The portion of the cost of a capital asset other than a wasting asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DERIVATIVE. Contract whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The term also is applied to similar transactions, such as structured financial instruments (e.g., mortgage-backed securities). [TB 94-1]

DERIVED TAX REVENUES. Nonexchange revenues that result from assessments imposed on exchange transactions (e.g., income taxes, sales taxes, and other assessments on earnings or consumption). [SGAS 33]

DESIGNATED UNRESERVED FUND BALANCE. Management's intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the government's senior management. Expressed another way, designations reflect a county's self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds. Designations represent tentative management plans that are subject to change.

DIRECT COSTING. Term used in connection with the valuation of capital assets. Use of source data (e.g., invoices) to establish the historical cost of a capital asset.

DIRECT DEBT. Debt that is to be repaid by the reporting government itself rather than by an overlapping or underlying government.

DIRECT EXPENSE. Expense that is specifically associated with a service, program, or department and, thus, is clearly identifiable to a particular function. [SGAS 34]

DISALLOWED COSTS. Claims for grantor resources that have been rejected by the grantor. Disallowed costs are to be distinguished from questioned costs, which are potential disallowed costs that have not yet been rejected by the grantor.

DISBURSEMENTS. Payments in cash.

DISCLAIMER (DISCLAIM). A statement that the auditor is unable to express an opinion as to the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America.

DISCLOSURE. Revealing information. Financial statement footnotes are one way of providing necessary disclosures.

DISCOUNT. (1) Amount (stated in dollars or a percent) by which the selling or purchase price of a security is less than its face amount. (2) Amount by which the amount bid for an issue is less than the aggregate principal amount of that issue.

DISCRETE PRESENTATION. Method of reporting financial data of component units in a column or columns separate from the financial data of the primary government. [SGAS 14]

DISCUSSION MEMORANDUM. A due-process document issued by the GASB soliciting comments from interested parties on various aspects of a technical issue that is the subject of research by the board.

DOCUMENT (DOCUMENTARY) (DOCUMENTATION). Written or printed paper that bears information that can be used to furnish decisive evidence. Could also be a recording, computer readable information, or a photograph.

DOUBLE ENTRY. A system of bookkeeping which requires for every entry made to the debit side of an account or accounts, an entry for a corresponding amount or amounts to the credit side of another account or accounts. Note: Double-entry bookkeeping involves the maintaining of a balance between assets and other resources on the one hand and liabilities, other obligations, and surplus on the other. To maintain this balance, it is necessary that entries for equal amounts be made in each group. Moreover, if a transaction affects only one group of accounts (for example, the asset group of accounts), the amount or amounts debited to an account or accounts within the group must be offset by a credit to another account or accounts within the group for a corresponding amount or amounts (for example, a debit to cash would be offset by a credit for a corresponding amount to taxes receivable or some other asset).

DUE PROCESS. The procedures followed by the GASB to ensure that the views of all interested parties are solicited and considered prior to issuing an authoritative pronouncement. At a minimum, due process requires that all statements and interpretations be preceded by an exposure draft.

August 2003

EARLY RECOGNITION OPTION. Term used in connection with debt service funds. The option to recognize an expenditure in the current period in a debt service fund for principal and interest payments due early in the subsequent period. This option is available only in situations involving the nondiscretionary transfer of resources to a debt service fund in the current period for payments due shortly after the end of the fiscal year (i.e, usually within one to several days, and never more than one month later).

EARNINGS. See INCOME and REVENUE.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It also is used by business enterprises and not-for-profit organizations in the private sector.

EDI. "Electronic Data Interchange" is the use of communication between an entity and customers or suppliers to transact business electronically. Purchase, shipping, billing, cash receipt, and cash disbursements can be completed entirely by exchanging electronic messages.

EFFECTIVE DATE. The date appearing on all documents which indicates the accounting period the transaction affects.

EFFECTIVE INTEREST RATE. The rate of earning on an investment based on the actual price paid in contrast with the nominal interest rate. See PRESENT VALUE.

EFFECTIVENESS. Term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives.

EFFICIENCY. Term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources. Efficiency necessarily presupposes effectiveness.

ELIGIBILITY REQUIREMENTS. Term used in connection with government-mandated and voluntary nonexchange transactions. Conditions established by the provider of resources stipulating matters such as the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. [SGAS 33]

ENCUMBRANCES. Commitments for unperformed (executory) contracts for goods or services. [NCGA Statement 1]

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. [SGAS 34]

ENTITLEMENT. The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

ENTITY DIFFERENCES. A difference between the budgetary basis of accounting and GAAP arising because the appropriated budget either includes or excludes organizations, programs, activities, and functions which may or may not be compatible with the criteria defining the governmental reporting entity. [NCGA Interpretation 10]

ENTRY. (1) The record of a financial transaction in its appropriate book of account. (2) The act of recording a transaction in the books of account.

EQUIPMENT. Physical property of a more or less permanent nature ordinarily useful in carrying on operations, other than land, buildings, or improvements to either of them. Examples are machinery, tools, trucks, cars, and furnishings.

EQUITY INTEREST. A financial interest in a joint venture evidenced by the ownership of shares of the joint venture's stock or by otherwise having an explicit, measurable right to the net resources of the joint venture that is usually based on an investment of financial or capital resources by a participating government.

ESCHEAT. The reversion of property to a governmental entity in the absence of legal claimants or heirs. The laws of many governmental entities provide that a rightful owner or heir can reclaim escheat property in perpetuity, provided the claimant can establish his or her right to the property. [SGAS 21]

August 2003

ESTIMATED REVENUE. If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period. If the accounts are kept on a cash basis, the term designates the amount of revenues estimated to be collected during a given period. See also REVENUE.

EXCHANGE TRANSACTIONS. Transaction in which each party receives and gives up essentially equal values. [SGAS 33]

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. Examples include: certain fees for regulatory or professional licenses and permits; certain tap fees; certain developer contributions; certain grants and donations; and other transactions that, regardless of the label applied to them, are based on an exchange of similar but not equal values. [SGAS 33]

EXISTENCE. Assertions about existence deal with whether assets or liabilities exist at a given date. For example, management asserts that inventories in the balance sheet are available for use.

EXPENDITURE. Decreases in net financial resources under the current financial resources measurement focus not properly classified as other financing uses. The difference between an expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays (the flow of current resources) while expenses measure total costs (total resources used; also known as capital maintenance). For example, purchases of capital assets (buildings and equipment) and of inventories are expenditures at the date of purchase, because they cause the outflow or the tie-up of current assets. They are not expenses, however, until they are used or used up, because they are still a resource until consumed. Another example is depreciation, which is not an expenditure because no current assets are used when depreciation is incurred, but which is an expense because it allocates the total cost as the depreciable capital asset is used. See MEASUREMENT FOCUS and MODIFIED ACCRUAL BASIS.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES. Charges incurred, whether paid or unpaid, for operation, maintenance, and interest, and other charges which are presumed to benefit the current fiscal period. An expense is a use of an asset. Directly using supplies, paying people for work done, or allocating (depreciating) the cost of equipment to the period of benefit are examples of expenses.

EXPLICIT MEASURABLE EQUITY INTEREST. Term used in connection with joint ventures. Asset resulting from a stipulation in the joint venture agreement that the participants have a present or future claim to the net resources of the joint venture and setting forth the method to determine the participants' shares of the joint venture's net resources. [SGAS 14]

EXPOSURE DRAFT. A due-process document issued by the GASB soliciting comments from interested parties on a proposed authoritative pronouncement.

EXTERNAL AUDIT. See INDEPENDENT AUDIT.

FACE VALUE. As applied to securities, this term designates the amount of the liability stated in the security document.

FAIR VALUE. Term used in connection with the valuation of investments. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. [SGAS 31]

FIDELITY BOND. A written promise to indemnify against losses from theft, defalcation, and misappropriation of public funds by government officers and employees. See also SURETY BOND.

FIDUCIARY FUNDS. Funds used to report assets held in a trustee or agency capacity for others and which, therefore, cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. [SGAS 34]

FILING FEE. A charge specified in statute for filing an initial document.

FINAL AMENDED BUDGET. Term used in connection with budgetary reporting. The original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. [SGAS 34]

August 2003

FINANCIAL ACCOUNTABILITY. Term used in connection with the definition of the financial reporting entity. The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government. [SGAS 14]

FINANCIAL ACCOUNTING FOUNDATION (FAF). Not-for-profit organization responsible for overseeing the operations of both the GASB and the FASB.

FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL (FASAC). Advisory group that assists the FASB. The FASAC includes representatives of all of the FASB's major constituents.

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB). The authoritative accounting and financial reporting standard-setting body for business enterprises and not-for-profit organizations. The FASB is the direct successor of the Committee on Accounting Procedure and the Accounting Principles Board. The GASB and its predecessors have elected to apply a number of the FASB's standards, as well as those of its predecessors, to state and local governments.

FINANCIAL AND COMPLIANCE AUDIT. An examination leading to the expression of an opinion on (1) the fairness of presentation of the audited entity's basic financial statements in conformity with GAAP, and (2) the audited entity's compliance with the various finance-related legal and contractual provisions used to assure acceptable governmental organizational performance and effective management stewardship.

FINANCIAL BENEFIT. Legal entitlement to, or the ability to otherwise access, the resources of an organization.

FINANCIAL BURDEN. All obligation, legal or otherwise, to finance the deficits of, or provide financial support to, an organization, or an obligation in some manner or the debt of an organization.

FINANCIAL REPORTING ENTITY. A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly-governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables and investments). Financial resources also may include inventories and prepaids (because they obviate the need to expend current available financial resources).

FINANCIAL SECTION. One of the three basic sections of a comprehensive annual financial report. The financial section is used to present the independent auditor's report on the financial statements, the basic financial statements (including the notes to the financial statements), required supplementary information, combining statements, individual fund statements and schedules, and supplementary information, as needed.

FINANCIAL STATEMENTS. See BASIC FINANCIAL STATEMENTS.

FINDING. Term used in connection with public-sector auditing. Published communication of internal control weaknesses or instances of noncompliance in connection with an audit conducted in accordance with GAGAS.

FINE. A monetary judgment, commonly imposed as a result of conviction for crimes or imposed by the court in a civil case for noncompliance with a court order.

FISCAL ACCOUNTABILITY. The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year). This term is used in contrast to operational accountability. [SGAS 34]

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due. See also CASH WITH FISCAL AGENT.

August 2003

FISCAL DEPENDENCE. Term used in connection with the definition of the financial reporting entity. Situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may arbitrarily override the financial decisions of the legally separate entity regarding: (a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.

FISCAL DISPARITIES. A seven-county metropolitan area aid program in which 40 percent of the commercial/industrial tax base of communities forms a pool of aid to metropolitan area communities without that tax base. A similar program is also in use on the Iron Range.

