

GLOSSARY OF TERMS

ACCOUNT DESCRIPTION

The title in each program detail explaining various line items.

ACCOUNT FUND STRUCTURE

Traditional means of categorizing various activities by particular fund.

AD VALOREM PROPERTY TAX

Revenue from an ad valorem tax on all real and personal property based on assessed valuation established by the County Appraiser. Property is appraised at minimum every four years to determine its fair market value. To arrive at an assessed valuation the fair market value is multiplied by the following classification percentages established by Kansas state law. The Johnson County Treasurer establishes the property tax mill levy (rate) based upon the total taxes to be assessed by the City.

AD VALOREM TAX LEVY

A tax based on the value of property (property tax), usually expressed in mills.

ANNEXATION

Territory added to the city.

ANNUAL OPERATING BUDGET

A budget applicable to a single fiscal year.

APPRAISED VALUATION

Valuation of property used as a basis for levying taxes by a government. It is based on a statutory rate applied to the appraised valuation.

AUDIT

A systematic collection of evidence needed to attest to the fairness of management's assertions in the financial statements or whether management has efficiently and effectively carried out its responsibility.

BACK TAX COLLECTION

Collection of delinquent property taxes due in previous years. The property tax rate varies slightly from year to year. The rate paid would be the property tax levy applied in the appropriate year plus penalties and accrued interest charges. Revenue received in March and November.

BEER AND LIQUOR LICENSES

Proceeds from licenses for the sale and distribution of alcoholic beverages.

BILLABLE GALLONS, Sewer and Electric

The number of gallons of water billed by the water billing division throughout any given period.

BUDGET

A plan of financial operation including an estimate of proposed expenditures for a given period and proposed means of financing them. In Kansas, counties, cities, townships, and most special districts use the calendar year as the budget period. USDs, community colleges and some special districts use a July 1 to June 30 fiscal year.

BUDGET AMENDMENT

A formal change to the budget during the year to increase expenditure limits.

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BUDGET FUND

A fund that is required by statute to be budgeted. This fund will have expenditures in all three columns of the fund page.

BUDGET HEARING

The formal hearing for the budget to be presented to the governing body for adoption and approval and the opportunity for public input.

BUDGET LAW

A series of the statutes, K.S.A. 79-2925 to 79-2937, which includes specific requirements for preparing the budget document. The budget sets a limit on expenditures and tax levies.

CASH BASIS LAW

A statute, K.S.A. 10-1116, which requires that cash be on hand before incurring an obligation. Most city and county funds fall under this requirement.

BUDGET OVERVIEW

A section of the budget that provides a consolidated summary of revenues and expenditures for operating and non-operating funds. Spreadsheets and charts are used to convey budgetary information on city funds. Detail personnel data is also a major component of the overview. Along with demographic information for the City of Gardner.

BUDGET WORKSHOP

Sessions held between staff and City Council to review general direction, goals and objectives, services needs of each Department, to discuss special funds, and capital projects.

CAPITAL IMPROVEMENT PROGRAM

A long range plan of various equipment, structural, and infrastructure improvements throughout a ten (10) year period.

CAPITAL IMPROVEMENT RESERVE FUND

Provides funding for multi-year major capital improvement projects as identified by the Capital Improvement Program.

CAPITAL OUTLAY

Expenditures which result in the acquisition of or addition to fixed assets.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities and infrastructure other than those financed by enterprise funds and trust funds (source: GAAFR, 1988, p. 291).

CITY SALES TAX

A one percent sales tax charged on goods and services sold within the City. Proceeds are collected by the State and returned to the City at no charge. The first one-half (\$.005) of the sales tax was approved by voter referendum on August 3, 1982 and took affect on November 1, 1982. The second one-half (\$.005) of the sales tax was approved on November 8, 1988 and took affect on January 1, 1989.

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CITY/COUNTY HIGHWAY

SEE Special City and County Highway.

COMMODITIES

Expenditures of articles and supplies consumed during normal operations, but not limited to office supplies, operating supplies, books and literature, uniforms, training and other items.

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

The City of Gardner participates as a sub grantee in the Johnson County Community Development Block Grant Program (CDBG). The Federal Government provides CDBG funds through Johnson County to various municipalities for improvements.

CONTRACTUAL SERVICES

Expenditure for services rendered to the city by outside agencies, including but not limited to travel, dues and subscriptions, and equipment maintenance contracts.

COUNTY COMPENSATING USE TAX

State sales tax (\$.049 per \$1 of sales) on goods shipped to Kansas from outside of the state. Funds are collected by the state and distributed directly to counties and cities. Of the proceeds, 94.898% is deposited in the state general fund with same special earmarking provisions as retail sales tax for the County/City Revenue Sharing Fund. The remaining 5.102% of receipts is deposited directly in the state highway fund. Funds are dispersed on a monthly basis.

