



## 2005 – 2006 Proposed Budget --- Account Definitions

### Budget Basis

**FUND ACCOUNTING** - Governmental accounting systems are required to be organized and operated on a fund basis. A fund is defined as an accounting entity with a self-balancing set of accounts, i.e. assets, liabilities, equity, resources, and requirements that are separated for the purpose of carrying on specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations usually derived from specific revenue source use requirements.

### **RESOURCES**

**60000 - Designated Beginning Fund Balance:** Designated Beginning Fund Balance (DBFB) is “designated” separate from Beginning Fund Balance to reflect that this portion of fund balance is not available for fund spending on other than the specified purpose. In several funds, DBFB reflects that the fund uses the full accrual basis of accounting, thus the accounts receivable portion of revenue has not yet been collected. Examples of DBFB include debt service payable, reserve for major capital outlay, system development charge internal fund balance, accounts receivable, and Building Division revenue and expenditure tracking.

**60001 - Beginning Fund Balance:** Undesignated Beginning Fund Balance is all resources available at the beginning of the fiscal year from the prior year Unappropriated Ending Fund Balance, any excess of resources over requirements, and any unused Contingency. Undesignated Beginning Fund Balance can be spent on any budgeted fund expenditure.

**60151 – Interest:** Investment earnings from the Oregon Local Government Investment Pool or other qualified municipal investments purchased with surplus City funds allocated on a fund cash balance basis.

**601XX - Transfers From Other Funds:** Transfers From Other Funds are of two types:

- **Personal service support transfers** - transfers between funds that compensate the employee’s “home” fund for the employee’s services. Each employee is assigned a “home” fund. During the budget preparation process, each employee’s time of service to other funds is estimated and a percentage established. This percentage is then applied against the employee’s budgeted salary and fringe benefits, and the budget personal service transfers are developed that transfer payment for services performed to the employee’s “home” fund.
- **Other transfers** - transfers not related to personal services are less common and the purpose is specifically designated in the Budget Supplement Account Description.

### **REQUIREMENTS - Personal Services:**

**The personal services category is all employee salary and fringe benefits costs.**

**80XXX - Classification Title:** In each specific department or fund, employee classification titles are listed in the Budget Document with the number of “full-time equivalents” (FTEs) associated with that classification title. A full-time equivalent is one employee working 2,080 hours per year; i.e., 8 hours per day x 5 days per week x 52 weeks per year. In the Proposed

## Account Definitions

### Page II

#### **REQUIREMENTS - Personal Services (Continued):**

##### **80XXX – Classification Title (Continued):**

Budget, the names of the individual employees assigned to each classification are listed.

- Note #1: Regular part-time employees who work over 20-hours per week are designated as “part-time plus” and as such qualify for single health insurance coverage, life insurance, long-term disability insurance, and pro-rated sick leave in addition to the fringe benefits required by law as listed below.
- Note #2: All full-time employees are budgeted in specific line-items unless specifically noted in the Budget Supplement; if so, the other department allocations are listed and each allocation will be in the same fund. All interfund employee allocations are accounted for through interfund transfers as explained in the “Transfers To” or “Transfers From Other Funds” sections of this document.

**80385 - Extra Help:** Temporary employees hired on an hourly basis to meet a specific department need. Temporary employees are often seasonal workers. Note: Regular part-time employees who work under 20-hours per week and temporary employees receive no fringe benefits other than those required by law which include social security, workers' compensation insurance, state employment insurance, and PERS if the employee works over 600 hours per year or is already a member of PERS as a result of other employment.

**80386 – Overtime:** Regular full-time employee overtime hours are paid when the employee works in excess of 40-hours per week and are generally paid at time and a half. Police and fire union members receive overtime pay according to their specific union contract rules. Overtime pay includes

holiday pay. Compensatory time, given in-lieu-of overtime, may generally accumulate to only 40 hours per employee.