FISCAL FUNDING CLAUSE. Term used in connection with capital leases. A clause in a lease agreement that generally provides that the lease is cancelable if the legislature or other funding authority does not appropriate the funds necessary for the government unit to fulfill its obligations under the lease agreement.

FISCAL PERIOD. Any period at the end of which a government determines its financial position and results of its operations. See ACCOUNTING PERIOD.

FISCAL YEAR. A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

FIVE PERCENT CRITERION. Second of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. This test is applied to the combined total assets, liabilities, revenues, or expenses/expenditures of all governmental and enterprise funds for which the ten percent criterion has been met.

FIXED ASSETS. See CAPITAL ASSETS.

FIXED BUDGETS. Term used in contrast with flexible budgets. Budgets that embody estimates of specific (fixed) dollar amounts. [NCGA Statement 1]

FIXED CHARGES. Expenses, the amount of which is more or less fixed. Examples are interest, insurance, and contributions to pension funds.

FIXED COUPON REPURCHASE-REVERSE REPURCHASE AGREEMENT. A repurchase agreement or a reverse repurchase agreement where the parties agree that the securities returned will have the same stated interest rate as, and maturities similar to, the securities transferred. [SGAS 3]

FIXTURES. Attachments to buildings which are not intended to be removed and which cannot be removed without damage to the latter. Note: Those fixtures with a useful life presumed to be as long as that of the building itself are considered a part of such building; all others are classed as equipment.

FLEXIBLE BUDGETS. Term used in contrast with fixed budgets. Budgets that embody dollar estimates that vary according to demand for the goods or services provided. [NCGA Statement 1]

FLOW OF CURRENT FINANCIAL RESOURCES. The measurement focus applied to governmental funds. Under it, only current assets and current liabilities are generally reported on their balance sheets, and their operating statements present “financial flow” information (revenues and expenditures).

FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS. The measurement focus applied to proprietary and fiduciary funds. All assets and all liabilities whether current or noncurrent are reported on their balance sheets, and their operating statements present “capital maintenance” information (revenues and expenses).

FORFEITURE. A penalty by which one loses rights and interest in property, whether because of commission of an offense or because of nonperformance of some obligation or duty.

FORMULA GRANTS. Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria (e.g., number of full-time equivalent students) other than the incurrence of qualifying expenditures.

FULL FAITH AND CREDIT. People who are creditors of government are often protected from loss by the full faith and credit of the government. This means that the government will either use future taxes or borrowing to pay off debts.

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).

August 2003

FUND. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. [NCGA Statement 1]

FUND ACCOUNTS. All accounts necessary to set forth the financial operations and financial condition of a fund.

FUND BALANCE. The difference between assets and liabilities reported in a governmental fund.

FUND BALANCE SHEET. A balance sheet for a single fund. See also BALANCE and FUND SHEET.

FUND CLASSIFICATIONS. One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FUNDAMENTAL ANALYSIS. A method of estimating the fair value of a security when it is thinly traded or when quoted market prices are not available. Fundamental analysis considers assets, liabilities, operating statement performance, management, and economic environment of the issuer in estimating a fair value. [SGAS 31, Q&A] See MATRIX PRICING.

FUNDED MANDATE. Also known as a government-mandated nonexchange transaction. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform). [SGAS 33]

GAAFR. The acronym for *Governmental Accounting, Auditing, and Financial Reporting*, a publication of the Government Finance Officers Association. Also known as the *Blue Book*.

August 2003

GAAP. See GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

GAAP HIERARCHY. An authoritative list of the sources of GAAP. The GAAP hierarchy for state and local governments is set forth in SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report.*

GENERAL ACCOUNTING OFFICE (GAO). The investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. In the context of accounting, auditing, and financial reporting for state and local governments, the GAO is best known for issuing *Government Auditing Standards*, which are the source of GAGAS.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources, except those required to be accounted for in another fund. [NCGA Statement 1] Sometimes called General Revenue or County Revenue Fund.

GENERAL JOURNAL. A journal in which are entered all entries not recorded in special journals. See JOURNAL and SPECIAL JOURNAL.

GENERAL LEDGER. A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double-entry bookkeeping, the debits and credits in the general ledger are equal. Therefore, the debit balances equal the credit balances.

GENERAL OBLIGATION BONDS. Bonds for the payment of which the full faith and credit of the issuing government are pledged. More commonly, but not necessarily, general obligation bonds are considered to be those payable from taxes and other general revenues.

GENERAL REVENUES. All revenues that are *not* required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax (e.g., sales tax, property tax, franchise tax, or income tax). All other non-tax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues. [SGAS 34]

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local government are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS). The rules and procedures that govern the conduct of a financial audit. There are ten basic GAAS, classed into three broad categories: general standards, standards of fieldwork, and standards of reporting. The Auditing Standards Board of the AICPA publishes SAS's and related interpretations to comment and expand upon these basic standards.

GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS). Standards for the conduct and reporting of both financial and performance audits in the public sector. The General Accounting Office promulgates GAGAS through its publication, *Government Auditing Standards*, commonly known as the *Yellow Book*. The basic GAGAS standards are classed into three broad categories: general standards, fieldwork standards, and reporting standards. The general standards of GAGAS apply to both financial audits and performance audits. GAAS establish separate fieldwork and reporting standards for financial audits and performance audits. The fieldwork standards and reporting standards used for financial audits build upon the standards of fieldwork and the standards of reporting of GAAS.

GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS. Transactions that occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (e.g., federal programs that state or local governments are mandated to perform). [SGAS 33]

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Along with the FUND FINANCIAL STATEMENTS comprise the basic financial statements required for counties and other local governments.

August 2003

GOVERNMENTAL ACCOUNTING. The composite of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governmental units and agencies.

GOVERNMENTAL ACCOUNTING STANDARDS ADVISORY COUNCIL (GASAC). An advisory body established to assist the GASB. The membership of the GASAC represents all major groups with an interest in accounting and financial reporting for state and local governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR). A publication of the Government Finance Officers Association. Also known as the *Blue Book*; various editions have been published since the mid-1930s.

GOVERNMENTAL ACTIVITIES. Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds. [SGAS 34]

GOVERNMENTAL ENTITY. For accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units. The criteria used to distinguish governmental entities from nongovernmental entities are set forth in the AICPA's *Audits of States and Local Governments*.

GOVERNMENTAL EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants not being part of the sponsor's reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool. [SGAS 31]

GOVERNMENTAL FINANCIAL REPORTING MODEL. The minimum combination of financial statements, note disclosures, and required supplementary information prescribed for state and local governments by the GASB.

August 2003

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANT. A type of government-mandated nonexchange transaction involving the contribution of resources by one governmental unit to another unit. The contribution is usually made to aid in the support of a specified function (for example, education) and generally involves eligibility requirements imposed by the contributing government.

GRANT ANTICIPATION NOTE. Short-term, interest-bearing note issued by a government in anticipation of a grant to be received at a later date. The note is retired from proceeds of the grant to which it is related.

GROUPED ASSETS. Very similar assets acquired at the same time that are treated as a single asset for depreciation purposes. Any gain or loss is deferred until the entire group has been retired. When a single asset is retired from the group, its cost is removed from the asset account and sufficient amounts are removed from the accumulated depreciation account so that there is no gain or loss recognized.

GUARANTEED INVESTMENT CONTRACT. A group annuity contract designed to provide guarantees of principal and interest on funds deposited with an insurance company for a specified period.

HOMESTEAD. A residence occupied by the owner.

IMPLEMENTATION GUIDES. Guidance on the proper implementation of authoritative accounting and financial reporting standards issued by the staff of the GASB. Implementation guides use a question-and-answer format and enjoy “level d” status on the hierarchy of GAAP for state and local governments established by the AICPA's SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor's Report.*

IMPOSED NONEXCHANGE REVENUES. Revenues that result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (e.g., property taxes and fines). [SGAS 33]

August 2003

IMPOSITION OF WILL (IMPOSE ITS WILL). The ability to significantly influence the programs, projects, activities, or level of services performed or provided by an organization.

IMPREST (PETTY) CASH ACCOUNT. An account into which a fixed amount of money or cash equivalent is placed for the purpose of making change or minor disbursements. Advance travel and similar checking accounts and stamp funds are included in this category. Note: Petty cash is sometimes referred to as a “fund;” however, it is actually an asset account, generally of the General Fund.

IMPROVEMENT. An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

“IN-RELATION-TO” OPINION. An indication in the independent auditor's report that the auditor does not render an opinion on the fair presentation per se of certain information contained in the financial report (e.g., combining and individual fund financial statements), but does assert that the information in question is fairly presented in relation to the audited financial statements.

INCOME. This term is used in accounting for governmental enterprises and represents the excess of the revenues earned over the expenses incurred in carrying on particular phases of an enterprise’s activities.

INCURRED BUT NOT REPORTED (IBNR) CLAIMS. Term used in connection with risk financing. Claims for insured events that have occurred but have not yet been reported to the governmental entity, public entity risk pool, insurer, or reinsurer as of the date of the financial statements. IBNR claims include: (a) known loss events that are expected to be presented later as claims, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. [SGAS 10]

INDEPENDENT AUDIT. An audit performed by an independent auditor.

INDEPENDENT AUDITOR. Auditors who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered to be independent.

INDEPENDENT AUDITOR'S REPORT. The official written communication of the results of an audit. In a financial audit, the independent auditor's report typically will offer (or disclaim) an opinion on whether a set of financial statements is fairly presented in conformity with GAAP (or some other comprehensive basis of accounting).

INDIRECT EXPENSES. Expenses that cannot be specifically associated with a given service, program, or department and thus cannot be clearly associated with a particular functional category. [SGAS 34]

INDIVIDUAL INVESTMENT ACCOUNTS. An investment service provided by a governmental entity for other legally separate entities that are not part of the same reporting entity. With individual investment accounts, specific investments are acquired for individual entities and the income from and changes in the value of those investments affect only the entity for which they were acquired. [SGAS 3]

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. [SGAS 34]

IN-SUBSTANCE DEFEASANCE OF DEBT. A situation that occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

INTERFUND ACCOUNTS. Accounts in which transfers between funds are reflected. See **INTERFUND ACTIVITY** and **INTERFUND TRANSFERS**.

INTERFUND ACTIVITY. Activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories: reciprocal and nonreciprocal. Reciprocal interfund activity comprises interfund loans and interfund services provided and used. Nonreciprocal interfund activity comprises interfund transfers and interfund reimbursements.

