

Account Code	The most detailed unit of budgetary expenditures listed in the City of Newton's budgets.
Accrual Basis of Accounting	A method of accounting that recognizes the financial effect of transactions, events, and Interfund activities when they occur, regardless of the timing of related cash flows.
Ad Valorem Tax	A tax levied on the assessed value of real and personal property. Also referred to as a property tax.
Amortization	The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.
Appraised Value	The market value of real property, personal property, and utilities as determined by the County Appraiser.
Appropriation	Expenditure authority approved by the governing body with specific limitations as to the amount, purpose, and time.
Assessed Value	The official value placed on real estate, personal property, and utilities as a basis for levying taxes. The value is determined by applying a mathematical factor to the appraised value. The value is also determined by the property classification; residential real estate is assessed at 11.5%.
Balanced Budget	Kansas statute requires that the City adopt a balanced budget based on the following requirement: "Appropriations shall be limited to the total of estimate-ed revenues and the unencumbered fund balances estimated to be available at the close of the current fiscal year." The City adopts a statutorily balanced budget.
Bonds	Process for the long-term borrowing of funds. The City of Newton uses bonds to finance large capital projects. Lenders, the purchasers of the bonds, are repaid the principal amount in annual installments and accrued interest semi-annually. The most common types of bonds are general obligation and revenue bonds. These bonds are most frequently used for construction of large capital projects, such as buildings, streets, and water and sewer systems.
Bond Rating	An evaluation of credit worthiness performed by an independent rating service. The City's most recent bond rating by Moody's Investment Service is A1.
Budget	A financial plan of operation which includes an estimate of proposed revenues and expenditures for a fiscal year. A formal budget constitutes a legal spending limit for local governments in Kansas and provides a level of control for most government activities.
Budget Adoption	A formal process by which the budget is approved by the governing body.
Budget Amendment	The legal means by which an adopted budget may be increased. The Budget may only be increased with revenues other than ad valorem taxes. The amendment process follows similar steps as the budget adoption.

Budget Publication	A legal step toward formal budget adoption. To meet legal requirements, the public must be notified of budget proposals via local print media.
Budget Transfer	The process by which approved budgeted dollars may be reallocated between line items expenditures within the same Fund and/or Department to cover unforeseen expenses. Requires City Manager's approval.
Budgetary Control	The control or management of a government unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.
Capital Budget	A one-year budget approved by the City Commission, outlining the selection and timing of capital expenditure projects. It prioritizes projects and provides funding mechanisms.
Capital Improvement Plan (CIP)	A long-term plan of facility and infrastructure enhancement. The City of Newton uses a five-year term for capital planning.
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures.
Contractual Services	Costs of services provided by external entities.
Debt Service	Payments of interest and repayment of principal to holders of City of Newton bonds and other debt instruments.
Department	A functionally similar grouping of City divisions, such as the Public Works Department, which includes the divisions of Engineering, Street & Sanitation and Water & Wastewater.
Depreciation	The periodic expiration of an asset's useful life. Depreciation is a requirement, in proprietary funds (such as enterprise and internal service funds).
Disbursement	The actual payout of funds; expenditure.
Division	An organizational unit which is functionally unique in delivery of services. A division may contain one or more programs.
Employee Benefits	Social Security, retirement, unemployment compensation, and health/life/dental insurance for eligible employees is paid for and provided by the City of Newton through the payroll process.
Encumbrance	A commitment of funds, though actual disbursement has not yet occurred.
Enterprise Fund	An accounting entity for recording revenues and expenditures of government services that are self-supporting.
Estimated Revenues	Projections of funds to be received during the fiscal year.
Expenditure	An outlay of cash for the purpose of acquiring an asset or providing a service.