COUNTY/CITY REVENUE SHARING

Annually, 2.823% of the revenue from the state's 4.9% sales and use tax collections is allocated to the County/City Revenue Sharing Fund as stated by KSA 79-2964. The money is apportioned to each county based on population (65%) and assessed valuation (35%) for the preceding year. The amount apportioned to each county is then paid 50% to cities therein based on population and 50% to the county. The County Treasurer provided an estimate of \$74,000 for 2002. The final outcome of this money is unknown due to State financial condition.

COUNTY SALES TAX

Sales tax on goods and services sold within Johnson County. Proceeds are collected by the State and returned to the County.

CURRENT YEAR

The fiscal and budget year that applies to present time.

DEBT

An obligation resulting from borrowing money or purchasing goods and services. Includes general obligation bonds, revenue bonds, no fund warrants, temporary notes and State revolving loans as well as purchase orders and encumbrances.

DEBT SERVICE LEVY

Taxes levied from use in bond and interest and no-fund warrant funds. This amount is excluded from the total tax levy when computing the levy limit for the 2006 budget.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of general obligation and revenue bond principal and interest from governmental resources and special

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assessment bond principal and interest from special assessment levies when the city is obligated in some manner for the payment. (source: GAAFR, 1988, p. 287).

DELINQUENT TAXES

Taxes unpaid after the date when the penalty for non-payment starts. These taxes are delinquent until abated, canceled, paid, or converted in tax liens.

DESIGNATED FUND BALANCE

A measure of management's intended use of resources.

ENCUMBRANCES

Commitments related to unperformed (executory) contracts for goods and services.

EMPLOYEE BENEFITS

These are benefits provided for employees.

ENTERPRISE FUND

The fund established to account for operations (a) that are financed and operated in the manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are Water and Sewer fund, and Electric fund.

ESTIMATED BUDGET

Changes to adopted budget by the City Council after adjustments and transfers are made.

EXPENDITURE

Decreases in net financial resources. Expenditures include current or future use of net current assets, debt service, and capital outlays. The unmodified use of the term expenditures in this text is intended to mean budgetary expenditures.

EXPENDITURES

Includes cash payments plus any encumbrances from budgetary purposes. Expenditures cannot exceed the published budget. Note: For accounting purposes, it means any decrease in net financial resources.

EXPENDITURE SUMMARY BY DEPARTMENT

A composite listing of the expenditures in each department broken down by personal services, contract services, commodities, other services and charges and capital outlay for the current and two (2) previous fiscal years.

FACILITY IMPROVEMENT

Capital improvement to build physical above ground structures or improve those structures.

FEES & CHARGES

Revenue provided to the city from direct charges to city residents. Examples are water service charges, parking, and municipal services.

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FINAL ASSESSED VALUATION

The October valuation set upon real estate and other property by a government as a basis for levying taxes.

FINES

Revenue provided to the city through the court system including but not limited to traffic, narcotics, driver education, and parking.

FUND

The fiscal and accounting entity with a self balancing set of accounts recording cash and other fiscal resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying a specific activity or obtaining certain objectives in accordance with special regulations, restrictions, or limitations. An independent fiscal and accounting entity including all cash with related liabilities or obligations.

FUND BALANCE

The fund equity of governmental funds and trust funds.

GENERAL FUND

The general fund is used to account for the resources traditionally associated with government which are not required to be accounted for in another fund.

GENERAL GOVERNMENT

A category in budget highlights detailing the expenditures of various general operating funds.

GENERAL OBLIGATION BONDS

Long term debt backed by the full faith and credit of the taxing subdivision. A tax levy can be used to pay principal and interest. Often, cities will also use some revenue from a utility fund to finance the payments.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLE (GAAP)

Uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and the content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines for general application, but also detailed practices and procedures. GAAP provides the standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to State and local governments is NCGA statement 1. Every government should prepare and publish financial statements in conformity with GAAP. The objectives of governmental GAAP financial reports are different from and much broader than the objectives of business enterprise GAAP financial reports.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD—STATEMENT 34

The Government Accounting Standards Board (GASB) is responsible for setting Generally Accepted Accounting Principles (GAAP) for state and local governments. GASB Statement 34 has been issued to improve operational accountability presented in the Combined Annual Financial Report (CAFR). The focus has changed to the government as a whole and on major funds as opposed to individual funds. Fixed assets (now including infrastructure) will be presented in the appropriate funds. With the focus on the government as a whole, it is necessary to condense the fund structure to facilitate the

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identification of costs for specific programs. Additionally, the need to identify capital infrastructure as compared to routine maintenance requires a change to the fixed asset policy in addition to accounting for capital projects separately from infrastructure.

GOALS AND OBJECTIVES

Activities and results each department was directed to project and intend to work toward throughout the coming year.