INTERFUND LOANS. Amounts provided between funds and blended component units of the primary government with a requirement for repayment. [SGAS 34]

August 2003

INTERFUND REIMBURSEMENTS. Repayments from the funds or blended component units of the primary government responsible for particular expenditures or expenses to the funds or blended component units of the primary government that initially paid for them. [SGAS 34]

INTERFUND SERVICES PROVIDED AND USED. Sales and purchases of goods and services between funds and blended component units of the primary government for a price approximating their external exchange value. [SGAS 34]

INTERFUND TRANSFERS. Flows of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for repayment. [SGAS 34]

INTERGOVERNMENTAL REVENUE. Revenue received from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

INTERNAL AUDIT. An appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved. The term covers all forms of appraisal of activities undertaken by auditors working for and within an organization.

INTERNAL CONTROL. Internal control comprises the plan of the organization and all of the coordinate methods and measures adopted within a government to accomplish its objectives. Administrative control includes, but is not limited to, the plan of an organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of the government and is the starting point for establishing accounting control of transactions.

INTERNAL CONTROL FRAMEWORK. An integrated set of policies and procedures designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government's internal control framework must: (a) provide a favorable control environment; (b) provide for the continuing assessment of risk; (c) provide for the design, implementation, and maintenance of effective control-related policies and procedures; (d) provide for the effective communication of information; and (e) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

August 2003

INTERNAL CONTROL WEAKNESS. A defect in the design or operation of internal controls. A material weakness is a reportable condition which does not reduce to a relatively low level the risk that material errors or fraud would not be detected in a timely manner by employees in the normal course of their duties.

INTERNAL FINANCIAL REPORTING. Financial reporting specifically designed to meet the needs of management.

INTERNAL SERVICE FUND. Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. [SGAS 34]

INTRODUCTORY PARAGRAPH. The first paragraph of the auditor's standard report which identifies the financial statements audited, states that the financial statements are the responsibility of management, and that the auditor's responsibility is to express an opinion on the financial statements based on the audit.

INTRODUCTORY SECTION. The first of three essential components of any comprehensive annual financial report. The introductory section typically provides general information on a government's structure and personnel as well as all information useful in assessing the government's financial condition. The contents of the introductory section normally fall outside the scope of the independent audit of the financial statements.

INVENTORY. A detailed list showing quantities, descriptions, and values of property and frequently also units of measure and unit prices.

INVENTORY OF SUPPLIES. The cost value of supplies on hand.

INVESTING ACTIVITIES. Term used in connection with cash flows reporting. Investing activities include making and collecting loans (except program loans) and acquiring and disposing of debt or equity instruments. [SGAS 9]

INVESTMENT. Assets held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include capital assets used in governmental operations.

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT. One of three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

INVESTMENT SECTION. One of the sections of a comprehensive annual financial report for an investment pool public employee retirement system.

INVESTMENT TRUST FUNDS. Fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government. [SGAS 34]

INVITATION TO COMMENT. A due-process document that may be released by the GASB to solicit the views of interested parties on a topic under study by the board prior to the release of an exposure draft.

INVOICE. A bill for services or goods.

JOINT VENTURE. A legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the joint venture participants directly, or for the benefit of the public or specific service recipients. [SGAS 14]

JOINTLY-GOVERNED ORGANIZATION. A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. [SGAS 14]

JOURNAL. A book of original entry. Journals provide a chronological history of financial transactions and systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts.

JUDGMENT. An amount to be paid or collected by a government as the result of a court decision, including a condemnation award in payment for private property taken for public use.

August 2003

LAND. A fixed asset account which reflects the value of land owned by a governmental unit. If land is purchased, this account shows the purchase price and costs such as legal fees, filling and excavation costs, and the like which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects the appraised value at the time of acquisition.

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS. Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid waste landfill stops accepting solid waste and during the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (e.g., leachate collection systems and final cover) as well as the cost of services (e.g., postclosure maintenance and monitoring costs). [SGAS 18]

LAPSE. As applied to appropriations, this term denotes the automatic termination of an appropriation. Except for continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LAPSE PERIOD. A specified time at the beginning of a given budget period during which encumbrances outstanding at the end of the prior budget period may be liquidated using the prior year's budgetary authority. Many governments avoid the use of a lapse period by automatically appropriating as part of each new budget an amount sufficient to cover encumbrances outstanding at the end of the prior budget period.

LEASE-PURCHASE AGREEMENT. Contractual agreements which are termed "leases," but which in substance amount to purchase contracts.

LEASEHOLD. The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.

LEDGER. A group of accounts in which are recorded the financial transactions of an entity.

LEGAL DEBT LIMIT. See DEBT LIMIT.

LEGAL DEBT MARGIN. The excess of the amount of debt legally authorized over the amount of debt outstanding.

LEGAL DEFEASANCE. A situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEGAL OPINION. (1) The opinion of an official authorized to render it, such as an attorney general or county attorney, as to legality. (2) In the case of county bonds, the opinion, usually of a specialized bond attorney, as to the legality of a bond issue. A preliminary legal opinion is made in advance of the original sale of the bonds; a final opinion, after the bonds have been issued and sold.

LENT SECURITIES. The securities lent by the lender to the borrower in a securities lending transaction. Also referred to as underlying securities. [SGAS 28]

LEVEL (1-4) GUIDANCE. In the context of the hierarchy of GAAP for state and local governments, a reference to the relative authority of a given source of GAAP guidance.

LEVEL OF EFFORT REQUIREMENTS. A requirement that a grant recipient not use grant resources to reduce its own participation in a given program or activity.

LEVY. Verb: To impose taxes, special assessments, or service charges for the support of governmental activities. Noun: The total amount of taxes, special assessments, or service charges imposed by a government.

LIABILITIES. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

LIEN DATE. For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises. Generally, the lien date is specified in the relevant enabling legislation. Many governments use the term lien date even though a lien is not formally placed on the property at that date. Alternatively, the term assessment date is used to describe this same date. [SGAS 33]

LOAN PREMIUM OR FEE. Term used in connection with securities lending arrangements. Payments from the borrower to the lender as compensation for the use of the underlying securities when the borrower provides securities or letters of credit as collateral. [SGAS 28]

August 2003

LOCAL TAX RATE. The rate used to compute property taxes for each parcel of property. Local tax rate is computed by dividing the certified levy by the taxable tax capacity.

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

MAINTENANCE. Activities that ensure that the right-of-way and each type of roadway, roadway structure, and facility remain, as nearly as practical, in its original, as constructed condition or its subsequent improved condition.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least ten percent of corresponding totals for all governmental or enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users. [SGAS 34]

MAJOR PROGRAM. Term used in the context of Single Audits. As part of the Single Audit, the independent auditor must gain an understanding of internal controls over compliance for each major federal award program and then test those controls. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal award program.

MANAGEMENT LETTER. A term used in connection with the independent audit of the financial statements. A formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements. A management letter typically would be redundant in an audit conducted in accordance with GAAS, which require that the independent auditor publish internal control weaknesses and instances of noncompliance in conjunction with a format report on internal controls and compliance. The management letter, as just described, should be distinguished from the management representation letter. The latter is a communication by management to the independent auditor in which management takes formal responsibility for the fair presentation of the financial statements and makes certain specific representations regarding their contents.

August 2003

MANAGEMENT REPRESENTATION LETTER. A letter addressed to the auditor, signed by the client's chief executive officer and chief financial officer. During an audit, management makes many representations to the auditor. Written representations from management in the letter confirm oral representations given to the auditor, document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding. See REPRESENTATION.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and provide an analytical overview of the government's financial activities. [SGAS 34]

MARKET VALUE. An assessor's estimate of what property would be worth on the open market if sold. The market value is set on January 2 of the year before taxes are payable.

MATCHING REQUIREMENT. A requirement that a grant recipient contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

MATERIAL WEAKNESS. A reportable condition (internal control weakness) of such magnitude that it could potentially result in a material misstatement of the financial statements.

MATERIALITY. The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. The objective of accountability in governmental financial reporting adds another perspective to materiality. Specifically, accountability requires materiality to be judged not only in a quantitative manner, but also in a qualitative manner. That is, accountability involves such issues as legal and contractual compliance that may not have a "material" effect on the entity's reported operating results and financial position but that would influence or change the judgment of a reasonable person about how the government has conducted its affairs during the period. [SGAS 11]

MATRIX PRICING. A method of estimating the fair value of a security when it is thinly traded or when quoted market prices are not available. Matrix pricing estimates a security's fair value by considering coupon interest rates, maturity, credit rating, and market indexes as they relate to the security being valued and to similar issues for which quoted prices are available. [SGAS 31, Q&A] See FUNDAMENTAL ANALYSIS.

MATURITY DATE. The stated date on which all or a portion of the principal amount of a security is due and payable.

August 2003

MEASUREMENT FOCUS. The objective of a measurement; that is, what is being expressed in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering not only which resources are measured (e.g., financial or economic resources), but also when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The basis of accounting under which expenditures are recorded at the time liabilities are incurred and revenues are recorded when received, except that selected revenues are recorded when earned. The selected revenues should be material and must properly reflect the matching of expenditures, if applicable. [NCGA Statement 1] See AVAILABILITY CRITERION.

MODIFIED APPROACH. The election not to depreciate infrastructure assets that are part of a network or subsystem of a network that meet two specific requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. [SGAS 34]

MONEY MARKET INVESTMENT. A short-term, highly liquid debt instrument, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are not included in this term. [SGAS 31]

MULTI-PURPOSE GRANTS. Term used in connection with the identification of program revenues. Grants intended to finance activities reported in different functional categories in the government-wide statement of activities. Multi-purpose grants that do not provide for specific identification of the programs and amounts should be reported as general revenues. [SGAS 34]

MUNICIPAL BOND. A bond issued by a state or local government.

MUNICIPAL FINANCE OFFICERS ASSOCIATION. Original name of the Government Finance Officers Association of the United States and Canada.

August 2003

MUNICIPAL SOLID WASTE LANDFILL. A discrete area of land or an excavation that receives household waste, and that is not a land application unit, surface impoundment, injection well, or waste pile, as those terms are defined in regulations of the Environmental Protection Agency. It may also receive other types of Resource Conservation and Recovery Act Subtitle D wastes, such as commercial solid waste, nonhazardous sludge, and industrial solid waste. The term municipal indicates the primary type of solid waste received by the landfill, not its ownership. [SGAS 18]

NATIONAL ADVISORY COUNCIL ON STATE AND LOCAL BUDGETING (NACSLB). A working group created by eight public-sector organizations to establish a comprehensive framework for public-sector budgeting that could be used by state and local governments as an ideal against which to measure and improve the quality of their own budget practices. The Government Finance Officers Association has formally recommended the NACSLB's guidelines to its members.

NATIONAL COMMITTEE ON MUNICIPAL ACCOUNTING (NCMA). A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments prior to 1946. The NCMA was one of the predecessors of the GASB.

NATIONAL COMMITTEE ON GOVERNMENTAL ACCOUNTING (NCGA). A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments from the late 1940's until the establishment the National Council on Governmental Accounting in the 1970's.

NEGOTIABLE CERTIFICATES OF DEPOSIT. Transferable certificates of deposit. Because they are transferable, negotiable certificates of deposit are subject to custodial credit risk.

