

## Metropolitan Council 101

### Glossary

#### **Accounting System**

The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity. The accounting system in Metro is commonly referred to as "EBS" or the Enterprise Business System.

#### **Active Position**

A position that is available to be filled (budgeted and funded, whether filled or not, at the current time.)

#### **Adoption**

1. the act of adopting: the adoption of a new amendment.
2. the state of being adopted.

#### **Allocate**

To divide a lump-sum amount into parts that are designed for expenditure by specific organization units and/or for specific purposes, activities, or objects.

#### **Allocation**

A part of a lump-sum amount, which is designated for expenditure by specific organization units and/or for special purposes, activities, or objects.

#### **Allot**

To divide an appropriation into amounts usually by month, which may be encumbered or expended during an allotment period.

#### **Allotment**

A part of an appropriation, which may be encumbered or expended during an allotment period. Allotments are created in a spread process at the end of the budget preparation cycle in June or July; they are visible on the Detailed Budget by Account screen, or by looking at BA ledger activity and balances in each quarter of the fiscal year.

#### **Allotment Period**

A period of time less than one fiscal year in length during which an allotment is effective. Metro generally uses quarterly allotment periods, but more frequent spreads are available upon request to OMB.

#### **Annual Budget**

A budget applicable to a single fiscal year.

#### **Appropriation**

A legal authorization granted by a legislative body (the Council) to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended. All Metro general fund appropriations lapse (expire) at the end of each fiscal year.

#### **Authorized Positions**

Number of positions authorized in the final budget.

## **Budget**

A plan of financial operation containing an estimate of proposed expenditures for a given period (usually a fiscal year) and the proposed means of financing them. Since the typical budgeting process includes many budgets, it is often necessary to identify the specific budget being discussed with an adjective: baseline, department request, mayor's recommended, final, adjusted final, current, working, etc.

## **Budget Calendar**

The schedule of key dates which is followed in the preparation, adoption, and administration of the budget.

## **Budget Ordinance**

The legal document that enacts the final budget. (See Ordinance)

## **Budgetary Basis of Accounting**

In accordance with provisions of the Charter and state law, the budget handles certain transactions differently from GAAP. The budget:

- \* \*Recognizes two general and two debt service funds.

- \* \*Treats transfers to and from a fund as revenues and expenditures (respectively).

- \* \*Does not recognize gross revenues and expenditures of certain fee accounts, which, by state law, may be expended by constitutional officials whose fees more than cover their offices' total operating costs

Through FY 1998, each encumbrance was charged to the budget of the year when it was created. Beginning in FY 1999, encumbrances are not charged to the budget; the budget is only charged when an expenditure is incurred (which is often when ordered goods or services are received and the encumbrance is liquidated).

## **Budgetary Fund**

The primary tax-supported funds of the Metropolitan Government:

District	Fund Name	Fund Number
General Service	General Fund	10101
General Service	Debt Service Fund	20115
General Service	Schools Fund	35131
General Service	Schools Debt Service Fund	25104
Urban Services	General Fund	18301
Urban Services	Debt Service Fund	28315

(Some new special revenue funds have been set up for General Fund grants. These funds may also be considered to be budgetary funds.) The sum of their expenditures is usually cited as the total size of the budget.

## **Business Unit**

Identifies the second highest level in the old Metro Chart of Accounts organization in which a specific activity is carried out; several divisions may comprise a single department.

## **Capital Budget**

A plan of proposed capital outlays and the means of financing them.

## **Capital Outlays**

Expenditures for the acquisition of capital assets.

## **Capital Program**

A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs. It lists 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 each projected expenditure.

## **Contingency Account**

Funds set apart to provide for unforeseen expenditures or for anticipated purposes of uncertain amounts.

## **Continuation Budget**

A budget at a level of funding required to maintain current service levels during the coming year.

## **Current Year**

The fiscal year in progress

### **Debt Service Fund**

A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **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.