**80389 – FICA:** City portion of social security wage payment computed at 6.2% for Federal Insurance Contribution Act tax and 1.45% for Medicare tax of covered compensation.

**80390 – PERS, OPSRP, & IAP:** Oregon Public Employees Retirement System contribution payments consisting of the employer's contribution and the employees' contribution (PERS “pickup”) of covered employee compensation. Generally, all employees who work over 600 hours per year must be covered by PERS or Oregon Public Service Retirement Plan (OPSRP), which is the new retirement system established by the 2003 legislative reforms for all employees hired after August 29, 2003. Since January 1, 2004, all 6 % PERS “pickup” contributions are deposited in Individual Account Program Accounts for all retirement member types.

##### Employer Contribution:

- 18.19% --- PERS employer contribution rate for Tier One and Tier Two employees
- 08.04% --- OPSRP employer contribution rate for general service employees
- 11.65% --- OPSRP employer contribution rate for public safety

##### Employee Contribution:

- 06.00% --- PERS employee contribution to Individual Account Program
- 06.00% --- OPSRP employee contribution to Individual Account Program

## Account Definitions

### Page III

#### **REQUIREMENTS – Personal Services (Continued):**

**80391 - Health Insurance:** Payment to the Insurance Reserve Fund for employees' actual health insurance coverage. Premiums paid to League of Oregon Cities Employee Benefit System Trust for Regence Blue Cross and HMO Oregon coverage are paid from the Insurance Reserve Fund. Depending on the employee group, the City pays different percentages of the health insurance premiums. Please refer to the Health Insurance line-item explanations in the Insurance Reserve Fund, Fund #60, for more detailed explanations of the employee group cost sharing, coverage costs, etc.

**80392 - Life Insurance:** Payment to Standard Insurance for \$25,000 term life insurance for each full-time regular employee and part-time plus employee who works 20-hours or more per week. Also covered are approximately 805 volunteer fire fighters and 10 police reserves.

**80393 - Workers' Compensation Insurance:** Payment to the Insurance Reserve Fund for workers' compensation coverage on the basis of compensation at a particular workers' compensation classification rate. Premiums paid to City County Insurance Service (CCIS) for coverage are paid from the Insurance Reserve Fund.

**80394 – Unemployment:** Payment to the Insurance Reserve Fund for unemployment insurance reimbursement paid to the State of Oregon. The City is on a cost reimbursement coverage program with the State, and thus reimburses the State for actual unemployment payments to unemployment claim recipients rather than paying a payroll tax percentage premium.

**80395 - Disability Insurance:** Disability Insurance coverage provided to all full-time and part-time plus employees.

#### **REQUIREMENTS - Materials and Services:**

**The materials and services category, often called M&S, includes all expenditures other than personal services or capital outlay.**

**80420 - Employee Development:** In-house presentations, seminars, and workshops providing continuing development for City employees.

**80421 – Travel and Education:** All travel and education costs associated with professional association conferences, seminars, and workshops including meal costs; also includes professional memberships, dues, subscriptions, and professional reference materials.

**80431 - Gas-Oil-Grease or Vehicle Expense:** Gasoline, lubrications, and routine vehicle maintenance. Non-routine vehicle repairs or extraordinary non-routine vehicle maintenance is budgeted in Repairs & Maintenance – Vehicles, Account #'s 80471. Also, vehicle leasing expense is budgeted in Maintenance & Rental Contracts, Account #'s 80631. If vehicles are being financed through a lease/purchase agreement, the lease/purchase payments will be budgeted in a department debt service account.

**80441 - HVAC & Lights:** Electricity, oil, and/or natural gas to provide heat, lights, and power to City buildings.

## Account Definitions

### Page IV

#### **REQUIREMENTS - Materials and Services (Cont'd):**

**80451 - Telecommunications:** Communication operating costs including desk telephones, cellular phones, & pagers. Some departments budget for the purchase of the communication devices in these accounts while other departments budget for these purchases in the M&S Equipment Accounts, depending on the particular department budget.