NET ASSETS. Reported on the government-wide financial statements and the proprietary funds financial statements. The difference between a government's assets and its liabilities in the statement of net assets (and statement of fund net assets) is its net assets. Net assets should be displayed in three components: invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted.

NET BOOK VALUE. See BOOK VALUE.

NET COST. Term used in the context of the government-wide statement of activities. The difference between functional expenses and program revenues.

August 2003

NET GENERAL OBLIGATION DEBT. General obligation debt reduced by amounts being paid with other than general resources (e.g., general obligation debt associated with proprietary funds and special assessment debt), as well as amounts available in sinking funds for debt repayment.

NET INCOME. A term used in accounting for proprietary funds to designate the excess of total revenue over total expenses for an accounting period. (Also called Net Profit.)

NET PENSION OBLIGATION. Term used in connection with defined benefit pension plans. The cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension liability (asset) at transition to SGAS 27, and excluding (a) short-term differences, and (b) no-commitment special assessment debt. Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is not backed by either the full faith and credit of the government or by any other type of general government commitment. [SGAS 27]

NO-COMMITMENT SPECIAL ASSESSMENT DEBT. Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is not backed by either the full faith and credit of the government or by any other type of general government commitment.

NONCAPITAL FINANCING ACTIVITIES. Term used in connection with cash flows reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments. [SGAS 9]

NONEXCHANGE TRANSACTIONS. A transaction in which a government (including the federal government, as a provider) either gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange. [SGAS 33]

NONFINANCIAL ASSETS. A term used in connection with the current financial resources measurement focus and the modified accrual basis of accounting. Assets that are expected to be used in the provision of goods or services rather than converted to cash. Financial statement preparers have the option of treating prepaid items and inventories of supplies as either a financial asset (consumption method) or as a nonfinancial asset (purchases method).

NONOPERATING INCOME. See NONOPERATING REVENUES AND EXPENSES.

NONOPERATING REVENUES AND EXPENSES. A term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. Revenues and expenses not qualifying as operating items, which typically include interest revenue and expense, taxes, and grants that are not equivalent to contracts for services.

NONPARTICIPATING INTEREST-EARNING INVESTMENT CONTRACTS. Investment contracts whose value is not affected by market (interest rate) changes (e.g., nonnegotiable certificates of deposit with redemption terms that do not consider market rates). This definition excludes investment contracts that are negotiable or transferable, or whose redemption value considers market rates. [SGAS 31]

NONRECIPROCAL INTERFUND ACTIVITY. The internal counterpart to nonexchange transactions. This category includes both interfund transfers and interfund reimbursements. [SGAS 34]

NORMAL COSTING. Term used in connection with the valuation of capital assets. Estimate of historical cost based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date of acquisition. That is, the historical cost of an asset is estimated by taking the value of acquiring the asset new today and then discounting that amount by an appropriate inflation factor back to the date of acquisition.

NORMALLY. Term used in connection with the application of the modified accrual basis of accounting to certain long-term liabilities. Specifically, certain accrued liabilities are recognized as expenditures in governmental funds only when they are *normally* expected to be liquidated with current available financial resources (e.g., compensated absences, claims and judgments, special termination benefits, and landfill closure and postclosure care costs). For this purpose, the term *normally* should be interpreted from the perspective of the practice of state and local governments.

August 2003

NOTE PAYABLE. In general, an unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein.

NOTE RECEIVABLE. An unconditional written promise, signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. The note may be held by the reporting governmental unit as designated payee or by endorsement.

NOTES TO THE FINANCIAL STATEMENTS. The summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements of an entity in conformity with GAAP which are not included on the face of the basic financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

NUMBER OF FUNDS PRINCIPLE. The principle that only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration. [NCGA Statement 1]

OBJECT. A term used in connection with the classification of expenditures. The article purchased or the service obtained, rather than the purpose for which the article or service was purchased or obtained (e.g. personal services, contractual services, materials, and supplies).

OBLIGATED IN SOME MANNER. Term used in connection with special assessment debt and the determination of the financial reporting entity. A government is obligated in some manner for debt if: (a) it is legally obligated to assume all or part of the debt in the event of default, or (b) the government may take certain actions to assume secondary liability for all or part of the debt--and the government takes, or has given indications that it will take, those actions. Stated differently, the phrase obligated in some manner is intended to include all situations other than those in which: (a) the government is prohibited (by constitution, charter, statute, ordinance, or contract) from assuming the debt in the event of default, or (b) the government is not legally liable for assuming the debt and makes no statement, or gives no indication, that it will, or may, honor the debt in the event of default. [SGAS 6]

OBLIGATIONS. Amounts which the county may be legally required to meet out of its resources. This includes not only actual liabilities but also unliquidated encumbrances. Assertions about obligations deal with whether liabilities are obligations of the entity at a given date. For example, management asserts that amounts capitalized for leases in the balance sheet represent the cost of the entity's rights to leased property and that the corresponding lease liability represents an obligation of the entity.

OBSOLESCENCE. The decrease in the value of capital assets resulting from economic, social, technological, or legal changes.

OCCURRENCE. Assertions about occurrence deal with whether recorded transactions have occurred during a given period. For example, management asserts that sales in the operating statement represent the exchange of goods or services with customers for cash or other consideration.

OFFICE OF MANAGEMENT AND BUDGET (OMB). An agency of the federal government with regulatory oversight of Single Audits. In fulfillment of this responsibility, the OMB has issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

ON-BEHALF PAYMENTS OF FRINGE BENEFITS AND SALARIES. Direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employees of another, legally separate entity (the employer entity or employer government). They include payments made by governmental entities on behalf of nongovernmental entities and payments made by nongovernmental entities on behalf of governmental entities, and may be made for volunteers as well as for paid employees of the employer entity. [SGAS 24]

OPEN AMORTIZATION PERIOD. Term used in connection with defined benefit pension plans. An open amortization period (open basis) is one that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, 30 years), the period may increase, decrease, or remain stable. [SGAS 25]

OPEN-END MUTUAL FUNDS. An open-end mutual fund is one that continuously offers its shares for sale to the public, compared with a closed-end company, which may issue only a limited number of shares. Mutual funds generally do not issue share certificates; instead, they send out periodic statements showing deposits, withdrawals, and dividends credited to the investor's account. [SGAS 3]

August 2003

OPERATING ACTIVITIES. Term used in connection with cash flows reporting. Operating activities generally result from providing services and producing and delivering goods and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. [SGAS 9]

OPERATING BUDGET. A plan of proposed operating expenditures and the means of financing them for the current fiscal period.

OPERATING EXPENSES. Proprietary fund expenses which are directly related to the fund's primary service activities.

OPERATING REVENUES AND EXPENSES. Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition. [SGAS 34]

OPERATIONAL ACCOUNTABILITY. Government's responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future. [SGAS 34]

OPINION PARAGRAPH. The paragraph in the auditor's report that expresses the auditor's conclusions. The wording of the standard, unqualified opinion paragraph is: "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of XYZ County as of December 31, year, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America."

OPTION-ADJUSTED SPREAD MODELS. A method of estimating the fair value of an option when it is thinly traded or when quoted market prices are not available. Such models measure the spread provided from a security that is an option or includes an option. Using a benchmarked yield curve, separate cash flows are discounted according to their maturity. The result is a spread when compared to yields for risk-free investments. [SGAS 31, Q&A]

August 2003

OPTION CONTRACT. A contract giving the buyer (owner) the right, but not the obligation, to purchase from (call option) or sell to (put option) the seller (writer) of the contract a fixed number of items (such as shares of equity securities) at a fixed or determinable “strike” price on a given date or at any time on or before a given date. [SGAS 31]

OPTION-PRICING MODELS. A method of estimating the fair value of an option when it is thinly traded or when quoted market prices are not available. Under one such model (i.e., the Black-Scholes model) consideration is given to a security's return, the-risk free interest rate, the time remaining until the option expires, and the relationship of the underlying security's price to the strike price of the option. [SGAS 31, Q&A]

ORGANIZATION. An administrative or functional structure whose purpose is to accomplish defined results. The term may refer to an agency, department, division, section, unit, etc.

ORIGINAL BUDGET. The first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. For example, a legal provision may require the automatic rolling forward of appropriations to cover prior-year encumbrances. [SGAS 34]

OTHER FINANCING SOURCE. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USE. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP.

OTHER POST-EMPLOYMENT BENEFITS (OPEB). Post-employment benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income. OPEB also include post-employment health care benefits provided through a public employee retirement system or pension plan. In addition to post-employment health care benefits (such as illness, dental, vision, and hearing), OPEB may include, for example, life insurance, disability income, tuition assistance, legal services, and other assistance programs. [SGAS 12]

August 2003

OTHER SOURCES OF GAAP. Potential sources of accounting and financial reporting guidance that may be used in the absence of authoritative guidance on one of the four levels of the hierarchy of GAAP for state and local governments set forth in SAS No. 9, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report*. Examples of other sources of GAAP for state and local governments include concepts statements of the GASB, pronouncements of the FASB that are not authoritative for government, professional publications, textbooks, and position papers of professional organizations. GASB Concepts Statements take precedence as another source of GAAP.

OUTCOME MEASURES. Term used in connection with service efforts and accomplishments reporting. Indicators that measure accomplishments or results that occur (at least partially) because of services provided. Results also include measures of public perceptions of outcomes. [SGAC 2]

OUTLAY. Synonymous with EXPENDITURE. See also CAPITAL OUTLAYS.

OUTPUT MEASURES. Term used in connection with service efforts and accomplishments reporting. Indicators that measure the quantity of services provided. Output measures include both measures of the quantity of service provided and measures of the quantity of service provided that meets a certain quality requirement. [SGAC 2]

OVERHEAD. All costs other than direct costs. Specifically, those elements of cost necessary to produce an article or perform a service for which the amount applicable to the product or service cannot be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service such as rent, heat, light, supplies, management, supervision, etc.

OVERLAPPING DEBT. Proportionate share that property within a government must bear of the debts of other local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by: (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

August 2003

OVERLAPPING GOVERNMENTS. All local governments located wholly or in part within the geographic boundaries of the reporting government.

PARTICIPATING INTEREST-EARNING INVESTMENT CONTRACTS. Interest-earning investment contracts whose value is affected by market (interest rate) changes (e.g., contracts that are negotiable or transferable, or whose redemption value considers market rates). [SGAS 31]

PASSENGER FACILITIES CHARGES (PFC's). A fixed fee authorized by the Federal Aviation Administration that airports may impose on each departing passenger for use in eligible construction projects or for related debt service. This charge is collected by whoever sells the ticket and then remitted to the airport.