### **Department**

A major administrative division of Metro reflecting overall management responsibility for an operation or a group of related operations within a functional area. Identifies the highest level in the formal Metro organization in which a specific activity is carried out. For budgetary purposes, the word "department" includes boards, commissions, agencies, and elected offices.

### **District**

Davidson County, the Urban Services District and the General Services District, an area of the county that receives certain services and pays a property tax rate related to those services. The General Services District (GSD) is all of Davidson County, and receives county-wide services. The Urban Services District (USD) is the former City of Nashville plus annexed areas; it is an area within and overlapping part of the GSD. In the illustrational right, the USD is the shaded area within the GSD.

### **Enactment**

1. the act of enacting.
2. the state or fact of being enacted.
3. something that is enacted; a law or statute.
4. a single provision of a law.

### **Encumbrances**

The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

### **Enterprise Fund**

A fund established to account for operations that are financed and operated in such a way that the costs of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges. Examples in Metro are the Convention Center Fund and the Farmers' Market Fund.

### **Estimated Revenue**

The amount of projected revenue to be collected during the fiscal year.

### **Expenditures**

Decreases in net financial resources. Expenditures include current operating expenses that require the current or future use of net current assets, debt service, and capital outlays. This term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlays. See also "Encumbrances".

### **FASTnet**

Financial and Administrative Shared Teleprocessing Network, the accounting, budgeting, purchasing, and human resources system developed for Metro-wide financial and administrative management.

### **Final Budget**

Data representing the budget passed by the Council and reflecting the appropriations approved therein. Departments may reorganize their budgets at the beginning of the fiscal year to conform to actual operations that the total Council-approved budget will support (see "Adjusted Final Budget"), and further modify the budget throughout the year.

### **Fiscal Year**

A twelve-month period of time to which the budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. In Metro, the fiscal year begins July 1 and ends June 30.

### **Fringe Benefits** (also Employee Benefits)

Benefits to Metro employees, in addition to salaries, paid by Metro. These benefits include Social Security contribution, pensions, workers compensation, unemployment compensation, life and health insurance.

### **Full-Time Equivalent (FTE) - Business unit**

The measure of authorized personnel, often referred to as worker-years. This number is calculated internally by the FASTnet system based upon each position's FTE (see above) and effective dates. Class (and business unit, department, and fund) total FTEs are calculated by multiplying each position's FTE by the portion of the fiscal year it is active, and then summing the results:

$FTE_{class} = \sum (FTE \times (\text{days active}/365))_{\text{position}}$

Annual FTEs are based on positions being active the entire year; effective FTEs are based on actual from and through effective dates for that fiscal year.

The full time equivalent of 1 position (1 FTE) approximately represents 2080 hours of work per year.

### **Function**

A group of Metro departments that perform similar activities or deliver like services (e.g., the "Law Enforcement" function includes the Sheriff's Office and the Police Department).

### **Fund**

A set of accounts to record revenues and expenditures associated with a specific purpose.

### **Fund Balance**

The equity (assets minus liabilities) of governmental fund types and trust funds; the excess of cumulative revenues and other sources of funds over cumulative expenditures and other uses of funds.

### **General Fund**

The general operating fund used to account for all resources except those required to be accounted for in another fund. Metro has separate general funds for the General Services District (10101) and the Urban Services District (18301).

### **General Fund Reserve Fund or 4% Reserve Fund**

A special revenue fund that is used to finance relatively small or short-lived capital expenditures. Four percent of the gross original revenues of GSD General Fund revenue are deposited into this fund. These funds are then appropriated by resolution for the purchase of equipment or building repairs for any department funded by the GSD General Fund.

### **General Services District (GSD)**

The district of the Metropolitan Government comprising all of Davidson County. Most Metro services are county-wide and so are funded through the GSD. See also entries for Urban Services District and Services District.

### **Generally Accepted Accounting Principles or GAAP**

Nationally recognized principles and rules for financial accounting and reporting. Governmental GAAP is determined by GASB, and, to a lesser extent, other sources such as the Financial Accounting Standards Board (FASB) and the AICPA.