Expenditure Category	<p>A grouping of similar expenditures. Examples are as follows:</p> <p>Personnel - expenditures for direct personnel compensation Capital Outlay - expenditures related to the purchase of equipment and other fixed assets.</p>
Fiduciary Fund	<p>Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.</p>
Fiscal Year	<p>A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The fiscal year for the City of Newton coincides with the calendar year.</p>
Full-Time Equivalent	<p>A method of quantifying and allocating staffing levels, based on a full-time (FTE) work schedule. One worker may perform functions for several programs, and that person's salary and benefits would be divided among those programs for funding according to how much of the person's time is spent for each program. For example, a person who devoted 3 days of work per week to one program would be assessed against that program as 0.6 (24 hours divided by 40) FTE.</p>
Fund	<p>An accounting entity for recording expenditures and revenues, comparable to an individual bank account. Funds are established to account for specific activities and are subject to special limitations.</p>
Fund Balance	<p>Fund equity for governmental funds and trust funds that reflects the accumulated excess of revenues and other financial sources over expenditures and other uses for general governmental functions.</p>
FY	<p>Fiscal Year</p>
General Fund	<p>A fund that accounts for City services that are not otherwise specified. The General Fund includes most general government and public safety.</p>
General Fund Revenue	<p>Most of the City's revenue sources are channeled through the General Operating Fund. Such revenues are commonly generated by fees, charges, taxes, and intergovernmental functions.</p>
Governmental Funds	<p>Funds generally used to account for tax-supported activities. The general fund, special revenue funds, debt service funds and capital projects funds are all governmental funds.</p>
Grant	<p>A monetary contribution by a government or an organization to financially support a particular function or purpose.</p>
Impact Fees	<p>Fees charged to developers to cover the anticipated cost of improvements that will be needed as a result of growth and development, i.e. water and sewer. These are also know as special assessments.</p>

Infrastructure	The basic installations and facilities on which the continuance and growth of the City depends, such as roads, bridges, drainage, water and sewer systems.
Intergovernmental Revenue	Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.
Internal Service Fund	An accounting entity used to account for services provided to internal organizational units rather than the general public.
Investment Income	Interest earned on public tax funds being held until expended or distributed to other units of government in the City. Investments can only be made in instruments specified by state law and the City's investment policy.
Long Term Debt	Debt with a maturity of more than one year after the date of issuance.
Levy	A compulsory collection of monies or the imposition of taxes.
Mill	A monetary unit used to express the property tax rate. One mill is equivalent to one-thousandth of a dollar, or \$1 of tax per \$1,000 of assessed valuation.
Modified Accrual Basis of Accounting	Basis of accounting according to which revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which fund liability is incurred, if measurable, except for un-matured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.
Operating Budget	The portion of the budget that pertains to daily operations that provide basic governmental services.
Performance Measure	A quantitative means of assessing the efficiency and effectiveness of services performed by departments and divisions.
Program	A functional budgetary subdivision, usually within divisions providing specific programs or projects.
Proprietary Fund	See Enterprise Fund
Restricted Unencumbered Cash	Carryover cash from previous year that has been earmarked to fund services in the current year's budget.
Revenue	A source of income that finances governmental operations.
Revenue Category	A grouping of similar revenues. Examples are as follows: Taxes - ad valorem, motor vehicle, and other taxes. Penalties assessed on back taxes are also included. Licenses - receipts from licenses and permits. Intergovernmental Revenue - monies received from other governments including either the state or federal government. Charges for Services - fees charged to users of a service to offset the incurred cost.

Risk Management	An organized attempt to protect a government’s assets against accidental loss in the most economical method.
Special Assessments	Charges assessed against property in a special district formed to pay for specific capital improvements such as streets, sewers, curbs and gutters. While charges are normally assessed on the basis of the square footage of the lot, charges alternatively may be assessed against the value of the lot, or on the basis of both lot square footage and value.
Special District	A designated geographic area in which a tax is levied to pay for specific capital improvements such as streets, sewers, curbs and gutters.
Special Liability	Any municipality may establish a special fund for the payment of costs to cover the liability of governmental entities under the Kansas Tort Claims Act.
Special Revenue Fund	A fund in which revenues are limited to a specific activity.
Tax Year	The calendar year in which ad valorem taxes are levied to finance the following calendar year budget. For example, taxes levied in 2010 finance the 2011 budgets.
Unencumbered Balance	The amount of funds, which is neither expended nor reserved, but is still available for future purchases.
Unrestricted Unencumbered	Carryover cash from the previous year that was not used for the current cash budget year, but will be used in the upcoming year.

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