PASS-THROUGH GRANTS. Grants and other financial assistance received by a governmental entity to transfer or to spend on behalf of a secondary recipient. [SGAS 24]

PASS-THROUGH RESOURCES. Resources that are received by a recipient government to transfer to or spend on behalf of a secondary recipient, government, or others, in accordance with legal or contractual provisions. See PASS-THROUGH GRANTS.

PAY-AS-YOU-GO BASIS. A term used to describe the financial policy of a government which finances all of its capital outlays from current revenues rather than by borrowing. A government which pays for some improvements from current revenues and others by borrowing is said to be on a partial or modified pay-as-you-go basis.

PAYMENT IN LIEU OF TAXES. A payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that normally are financed through property taxes.

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS. A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. [SGAS 34]

PENSION COST. A measure of the periodic cost of any employer's participation in a defined benefit pension plan. [SGAS 27]

August 2003

PENSION OBLIGATIONS BONDS. Bonds issued by employers to finance one or more elements of their pension obligation to employees. Pension obligation bonds may be used, for example, to provide funds for one or more of the following purposes: to reduce or eliminate the employer's net pension obligation, to pay the employer's annual required contribution for the year, or to reduce or eliminate the plan's unfunded actuarial accrued liability.

PENSION PLAN. An arrangement for the provision of pension benefits in which all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan. [SGAS 25]

PENSION-RELATED DEBT. All long-term liabilities of an employer to a pension plan, the payment of which is not included in the annual required contributions of a sole or agent employer or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan. [SGAS 27]

PENSION TREND DATA. Actuarially based data over time concerning the funding progress of a defined benefit pension plan and employers' actual and annual required contributions to the plan.

PERFORMANCE AUDIT. Auditing designed to evaluate the effectiveness or efficiency of an organization, program, or activity.

PERFORMANCE MEASUREMENT. Commonly used term for service efforts and accomplishments reporting.

PERMANENT FUNDS. A governmental fund type (fiduciary-like in nature) used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs--that is, for the benefit of the government or its citizenry.

PERPETUAL INVENTORY. A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided as to provide a running record of goods ordered, received, and withdrawn, and the balance on hand, in units and frequently also in value.

August 2003

PERSPECTIVE DIFFERENCES. Differences between the budgetary basis of accounting and GAAP that result when the structure of financial information used for GAAP financial reporting differs from the structure of financial information used for budgetary purposes. [NCGA Interpretation 10]

PETTY CASH. A sum of money set aside on an imprest basis for the purpose of making change or paying small obligations for which the issuance of a formal voucher and warrant would be too expensive and time consuming. Petty cash accounts are sometimes referred to as petty cash “funds.” However, they are not “funds” in the sense of governmental accounting fund types. Petty cash accounts should be reported as assets of the fund of ownership. See IMPREST (PETTY) CASH ACCOUNT.

POLICYHOLDER DIVIDENDS. Term used in connection with public-entity risk pools. Payments made or credits extended to the insured by the insurer, usually at the end of a policy year, that result in reducing the net insurance cost to the policyholder. These dividends may be paid in cash to the insured or applied by the insured to reduce premiums due for the next policy year. [SGAS 10]

POPULAR ANNUAL FINANCIAL REPORTING. Supplementary financial reporting designed to meet the special needs of interested parties who are either unable or unwilling to use the more detailed financial information provided in traditional comprehensive annual financial reports.

POST-AUDIT. An examination of financial transactions that have been consummated or those in various stages of completion at the end of an accounting period. See PRE-AUDIT.

POST-EMPLOYMENT HEALTHCARE BENEFITS. Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries. [SGAS 26]

POSTING. The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.

POTENTIALLY MISLEADING TO EXCLUDE. Term used in connection with defining the financial reporting entity. Basis for including a legally separate entity within the financial reporting entity even though that separate entity does not meet either of the normal criteria for inclusion as a component unit (i.e., board appointment or fiscal dependency).

August 2003

PRE-AUDIT. An examination of financial transaction prior to their completion.

PRELIMINARY PROJECT STAGE. Term used in connection with computer software developed or obtained for internal use. Costs incurred prior to the development stage of computer software (e.g., the conceptual formulation of alternatives, the evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives).

PRELIMINARY VIEWS. A due-process document issued by the GASB soliciting comments from interested parties on a proposed authoritative pronouncement prior to the issuance of an exposure draft.

PREMIUM DEFICIENCY. Term used in connection with public-entity risk pools. A situation that occurs if the sum of expected claims costs (including incurred but not reported claims) and all expected claim adjustment expenses, expected dividends to policyholders or pool participants, and unamortized acquisition costs exceeds related unearned premiums. [SGAS 30]

PREPAID ITEMS. An asset account reflecting charges entered in the accounts for benefits not yet received. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold.

PRESENT VALUE. The sum of future payments or receipts discounted to the current date at an appropriate rate of interest. Usually the present value can be considered equivalent to the cash price that would be paid for an item on delivery or the principal or face amount of an investment or debt exclusive of interest. However, when an item is purchased on credit and no interest rate is stated, or when an investment is bought or sold at a premium or discount, or when a debt is incurred and the cash proceeds are not the same as the face amount of the debt, computation of present value may be required.

PRESENTATION. Assertions about presentation deal with whether particular financial statement components are properly classified and described. For example, management asserts that long-term liabilities in the balance sheet will not mature in one year. Similarly, management asserts that extraordinary items in the operating statement are properly classified and described.

PRESERVATION. Specialized maintenance activities that serve to extend the originally estimated life of each type of roadway, roadway structure, and facility but do not increase its traffic flow capacity and efficiency.

August 2003

PRIMARY GOVERNMENT. Term used in connection with defining the financial reporting entity. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entity. [SGAS 14]

PRIMARY USERS OF GENERAL-PURPOSE EXTERNAL FINANCIAL REPORTS. Those groups of financial statement users whose needs guide the development of GAAP. For state and local governments, the primary users of general-purpose external financial reports are: (a) those to whom government is primarily accountable (the citizenry), (b) those who directly represent the citizens (legislative and oversight bodies), and (c) those who lend or who participate in the lending process (investors and creditors). [SGAC 1]

PRIOR PERIOD ADJUSTMENTS. The adjustment, usually of beginning fund balance or net assets, of previously reported financial statements to correct errors in those financial statements from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. [APB 20]

PRIVATE-PURPOSE TRUST FUNDS. A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. [SGAS 34]

PROGRAM. Group activities, operations, or organizational units directed to attaining specific purposes or objectives.

PROGRAM LOAN. Term used in connection with cash flows reporting. A loan made and collected as part of a governmental program that provides a direct benefit to individual constituents. [SGAS 9, Q&A]

PROGRAM REVENUE. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. [SGAS 34]

PROJECTED UNIT CREDIT ACTUARIAL COST METHOD. A method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the actuarial accrued liability.

PRONOUNCEMENTS OF THE FASB AND GASB. Rules that determine the principles for external financial reporting and disclosure.

PROPERTY CLASS. The classification assigned to each parcel of property based on the use of the property. For example, owner-occupied residential property is classified as homestead.

PROPERTY TAX. A tax levied on any kind of property.

PROPERTY TAX LEVY. The property taxes imposed by a local unit of government.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS). A state or local governmental entity entrusted with administering one or more pension plans; it also may administer other types of employee benefit plans, including post-employment healthcare plans and deferred compensation plans. A public employee retirement system also may be an employer that provides or participates in a pension plan or other types of employee benefit plans for employees of the system. [SGAS 25]

PUBLIC-ENTITY RISK POOL. A cooperative group of governmental entities joining together to finance an exposure, liability, or risk. Risk may include property and liability, workers' compensation, or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor. [SGAS 10]

PURCHASE ORDER. A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

PURCHASES METHOD. The method under which inventories are recorded as expenditures when purchased. This method is allowed only for governmental fund reporting. See also CONSUMPTION METHOD.

August 2003

PURE CASH CONDUIT. Term used in connection with pass-through grants. A grantor that merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program. [SGAS 24]

PURPOSE RESTRICTIONS. Term used in connection with government-mandated and voluntary nonexchange transactions. Legal limitations that specify the purpose or purposes for which resources are required to be used. [SGAS 33]

PUT OPTION. An option contract giving the buyer (owner) the right, but not the obligation, to sell to the writer of the contract a fixed number of items (such as shares of equity securities) at a fixed or determinable “strike” price on a given date or at any time on or before a given date. [SGAS 31]

QUALIFIED OPINION. Term used in connection with financial auditing. A modification of the independent auditor’s report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor’s general assertion that the financial statements are fairly presented.

QUESTIONED COST. Term used in connection with Single Audits. A determination by the independent auditor that an expenditure under a federal grant does not meet all of the grantor’s requirements and, therefore, may be subject to refund to the grantor.

REALIZED GAINS AND LOSSES. The cumulative effect of appreciation and depreciation in the value of investments reported at fair value at the time those investments are sold.

REAPPROPRIATION. The inclusion of a balance from the prior year’s budget as part of the budget of the subsequent fiscal year. Reappropriation is common for encumbrances outstanding at the end of a fiscal year that a government intends to honor in the subsequent fiscal year.

REASONABLE ASSURANCE. A term used in connection with financial auditing. The principle that the goal of the independent audit of the financial statements is to ensure that financial statements are free from material misstatement. The principle of reasonable assurance rests upon the assumption that it is not cost beneficial to attempt to ensure that financial statements are free of immaterial misstatements.

REASONABLE ASSURANCE (IN INTERNAL CONTROL). An internal control, no matter how well designed and operated, cannot guarantee that an entity’s objectives will be met because of inherent limitations in all internal control systems.

August 2003

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

RECEIPTS. Cash received. Also, the source document given to the payer to vouch that a transaction has occurred. Copies of the receipts are often used for data entry of the transaction into the county's books.

RECIPROCAL INTERFUND ACTIVITY. The interfund counterpart to exchange and exchange-like transactions. This category includes both interfund loans and interfund services provided and used. [SGAS 34]

REFUND. Noun: The recovery of an item previously expensed or the repayment of an item previously recorded as revenue. Such refunds should be included in revenues, expenditures, or expenses of the current accounting period. Verb: To pay back or allow credit for an amount because of an over-collection or because of the return of an object sold. Such charges or credits should be made to the account where the original transaction was recorded. Verb: To provide for the payment of an obligation through cash or credit secured by a new obligation.

REFUNDING. The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). [SGAS 23]

REFUNDING BONDS. Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds. See **ADVANCE REFUNDING BONDS**.

REGISTER. A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required particulars. The form of registers varies from a one-column to a multi-columnar sheet of special design whereon the entries are distributed, summarized, and aggregated for convenient posting to the accounts.

REGISTERED WARRANT. A warrant which is registered by the paying officer for future payment due to a present lack of moneys and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See WARRANT.