GRANTS

Part of the General Fund in which grant funds are received for the purpose of financing operating expenditures.

HEALTH MAINTENANCE ORGANIZATION (HMO)

The medical benefits plan provided to the employees of the City of Gardner where membership is required through an organization of primary care physicians.

HOME RULE

Either city constitutional or county statutory authority to exempt a city or county from any law that is not uniformly applicable. Home rule process includes a charter ordinance or resolution, two publications and a protest petition provision.

INDEBTEDNESS

SEE Debt

INTEREST INCOME/EARNINGS

Funds earned through investment instruments of compensating balances.

INTERFUND TRANSFER

Transfer of revenue earned from one fund to another to pay for that fund's proportionate share of expenses incurred to run general operations. Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, transfers from a general fund to a capital projects fund, operating subsidy transfers from the general to an enterprise fund, and transfers from an enterprise fund other than payments in lieu of taxes to finance general fund expenditures.

LEASE PURCHASE

A contractual agreement which entitles one party the right to use property for a specific period of time and includes a provision for purchase of the property.

LETTER OF TRANSMITTAL

An introduction and overview provided by the City of Gardner highlighting various facets of the operating budget.

LICENSES AND PERMITS

Revenue category including but not limited to building permits, plumbing, sewer, water and other permits. Various licenses include liquor licenses, food handler, business and vehicle licenses.

LOCAL AD VALOREM TAX REDUCTION FUND

Under K.S.A. Supp. 79-2959, all local taxing subdivisions other than school districts receive money from the state's Local Ad Valorem Tax Reduction Fund (LATRF). This Fund receives revenue equal to

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4.5% of total state sales and use tax collections. LAVTR money is first distributed to counties based 65% on population and 35% on valuation. On receipt of the money, the County Treasurer distributes the money to all taxing subdivisions within the County on the basis of relative property taxes levied for the previous year, excluding state and school district taxes. As a "demand transfer", this money is subject to appropriation each year by the Legislature. In the recent past, it has been common for the Legislature to appropriate less than the statutory 4.5%. Funds distributed in March and September.

LOCAL ALCOHOLIC LIQUOR TAX

K.S.A. 79-41a01 et seq., as amended levies a 10% gross receipts tax on the sale of any drink containing alcoholic liquor, sold by a club, caterer or drinking establishment. The revenue is allocated 30% to the state and 70% to cities and counties where the tax is collected. The money is distributed on March 15, June 15, September 15, and December 15. An "equalization" payment is made (if needed) on March 15. A ten percent tax on the sale of alcoholic liquor. In counties and cities over 6,000 population, it is allocated one third each to general, special parks and recreation, and special alcohol and drug programs funds. In cities under 6,000 population, it is allocated one-half to the general and one-half to special parks and recreation funds.

LOCAL SALES TAX

This can be implemented as county-wide or city. The county wide tax is allocated to the county and cities on the basis of population and tax levy amount unless the statute specifically allows the county to retain the entire tax, see K.S.A. 12-192 and 12-198. The city tax is distributed to the city and the county wide tax is distributed to the county and cities by the State Treasurer.

MILL LEVY

One dollar of tax per \$1,000 of assessed valuation.

MOTOR VEHICLE TAX

Property tax on motor vehicles (including recreational vehicles) paid each year at the time of registration. Revenue from this tax is collected by Johnson County and distributed to all applicable taxing subdivisions in proportion to their respective shares of the prior year's total levy rate within the "tax levy unit" in which the vehicle is located. Vehicle Tax revenue is proportionally allocated to the General Fund and the Bond and Interest Fund on the basis of relative property taxes for the prior year. Distributions are received every other month beginning in January. A tax on motor vehicles that is paid at the time of registration. It is based on the county wide average tax from the previous year's budgets, the 2004 tax levy rate is used for the 2006 collections. In addition the countywide average is adjusted for the USD general fund levy being phased out of this calculation. MVT is allocated to every tax levy fund on the basis of the levies in the previous year's budget.

MULTI-YEAR FINANCIAL FORECAST

A long-range plan forecasting various revenue sources of the local and national economy.

NATURAL GAS FRANCHISE TAX

A tax levied on Kansas Power and Light Company's gross receipts from the domestic and commercial sale of natural gas.

NON-RATE RECEIPTS

Revenue received of the water and sewer fund other than rate user charge. Those include water and sewer tap on fees and permit fees.

NON-TAX REVENUE

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Revenue receipts other than those received from tax levies or other tax sources.

OBJECT EXPENDITURE ACCOUNTS

A detailed description of all object codes and their related line items.

ORGANIZATIONAL CHART

A flow chart showing the chain of command and structure of the city Administration.