**80461 – Materials and Supplies:** General materials and supplies that support program operations not specifically included elsewhere in the budget. Examples of costs include office supplies, postage (if not specifically designated in the department), printing, photo developing, film, batteries, contract printing, meeting snacks, lunch meeting costs, and other program supplies.

**80471 – Repairs and Maintenance:** Non-routine repairs of City equipment, vehicles, buildings, and extraordinary building preventative maintenance costs.

**80511 – Insurance:** Payment to the Insurance Reserve Fund for estimated general liability, auto, property and crime, earthquake, equipment, boiler, and employee bond insurance coverages.

**80609 - Janitorial Services & Supplies:** Building custodial service provided by a private contract that is bid every three years. Janitorial supplies are also included.

**80611 – Professional Services:** Payments to self-employed independent contractors or companies for services to the City not otherwise categorized.

**80611-01 - PS - Legal:** Professional services for contract legal services. With the hiring of a staff City Attorney, most expenditures in this line-item have been eliminated.

**80611-05 - PS - Human Resources:** Professional services for contract human resource consultation.

**80612 - Computer Services:** Interfund charges “transferred” to the Information Systems and Services Fund to support the City network operational costs. Also includes computer-training costs.

**80631 – Maintenance & Rental Contracts:** Payments made to private vendors for contracts covering a variety of different maintenance and rental contracts; i.e., HVAC maintenance, photocopier maintenance, vehicle leases, security alarms, etc.

**80680 to 80690 - M&S Assets:** City assets purchased with a useful life of longer than one year and with a value under \$5,000.

**80683 – M&S Computers:** Interfund charges “transferred” to the Information Systems and Services Fund to support specific department or fund computer equipment and software purchases under \$5,000.

## Account Definitions

### Page V

#### **REQUIREMENTS - Capital Outlay**

All purchases of City fixed assets over \$5,000 and a useful life over one year are budgeted in the capital outlay category.

**80704 - Computer Equipment:** Interfund charges “transferred” to the Information Systems and Services Fund to support capital outlay computer or software expenditures over \$5,000.

#### **REQUIREMENTS - Debt Service**

Principal and interest payments made on City financed purchases including general obligation bonds, revenue bonds, loans payable, lease purchases, and certificates of participation.

#### **REQUIREMENTS - Other Requirements**

Includes transfers to other funds, contingency, and ending fund balances.

**809XX - Transfers To Other Funds:** Transfers To Other Funds are of two types:

- **Personal service support transfers** - transfers between funds that compensate the employee’s “home” fund for the employee’s services. Each employee is assigned a “home” fund. During the budget preparation process, each employee’s time of service to other funds is estimated and a percentage established. This percentage is then applied against the employee’s budgeted salary and fringe benefits, and the budget personal service transfers are developed that transfer payment for services performed to the employee’s “home” fund.

- **Other transfers** - transfers not related to personal services are less common and the purpose is specifically designated in the Budget Supplement Account Description.

**80801 – Contingency:** Appropriated amount for unanticipated expenditures only available for spending through City Council action. Without City Council action, the contingency will become part of the year-end fund balance; thus, it is carried over as part of the subsequent year’s Beginning Fund Balance.

**80996 - Designated Ending Fund Balance:** Designated Ending Fund Balance (DEFB) is “designated” separate from Unappropriated Ending Fund Balance to reflect that this portion of fund balance is not available for fund spending on other than the specified purpose. In several cases, DEFB reflects that the fund uses the full accrual basis of accounting, thus the accounts receivable portion of revenue has not yet been collected. Other examples include debt service payable, reserve for major capital outlay, system development charge internal fund balance, and Building Division revenue and expenditure tracking.

**80997 – Unappropriated Ending Fund Balance:** Budgeted amount that cannot be appropriated, even by City Council action. Thus, this amount must be carried over to the next fiscal year and will become the basis for the fund’s undesignated Beginning Fund Balance that will also include any remaining contingency and any excess of resources over requirements.