REGULATED ENTERPRISES. Enterprises for which (a) rates for regulated services or products are either established by, or subject to approval by an independent, third-party regulator (or the governing board itself if it is empowered by statute or contract to establish rates that bind customers); (b) the regulated rates are designed to recover the specific enterprise's costs of providing regulated services or products; and (c) it is reasonable to assume that the regulated activity can set and collect charges sufficient to recover its costs. Regulated enterprises have the option of adopting certain specialized guidance issued by the FASB. In practice, the term "regulated enterprise" normally is applied only to enterprises that elect this option.

REIMBURSEMENT GRANT. A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as expenditure-driven grants.

REIMBURSEMENTS. Reimbursements are transactions that reduce expenditures or expenses in the fund that is reimbursed. These transactions include refunds of expenditures, internal prorations of costs, and payments received for others' share of pooled purchases.

REINSURANCE. A transaction in which an assuming enterprise (reinsurer), for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer (ceding enterprise). However, the legal rights of the insured are not affected by the reinsurance transaction, and the ceding enterprise issuing the original insurance contract remains liable to the insured for payment of policy benefits. [SGAS 10]

RELATED ORGANIZATION. Term used in connection with defining the financial reporting entity. An organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not *financially* accountable. [SGAS 14]

RELATED PARTIES. Those with whom the client has a relationship which might destroy the self-interest of one of the parties (accounting is based on measurement of arm's length transactions). Related parties include affiliates of the client, principle owners, management (decision makers who control business policy), and members of their immediate families.

August 2003

RELATED-PARTY TRANSACTION. A transaction that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transaction. The term often is used in contrast to an arm's length transaction.

RELATIVE ORDER OF LIQUIDITY. An order for presenting assets and liabilities on the statement of net assets based upon how readily they may be converted to cash or will require the use of cash. [SGAS 34]

RELEVANCE. The principle that there should be a close logical relationship between the financial information provided and the purpose for which it is needed. Information is relevant if it is capable of making a difference in a user's assessment of a problem, condition, or event. [SGAC 1]

RELIABILITY. The principle that financial information should be verifiable, free from bias, and faithfully represent what it purports to represent. [SGAC 1]

REPORT. Noun: A written or verbal formal statement. Verb: To make, prepare, or present a written or verbal formal statement.

REPORTABLE CONDITION. Term used in connection with financial auditing. A significant deficiency in internal controls discovered in the course of the financial statement audit that must be communicated by the independent auditor to the entity's audit committee or its equivalent.

REPORTING PACKAGE. Term used in connection with Single Audits. A package that the independent auditor must communicate to the Federal Audit Clearinghouse that includes: (a) the government's financial statements, (b) the government's supplementary schedule of expenditures of federal awards, (c) the auditor's reports, (d) a summary schedule of prior audit findings, and (e) a corrective action plan. The reporting package must be accompanied by a special data collection form that summarizes the information contained in the reporting package.

REPRESENTATION. Items within a letter from management to the auditor representing that the financial statements are fairly presented. The letter is addressed to the independent auditor and dated at the date of the auditor's report. It is signed by members of management whom the auditor believes are responsible for, and knowledgeable about, matters covered (chief executive officer and chief financial officer).

August 2003

REPURCHASE AGREEMENT. A transaction in which the governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the governmental entity and promises to repay the cash plus interest in exchange for the return of the same securities. [SGAS 3]

REQUIRED SUPPLEMENTARY INFORMATION. Statements, schedules, statistical data, or other information that the GASB has determined to be necessary to supplement, although not required to be a part of, the basic elements. [SGAS 5]

REQUISITION. A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services.

RESERVE. An account set up to indicate the segregation of surplus to meet contingent liabilities or other segregations of surplus including, for example, reserve for encumbrances, reserve for uncollectible taxes, and so on.

RESERVED FUND BALANCE. The portion of a governmental fund's net assets that is not available for appropriation.

RESOURCES. The actual assets of a county such as cash, taxes receivable, land, buildings, etc., plus contingent assets, such as estimated revenues, applying to the current fiscal period not accrued or collected and bonds authorized and unissued.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. [SGAS 34]

RESTRICTED NET ASSETS. A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETROSPECTIVELY (EXPERIENCE) RATED POLICY. Term used in connection with public-entity risk pools. An insurance policy for which the final amount of the premium is determined by adjusting the initial premium based on actual experience during the period of coverage (sometimes subject to maximum and minimum limits). A retrospectively-rated policy is designed to encourage safety by the insured and to compensate the insurer if larger-than-expected losses are incurred. [SGAS 10]

August 2003

REVENUE. The yield of taxes and other sources of income that the county collects and receives into the treasury for public use. For those revenues which are recorded on the accrual basis, this term designates additions to assets which: (a) do not increase any liability, (b) do not represent the recovery of an expenditure, (c) do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and (d) do not represent contributions of fund capital in enterprise and internal service funds. The same definition applies to those cases where revenues are recorded on the modified accrual or cash basis, except that additions would be partially or entirely to cash.

REVENUE AND CLAIMS DEVELOPMENT TREND DATA. Required supplementary information mandated by the GASB for public-entity risk pools.

REVENUE ANTICIPATION NOTE. Short-term, interest-bearing note issued by a government in anticipation of revenues to be received at a later date. The note is retired from the revenues to which it is related.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVERSE REPURCHASE AGREEMENT. An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or for different securities. [SGAS 3]

REVOLVING FUND. (1) An internal service fund. (2) An imprest account which is accounted for as an asset of a fund.

RIGHTS. Assertions about rights deal with whether the entity has rights to the asset at a given date. For example, management asserts that amounts capitalized for leases in the balance sheet represent the cost of the county's rights to leased property.

RISK-SHARING POOLS. One of four different types of public-entity risk pool. An arrangement by which governments pool risks and funds and share in the cost of losses. [SGAS 10]

SALARY-RELATED PAYMENTS. Term used in connection with compensated absences. Payments by an employer that are directly and incrementally associated with payments made for compensated absences on termination. Such salary-related payments include the employer's share of social security and Medicare taxes and also might include, for example, the employer's contributions to pension plans. [SGAS 16]

SCHEDULE OF EMPLOYER CONTRIBUTIONS. Term used in connection with defined benefit pension plans. Trend data on employers' annual required contribution to a pension plan and actual contributions.

SCHEDULE OF FUNDING PROGRESS. Term used in connection with defined benefit pension plans. Trend data on the relationship between the actuarial value of pension plan assets and the related actuarial accrued liability.

SCOPE PARAGRAPH. The paragraph in the auditor's report that explains the scope of the engagement. The wording of the standard scope paragraph is: "We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions."

SEC2A7-LIKE POOLS. An external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act 1940 (17 Code of Federal Regulations § 270.2a-7). Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the market value of the portfolio deviates from amortized cost by a specified amount. [SGAS 31]

SECURITIES. Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments. See INVESTMENT.

August 2003

SECURITIES LENDING TRANSACTIONS. Transactions in which governmental entities transfer their securities to broker-dealers and other entities for collateral--which may be cash, securities, or letters of credit--and simultaneously agree to return the collateral for the same securities in the future. [SGAS 28]

SEGMENT. An identifiable activity (or grouping of activities) required to be accounted for separately which is reported as or within an enterprise fund or another stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments (such as certificates of participation) are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified. [SGAS 34]

SEGREGATION OF INCOMPATIBLE DUTIES. Term used in connection with the evaluation of internal control. The principle that no single employee should be placed in a position that allows that employee both to commit and conceal an irregularity in the ordinary course of the employee's duties.

SERIAL BONDS. Bonds whose principal is repaid in periodic installments over the life of the issue.

SERVICE EFFORTS AND ACCOMPLISHMENTS REPORTING. Term used by the GASB to describe the presentation of performance measures in connection with general purpose external financial reporting.

SHARED REVENUE. Revenue which is levied by one governmental unit but shared, usually in proportion to the amount collected or, by some other allocation method, with another governmental unit or class of governmental units.

SHORT-TERM DEBT. Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes contracts and accounts payable, bond anticipation notes, and interim warrants.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1984 (as amended by the Single Audit Amendments of 1996) and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

August 2003

SINGLE AUDIT ACT OF 1984. Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.

SINGLE-PROGRAM GOVERNMENTS. Term used in connection with financial reporting. A government that budgets, manages, and accounts for its activities as a single program. Single-program governments that use only governmental funds have the option to combine their fund financial statements and their government-wide financial statements into a single, combining presentation.

SINKING FUND. See DEBT SERVICE FUND.

SOLVENCY TEST. Term used in connection with pension plan financial reporting. Comparison of a pension plan's present assets to the aggregate accrued liabilities classified into the following categories: (a) liability for active member contributions on deposit, (b) liability for future benefits to present retired lives, and (c) liability for service already rendered by active members. In preparing this schedule, valuation assets are arbitrarily allocated first to the liability for active member contributions on deposit, second to the liability for future benefits to present retired lives, and third to the liability for service already rendered by active members, regardless of the method used for asset allocation.

SOURCE. The classification of the origin of revenues, not necessarily the payer.

SOURCE DOCUMENT. An original document, such as vendor invoice, receipt, or journal voucher, from which initial entries are made in the accounting system.

SPECIAL ASSESSMENT. A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SPECIAL ASSESSMENT BONDS. Bonds payable from the proceeds of special assessments. These bonds are payable only from the collections of special assessments.

SPECIAL ASSESSMENT ROLL. The official list showing the amount of special assessments levied against each property presumed to be benefitted by an improvement or service.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single governmental function or a restricted number of related functions.

August 2003

SPECIAL FUNDING SITUATIONS. Term used in connection with pensions. A situation in which a governmental entity is legally responsible for contributions to pension plans that cover the employees of another governmental entity or entities. For example, a state government may be legally responsible for the annual “employer” contributions to a pension plan that covers employees of school districts within the state. [SGAS 27]

SPECIAL ITEMS. Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. [SGAS 34]

SPECIAL JOURNAL. A journal containing all entries of a particular type. Examples include cash receipts journals, cash disbursement journals, purchases journals, etc. See GENERAL JOURNAL and JOURNAL.

SPECIAL REVENUE FUND. A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. [NCGA Statement 1]

SPECIAL TERMINATION BENEFITS. Benefits offered for a short period of time to employees in connection with their termination of employment. Special termination benefits serve as an inducement to take early retirement and often are used to help alleviate near-term budgetary problems.

STANDARD COSTING. Method of estimating the historical cost of a capital asset by establishing the average cost of obtaining the same or a similar asset at the time of acquisition.

STATEMENT OF ACTIVITIES. The statement of operations in the government-wide financial statements. The operations of the reporting government are presented in a format that reports the net (expense) revenue of its individual functions.

STATEMENT OF NET ASSETS. The statement of financial position in the government-wide financial statements and the proprietary funds financial statements. Governmental funds financial statements will report a balance sheet.

STATEMENTS. See BASIC FINANCIAL STATEMENTS.