### **Grant**

A contribution by a government or other organization to support a particular function. Grants may be classified as categorical or block depending upon the amount of discretion allowed the grantee. Generally, any receipts from any federal, state, or non-profit agency are considered grants.

### **Headcount**

The number of authorized positions funded by a budget, regardless of FTE. One headcount is the availability to employ one person.

### **Internal Service Fund**

A fund established to finance and account for services and commodities furnished by one department to others on a cost reimbursement basis so that the original fund capital remains intact. Examples include the Motor Pool and Central Printing funds.

### **Line of Business**

Lines of business are groups of programs with a common purpose that produce key results for citizens.

### **Longevity**

Annual monetary payments to qualified employees based on length of service.

### **Mayor's Recommended Budget**

The budget recommended by the administration and submitted to the Council by March 25th.

### **Mission**

The agency's mission is a clear, concise purpose for the entire agency, focusing on the broad yet distinct results that it will achieve for its customers.

### **Objectives**

Specific statements of what the department plans to achieve during a fiscal year.

### **Operating Budget**

Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing acquisitions, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is required by the Charter (6.01).

### **Ordinance**

A legal enactment of the Council, requiring three readings and mayoral approval to become law. When specifically applied to the budget, it defines estimated revenues and appropriations.

### **Overdraft**

In budgeting, the amount by which expenditures and encumbrances exceed the current allotment to which they are chargeable.

### **Pay Plan**

A schedule of classifications and their compensation patterns (assuming satisfactory performance) developed by the Metro Department of Human Resources or other valid body.

### **Performance Indicators**

Specific quantitative and qualitative measures of work performed as an objective of the department. These may include measures of program achievement, demand for services, workload, efficiency, and effectiveness.

### **Personal Services**

The cost of salaries, wages, longevity, shift differential, call pay, jury pay, overtime, and other special pay, but excluding fringe benefit costs.

### **Product**

Products are countable deliverables that a customer receives from the agency. They things customers receive, not processes the agency does. "Circulating library books" is a process; a library book checked out is a product; "library book check-outs" measure what is delivered to customers.

### **Program**

Programs are groups of products with a common purpose or result.

### **Property Tax**

A general ad valorem tax levied on both Real and personal property according to the property's assessed valuation and the tax rate.

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**Reserve**

In accounting, an account used to indicate that a portion of a fund's assets are legally restricted for a specific purpose and is, therefore, not available.

**Results**

Results are the benefit or impact that the customer and citizen experiences as a result of receiving the department's products or deliverables. Results promote accountability.

**Revenue**

Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

**Revenue Object**

A numerical code used to break down revenues into definable areas such as taxes, licenses, user fees, etc. The object account combines the business unit with the revenue object.

**Satellite Cities**

Any of seven small cities within Davidson County that pre-existed the formation of the Metropolitan Government and did not consolidate into Metro. These cities provide their own urban services (usually additional police protection, garbage collection, and zoning) within their city limits. The seven satellite cities are: Goodlettsville, Berry Hill, Forest Hills, Oak Hill, Lakewood, Belle Meade and Ridge Top.

**Services Districts**

The general and urban districts (GSD and USD) that are the primary means of allocating and matching taxes paid and services received for the general and debt service funds.

**Strategic Goal**

Strategic goals describe the significant results to be achieved by the agency over the next few years.

**Supplemental Appropriation**

A resolution appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities.

**TCA**

Tennessee Code Annotated; state law.

**Transfer, Budget**

A transfer of an unencumbered portion of an appropriation to another purpose or activity within a department's budget.

**Urban Services District (USD)**

The district of the Metropolitan Government comprising the old City of Nashville plus certain areas that have been annexed since consolidation. The USD is a subset of the GSD that receives greater services (additional police & fire protection, garbage collection, and street lighting) in return for paying a higher property tax rate. See Services Districts."<sup>1</sup>

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<sup>1</sup> [http://www.nashville.gov/finance/Management\\_and\\_Budget/CB2004/flash/glossary\\_a.htm](http://www.nashville.gov/finance/Management_and_Budget/CB2004/flash/glossary_a.htm)