OTHER CHARGES

Expenditure classifications for services and charges other than those classified as a personnel service, contractual service, commodities or capital expenditure. Included but not limited to employee relations, employee pension, unemployment insurance upon principal, and contingencies.

PARK SALES TAX

Retailers' sales tax in the amount of one-half of one percent (0.5%) levied in the city of Gardner for the purpose of renovations and expansion of the Gardner swimming pool, development of a new community park, and all things related and necessary to such projects. Park sales tax will go into effect on January 1, 2006 and will sunset January 1, 2016 or until all projects detailed above are paid for.

PERSONAL PROPERTY

Any property that is not real estate or a building upon real estate. This property is temporary or movable.

PERSONAL SERVICES

Expenditure classification for services rendered by all officers and employees of the city of Gardner. Those items include regular salaries, part-time wages, overtime, firefighters sleep-in pay, and firefighter call-out pay.

PERSONNEL SUMMARY

Detailed summaries of all full and part-time personnel by program.

PRIOR YEAR

The fiscal and budget year that preceded the current year.

PROGRAMS

A division of each department or a specific function related to that department. These categories are required in a program budget where expenditures are based primarily on programs of work and secondarily on character and object class. A program budget is a transitional type of budget between the traditional character and object class budget on the one hand, and the performance budget on the other.

PROGRAM CLASSIFICATION

A grouping of various programs by function.

PROGRAM DESCRIPTION

A detailed interpretation of each particular program and its function within the overall organization.

PROGRAM DETAIL

The various line items and comprehensive explanation of expenditures

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PROPERTY TAX

Revenue received by the city of Gardner collected by Johnson County based on a rate and calculated against the equalized assessed evaluation of a particular property.

PROPOSED BUDGET YEAR

The year for which the budget is being adopted.

RECEIPT

Any cash received by a city or county.

RESERVED/RESTRICTED FUND BALANCE

A measure of legally restricted fund balance money by outside parties.

REVENUE ANALYSIS

A detailed description of the revenue sources by particular fund for different fiscal years.

REVENUE BONDS

Long term debt issued for the benefit of a revenue producing activity. Principal and interest payments must be paid from revenue generated by the related activity. An ad valorem tax levy cannot be used for the principal and interest payments. In addition, the revenue bond ordinance often requires that one or more reserve funds be established for specific purposes.

SPECIAL ASSESSMENT

A compulsory charge made against certain properties to pay all or part of the cost of a specific capital improvement or service.

SPECIAL DISTRICT

A municipality that is not a city, county, township, USD or community college. These districts use a special district budget from and have specific laws governing their operations.

SPECIAL PARK SALES TAX

SEE Park Sales Tax

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

STATE COMPENSATING USE TAX

Part of the general fund in which state sales tax (\$.049 per \$1 of sales) is applied to goods shipped to Kansas from outside of the state. Funds are collected by the state and distributed directly to counties and cities. Of the proceeds, 94.898% is deposited in the state general fund with same special earmarking provisions as retail sales tax for the County/City Revenue Sharing Fund. The remaining 5.102% of receipts is deposited directly in the state highway fund. Funds are dispersed on a monthly basis. It is projected that 2001 State Compensating Use Tax receipts will be approximately 13 percent above the Fiscal Year 2000 estimate.

STATE INCOME TAX

Revenue provided to the city by the State of Kansas on a per capita basis. This revenue is distributed from the State's individual income tax collection.

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STATE SALES TAX

Revenues distributed by the State of Kansas generated by retailers within the city of Gardner at 1% of the gross receipts received by the State of Kansas on total sales.

STREET CONSTRUCTION & IMPROVEMENTS

Project category in the capital improvement program to provide for roadway infra-structure improvements.

SUMMARY OF EXPENDITURES - ALL FUNDS

A detailed summary of all city expenditures by operational funds, debt service funds, pension and trust funds, and capital projects funds; further categorized by personal services, contractual services, commodities, other charges and capital outlay.

SUMMARY OF REVENUES

A detailed summary of all revenues received by operations, debt service, pension and trust and capital projects funds; and categorized further by property taxes, interest income, fees and charges, interfund transfers, sales tax, income tax, licenses and permits, fines and other.

TRANSIENT GUEST TAX

A transient guest tax of four percent upon the gross receipts derived from or paid by transient guests for sleeping accommodations, exclusive of charges for incidental services and facilities, in any hotel, motel, or tourist court located within the City of Gardner as authorized by Charter Ordinance No. 17.

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the city in a trustee capacity. Examples include the Police and Fire Pension Funds. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds (Source: GAAFR, 1988, p. 319).

UNRESERVED/UNRESTRICTED FUND BALANCE

A measure of a government's net available financial resources.

VEHICLE ASSIGNMENT

A detailed listing of all vehicles by department.

WATER AND SEWER SALES

The amount of revenue received from the user charges for both water and sewer services.