STATISTICAL SECTION. The third of three essential components of any comprehensive annual financial report. The statistical section provides a broad range of trend data covering key financial indicators from the past ten fiscal years (e.g., general government revenues and expenditures, property tax collections, and debt burden). It also contains demographic and miscellaneous data useful in assessing a government's financial condition. The contents of the statistical section normally fall outside the scope of the independent audit of the financial statements.

STATUTE. A written law enacted by a duly organized and constituted legislative body.

STREET OR NOMINEE NAME. Securities that are issued in or endorsed to the name of a securities depository, broker-dealer, or other financial services company, on behalf of the true beneficial owners of the securities. [SGAS 3, Q&A]

STRIKE PRICE. A fixed or determinable price on a given date or at any time on or before a given date at which the buyer (owner) may purchase from (call option) or sell to (put option) the seller (writer) of an option contract a fixed number of items (such as shares of equity securities). [SGAS 31]

STRUCTURED SETTLEMENT. Term used in connection with risk financing. A means of satisfying a claim liability, consisting of an initial cash payment to meet specific present financial needs combined with a stream of future payments designed to meet future financial needs, generally funded by annuity contracts. [SGAS 10]

SUBOBJECT. A subdivision within an expenditure object classification (e.g., regular employees is a possible subobject classification within the personal services--salaries and wages expenditure object classification).

SUBRECIPIENT. An entity that is a secondary or ultimate recipient of federal (grantor) financial assistance. These federal funds are distributed, under contract, by a state or local government (grantee) to the secondary recipient and are used by it in order to carry out federal assistance programs. (These funds are not to be confused with pass-through resources received as an agency that are forwarded to a provider of services.) See PASS-THROUGH GRANTS and PASS-THROUGH RESOURCES.

SUBSEQUENT EVENTS. Events that affect the client and occur between the balance sheet date and issuance of the audit report. Some such events provide additional evidence about conditions that existed at the balance sheet date, such as the bankruptcy of a customer with a history of financial difficulty. The financial statements are adjusted to reflect this evidence. Evidence about conditions that did not exist at the balance sheet date, such as fire that destroyed a county building after the balance sheet date, may be so significant as to require disclosure.

SUBSIDIARY ACCOUNT. One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account (e.g., the individual property taxpayers' accounts for the taxes receivable control account in the general ledger). See CONTROL ACCOUNT.

SUBSIDIARY LEDGER. A group of subsidiary accounts, the sum of the balances of which should equal the balance of the related control account. See GENERAL LEDGER and SUBSIDIARY ACCOUNT.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP). The first of the notes to the financial statements or a separate section immediately preceding the notes to the financial statements. The basic authoritative guidance governing the contents of the SSAP is provided in Accounting Principles Board (APB) Opinion No. 22, *Disclosure of Significant Accounting Policies*.

SUPPLEMENTARY INFORMATION. Financial information presented together with basic financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is mandated by the GASB, it is referred to as required supplementary information.

SUPPORTING SCHEDULES. Financial presentations that: (1) demonstrate compliance with finance-related legal and contractual provisions; (2) present information spread throughout the basic financial statements that can be brought together and shown in greater detail (e.g., schedule of taxes receivable); (3) present greater detail for information reported in the basic financial statements (e.g., detail of revenues and expenditures by element and object); and (4) present information not disclosed in GAAP basic financial statements.

SURETY BOND. A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document through non-performance or through defalcation; for example, a surety bond given by a contractor or by an official handling cash or securities.

SURPLUS. The excess of the assets of a fund over its liabilities or, if the fund also has other resources and obligations, the excess of resources over obligations. The term should not be used without a properly descriptive adjective unless its meaning is apparent from the context. See also FUND BALANCE and NET ASSETS.

SUSCEPTIBLE TO ACCRUAL. Term used in connection with the application of the modified accrual basis of accounting. Revenues that are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. [NCGA Statement 1]

SUSPENSE ACCOUNT. An account which carries charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted.

SYSTEM DEVELOPMENT FEES. Fees charged to join or to extend an existing utility system. Also referred to as tap fees or connection fees.

TAKE-OUT AGREEMENT. Term used in connection with demand bonds. An arrangement with a financial institution to convert demand bonds to an installment loan payable over a specified period, sometimes as long as ten years or more. A take-out agreement is used to provide long-term financing in the event the remarketing agent is unable to resell demand bonds within a specified period (usually three to six months) subsequent to the exercise of the “demand” feature by bondholders. [IGAS 1]

TAP FEES. Fees charged to join or to extend an existing utility system. Also referred to as system development fees or connection fees.

TAX ANTICIPATION NOTE. Short-term, interest-bearing note issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

TAX CAPACITY. The valuation of property based on market value and statutory class rates. The property tax for each parcel is based on its tax capacity.

TAX INCREMENT FINANCING. Financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

August 2003

TAX LIENS. Claims which governmental units have upon properties until taxes levied against them have been paid. Note: The term is sometimes limited to those delinquent taxes for the collection of which legal action has been taken through the filing of liens.

TAX LIMIT. The maximum rate or amount of general property tax which a local government may levy.

TAX RATE. The amount of tax stated in terms of a unit of the tax base; for example, 25 mills per dollar of assessed valuation.

TAX ROLL. The official list showing the amount of taxes levied against each taxpayer or property.

TAXES. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

TAXES RECEIVABLE. The uncollected portion of taxes which a county has levied.

TECHNICAL AGENDA. Term used in connection with the operation of the GASB. A list of research projects formally undertaken by the GASB as part of its development of authoritative standards of accounting and financial reporting.

TECHNICAL BULLETIN. A document issued by the staff of the GASB to provide guidance for applying GASB statements and interpretations and resolving accounting issues not directly addressed by them. [TB 84-1]

TEMPORARY ACCOUNTS. Accounts that close to net assets at the end of an accounting period (e.g., revenues and expenses).

TEN PERCENT CRITERION. The first of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. For governmental funds, this test is applied to the total assets, liabilities, revenues, and expenditures of all governmental funds. For enterprise funds, this test is applied to the total assets, liabilities, revenues, and expenses of all enterprise funds. The test need be met for only one of these four items. See also FIVE PERCENT CRITERION.

August 2003

TERMINATION PAYMENTS METHOD. A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on a governmental entity's past experience of making termination payments for sick leave, adjusted for the effect of changes in its termination policy and other factors. [SGAS 16]

TIMELINESS. The principle that financial statements must be issued soon enough after the reported events to affect decisions. [SGAC 1]

TIMING DIFFERENCES. Differences between the budgetary basis of accounting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting (e.g., a special revenue fund that uses grant year budget rather than a fiscal year budget).

TOTAL TAX CAPACITY. The amount computed by first totaling the tax capacities of all parcels of property within a local taxing district. Adjustments for fiscal disparities, tax increment, and a portion of the powerline value are made to this total since not all tax capacity is available for general tax purposes.

TRADE DISCOUNT. An allowance, usually varying in percentage with the volume of transactions, made to those engaged in certain businesses and allowable without respect to the time when the account is paid. These discounts are commonly considered a reduction of the sales or purchase price and not earnings. The term is not to be confused with CASH DISCOUNT.

TRANSFERS. See INTERFUND ACTIVITY and INTERFUND TRANSFERS.

TRIAL BALANCE. A list of the balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be "in balance."

TRI-PARTY ARRANGEMENTS. Term used in connection with repurchase agreements. An arrangement in which the custodian serves as agent both of the buyer-lender and of the seller-borrower by agreeing, in the event of default by one, to protect the interests of the other. The custodian holds the securities underlying the agreement in the names of both repurchase agreement parties (the buyer-lender as pledgee and the seller-borrower as owner). [SGAS 3, Q&A]

TRUST AND AGENCY FUND. See AGENCY FUND and TRUST FUND.

TRUST FUND. A fund consisting of resources received and held by the governmental unit as trustee to be expended or invested in accordance with the conditions of the trust.

TYPE A PROGRAM. Term used in connection with the determination of major programs for purposes of Single Audits. Type A programs are defined on the basis of the relationship between program expenditures and total federal awards expended.

TYPE B PROGRAM. Term used in connection with the determination of major programs for purposes of Single Audits. A Type B program is any program with insufficient program expenditures to qualify as a Type A program.

UNALLOCATED CLAIM ADJUSTMENT EXPENSES. Term used in connection with risk financing. Costs that cannot be associated with specific claims but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool's claims department. [SGAS 10]

UNALLOCATED DEPRECIATION. Term used in connection with the government-wide statement of activities. Depreciation not properly reported as a direct expense of a functional category.

UNCOMMITTED BALANCE OF APPROPRIATIONS. The portion of an appropriation remaining after the deduction of expenditures and encumbrances.

UNDERSTANDABILITY. The principle that information in financial reports should be expressed as simply as possible. [SGAC 1]

UNDESIGNATED, UNRESERVED FUND BALANCE. Available expendable financial resources in a governmental fund that are not the object of tentative management plans.

UNDIVIDED INTEREST. An arrangement (also known as a joint operation) that resembles a joint venture but no entity or organization is created by the participants. An undivided interest is an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest. Implied in that definition is that each participant is also liable for specific, identifiable obligations (if any) of the operation. Because an undivided interest is not

August 2003

a legal entity, borrowing to finance its operations often is done individually by each participant. An additional consequence of the absence of a formal organizational structure is that there is no entity with assets, liabilities, expenditures/expenses, and revenues--and thus, equity--to allocate to participants. [SGAS 14]

UNEARNED REVENUE. A type of deferred revenue account used in connection with resources that have not yet been earned.

UNENCUMBERED BALANCE. That portion of an appropriation not yet expended or encumbered; the balance remaining after deducting from the appropriation the accumulated expenditures and outstanding encumbrances.

UNEXPENDED BALANCE. That portion of an appropriation which has not been expended; the balance remaining after deducting from the appropriation and the accumulated expenditures.

UNFUNDED ACTUARIAL ACCRUED LIABILITY. The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, the excess of the actuarial value of assets over the actuarial accrued liability, or the funding excess.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNREALIZED GAINS AND LOSSES. Term used in connection with the valuation of investments. Cumulative change in the market value of investments prior to their disposition.

UNREALIZED REVENUES. Term used in connection with budgeting. The difference between estimated revenues and actual revenues.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VALUATION. An assertion made by management that each asset and liability is recorded at an appropriate carrying value.

August 2003

VESTING METHOD. A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on the sick leave accumulated at the date of the statement of position for those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. In calculating the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination payments. [SGAS 16]

VOLUNTARY NONEXCHANGE TRANSACTIONS. Transactions that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (e.g., certain grants and private donations). [SGAS 33]

VOTING MAJORITY. Term used in connection with defining the financial reporting entity. A situation in which the number of the primary government's appointees to a component unit's board is sufficient to control decisions of the component unit. [SGAS 14, Q&A]

VOUCHER. A written document which evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

VOUCHER SYSTEM. A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry, known as a voucher register, in the order in which payment is approved.

VULNERABILITY ASSESSMENT. Term used in connection with evaluations of internal controls. The risk-based systematic prioritization of internal control evaluations.

WARRANT. An order drawn by the legislative body or an officer of a government upon its treasurer directing the latter to pay a specified amount to the person named or to the bearer. It may be payable upon demand, in which case it usually circulates the same as a bank check; or it may be payable only out of certain revenues when and if received, in which case it does not circulate as freely.

WASTING ASSETS. Mines, timberlands, quarries, oil fields, and similar assets, which diminish in value by the removal of their contents.

August 2003

WIDELY RECOGNIZED AND PREVALENT PRACTICE. Term used in connection with the hierarchy of GAAP for state and local governments established by SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report*. The principle that accounting and financial reporting practice should itself serve as a source of GAAP in the absence of higher level guidance.

YELLOW BOOK. Term used in connection with public-sector auditing. A non-technical term commonly used to describe the General Accounting Office’s publication *Government Auditing Standards*.

YIELD MAINTENANCE REPURCHASE-REVERSE REPURCHASE AGREEMENT. A repurchase agreement or a reverse repurchase agreement where the parties agree that the securities returned will provide the seller-borrower with a yield as specified in the agreement. [SGAS 3]

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AcSEC--Accounting Standards Executive Committee of the AICPA
AG--Attorney General, Office of
AGA--Association of Governmental Accountants
AICPA--American Institute of Certified Public Accountants
AJE--Adjusting or Accounting Journal Entry
AMC--Association of Minnesota Counties
AMSSA--Association of Minnesota Social Services Accountants
APB--Accounting Principles Board
APC--Annual Pension Cost
ARB--Accounting Research Bulletin of the Committee on Accounting Procedure
ARC--Annual Required Contribution
ASB--Auditing Standards Board
ASCII--American Standard Code for Information Interchange
ASLG--AICPA's Audit and Accounting Guide, *Audits of State and Local Governments*
AT sec.--Attestation Standards Section of the AICPA's Professional Standards
ATB--Accountant's Trial Balance
AU sec.--Auditing Standards Section of the AICPA's Professional Standards
BAN--Bond Anticipation Note
BMS--Minnesota Bureau of Mediation Services
BTA--Business Type Activity
CAFR--Comprehensive Annual Financial Report
CD--Certificate of Deposit or Contract for Deed
CFDA--Catalog of Federal Domestic Assistance
CFL--Minnesota Department of Children, Families and Learning (now Education)
CFR--Code of Federal Regulations
COFARS--County Financial Accounting and Reporting Standards
COI--Conflict of Interest
COLA--Cost of Living Adjustment
COMAP--County Manual Accounting Procedures
CPI--Consumer Price Index
CPU--Central Processing Unit
DES--Data Encryption Standard
DHS--Minnesota Department of Human Services
DM--Discussion Memorandum
DNR--Minnesota Department of Natural Resources
DOE--U.S. Department of Energy
DOI--U.S. Department of the Interior

August 2003

DOJ--U.S. Department of Justice
DOL--U.S. Department of Labor
DOLI--Minnesota Department of Labor and Industry
DOT--U.S. Department of Transportation
DPS--Minnesota Department of Public Safety
DTED--Minnesota Department of Trade and Economic Development
ED--Exposure Draft
EDA--Economic Development Authority
EDI--Electronic Data Interchange
EDP--Electronic Data Processing
EEOC--Equal Employment Opportunity Commission
EFT--Electronic Funds Transfer
EFTS--Electronic Funds Transfer System
EITF--Emerging Issues Task Force
ELF--Extremely Low Frequency
EPA--Environmental Protection Agency
ET sec.--Ethics Standards Section of the AICPA's Professional Standards
FAA--U.S. Federal Aviation Administration
FAF--Financial Accounting Foundation
FAS--Financial Accounting Standards
FASB--Financial Accounting Standards Board
FASBI--Financial Accounting Standards Board Interpretations
FASBS--Statements of the Financial Accounting Standards Board
FDIC--Federal Deposit Insurance Corporation
FDS--HUD's Financial Data Schedule
Fed--Federal Reserve System-Board of Governors
FEMA--Federal Emergency Management Agency
FHWA--Federal Highway Administration
FICA--Federal Insurance Contributions Act
FIFO--First-In, First-Out
FLRA--Federal Labor Relations Authority
FLSA--Fair Labor Standards Act
FMLA--Family and Medical Leave Act
FMV--Fair Market Value
FNMA--Federal National Mortgage Association
FNS--Food and Nutrition Service
FOB--Freight on Board
FOIA--Freedom of Information Act

August 2003

FR--Federal Register
FRS--Federal Reserve System
FS--Financial Statement
FTA--Federal Transit Administration
FUTA--Federal Unemployment Tax Act
FWS--Fish and Wildlife Service
FY--Fiscal Year
GAAFR--Governmental Accounting, Auditing, and Financial Reporting
GAAP--Generally Accepted Accounting Principles
GAAS--Generally Accepted Auditing Standards
GAGAS--Generally Accepted Governmental Auditing Standards
GAO--U.S. General Accounting Office
GASB--Governmental Accounting Standards Board
GASB-COD--Governmental Accounting Standards Board Codification
GASB Q&A--Implementation Guides of the GASB Staff
GASBT--Governmental Accounting Standards Board Technical Bulletions
GFOA--Government Finance Officers Association
GIC--Guaranteed Investment Contract
GIS--Geographic Information System
GL--General Ledger
GNMA--Government National Mortgage Association
GPS--Global Positioning System
GWFS--Government-Wide Financial Statements
HACA--Homestead and Agricultural Credit Aid
HHS--U.S. Department of Health and Human Services
HRA--Housing and Redevelopment Authority
HUD--U.S. Department of Housing and Urban Development
IBNR--Incurred But Not Reported (claims)
ICMA--International City/County Management Association
ICQ--Internal Control Questionnaire
IFS--Integrated Financial System
IG--Inspector General
IGAS--Interpretation of Governmental Accounting Standards
INS--Immigration and Naturalization Services (Department of Justice)
IRC--Internal Revenue Code
IRS--Internal Revenue Service
IT--Information Technology
JE--Journal Entry

August 2003

JPA--Joint Powers Agreement
LCM--Lower of Cost or Market
LGA--Local Government Aid
LIFO--Last-In, First-Out
LPHA--Local Public Health Association of Minnesota
MAAO--Minnesota Association of Assessing Officers
MACA--Minnesota Association of County Administrators
MACCAC--Minnesota Association of Community Correction Act Counties
MACLC--Minnesota Association of County Land Commissioners
MACM--Minnesota Association of Court Management
MACMHP--Minnesota Association of County Mental Health Programs
MACO--Minnesota Association of County Officers
MACPO--Minnesota Association of County Probation Officers
MACPZA--Minnesota Association of County Planning and Zoning Administrators
MACS--Minnesota Association of County Surveyors
MACSSA--Minnesota Association of County Social Services Administrators
MACVSO--Minnesota Association of County Veteran Services Officers
MAPCED--Minnesota Association of Professional County Economic Developers
MAT--Minnesota Association of Townships
MAWD--Minnesota Association of Watershed Districts
MCAA--Minnesota County Attorney's Association
MCEA--Minnesota County Engineer's Association
MCHAA--Minnesota County Highway Accountants Association
MCIT--Minnesota Counties Insurance Trust
MDA--Minnesota Department of Agriculture
MD&A--Management's Discussion and Analysis
MDH--Minnesota Department of Health
MFBA--Measurement Focus and Basis of Accounting
MHFA--Minnesota Housing Finance Agency
MICA--Metropolitan Inter-County Association
MIS--Management Information System
MNCRA--Minnesota County Recorders Association
MNDOT--Minnesota Department of Transportation
MOEA--Minnesota Office of Environmental Assistance
MRBJPB--Minnesota River Basin Joint Powers Board
MSSA--Minnesota Social Services Association
MSSA--Minnesota State Sheriff's Association
MSWAA--Minnesota Solid Waste Administrator's Association

August 2003

MVC--Market Value Credit
MWSA--Minnesota Workforce Service Areas
NA--Not Applicable
NACo--National Association of Counties
NASD--National Association of Securities Dealers
NCGA--National Council on Governmental Accounting
NHTSA--National Highway Traffic Safety Administration
NLRB--National Labor Relations Board
NPO--Net Pension Obligation
NPV--Net Present Value
NRMSIR--Nationally Recognized Municipal Securities Information Repository
NSF--Not Sufficient Funds
NTSB--National Transportation Safety Board
O/A--On or About
OCBOA--Comprehensive Basis of Accounting Other than GAAP
OCR--Optical Character Recognition
OIG--Office of Inspector General
OMB--U.S. Office of Management and Budget
OPEB--Other Post-Employment Benefits
OSA--Office of the State Auditor
OSHA--Occupational Safety and Health Administration
PCA--Minnesota Pollution Control Agency
PCIE--President's Council on Integrity and Efficiency Single Audit Committee
PERA--Public Employees Retirement Association
PERS--Public Employees Retirement System
PHA--Public Housing Authority
PHS--Public Health Service
PILOT--Payment in Lieu of Taxes
PL--Public Law
PO--Purchase Order
PV--Present Value
QC--Quality Control
RAM--Random Access Memory
R&D--Research and Development
RFI--Request for Information
RFP--Request for Proposals
RICO--Racketeer Influenced and Corrupt Organizations Act
ROI--Return on Investment

August 2003

ROM--Read-Only Memory
ROW--Right of Way
RSI--Required supplementary information
RTC--Resolution Trust Corporation
RV--Residual Value
SAS--Statement on Auditing Standards
SBA--Small Business Administration
SEC--Securities and Exchange Commission
SFAC--Statements of Financial Accounting Concepts
SFAS--Statements of Financial Accounting Standards
SGAC--Statement of Governmental Accounting Concepts
SGAS--Statement of Governmental Accounting Standards
SI--Supplementary Information (other than required supplementary information)
SID--State Information Depository
SOP--Statement of Position by Committees of the AICPA
SSA--Social Security Administration
SSAE--Statement on Standards for Attestation Engagements
SSCS--Statement on Standards for Consulting Services
SWCD--Soil and Water Conservation District
SYD--Sum-of-the-Years'-Digits
TAN--Tax Anticipation Note
TB--Technical Bulletins of the GASB
TB--Trial Balance
TIF--Tax Increment Financing
TIN--Tax Identification Number
UCC--Uniform Commercial Code
UFRS--HUD's Uniform Financial Reporting Standards
U.S.C.--United States Code
USDA--U.S. Department of Agriculture
VA--Department of Veterans Affairs
WAN--Wide Area Network
WIC--Women, Infants and Children, Special Supplemental Food Program for
WIP--Work-In-Process
YTD--Year-To-Date

August 2003