



2008 – 2009 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 – Beginning Fund Balances

#4000 - #4089 --- 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 also 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 the City’s DBFB include debt service payable, reserve for major capital outlay, system development charge internal fund balance, and corpus trust.

#4090 ---- Beginning Fund Balance: Beginning Fund Balance, undesignated, is all resources available at the beginning of the fiscal year carried over from the prior year’s Unappropriated Ending Fund Balance. Beginning Fund Balance can be spent on any budgeted fund expenditure.

RESOURCES – Revenues

In governmental accounting, revenues are categories by the following categories: taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeitures, special assessments, and miscellaneous.

Revenue line-item accounts are self-explanatory by the account title or account comment in the budget document.

#6310 – Interest: Investment earnings from the Oregon Local Government Investment Pool or other qualified municipal investments purchased with surplus City funds allocated monthly on a fund cash balance basis.

RESOURCES – Transfers In

#6900-XX --- Transfers In: Transfers In 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. In Logos.net, only the City’s support departments are allocated by transfers; i.e., City Administration, Finance, Engineering, Planning, Parks & Recreation Administration, and Information Services. During the budget preparation process, each employee’s time of service to all 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 which transfer payment for services performed into the employee’s “home” fund.
- **Other transfers** - transfers not related to personal services are less common and specifically described in the Transfer In budget account comment.

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REQUIREMENTS – Personal Services:

The personal services category is all employee salaries, wages, and fringe benefits.

#7000-XX --- Salaries and Wages: In Logos.net, employees salaries and wages are expensed according to their employment status; i.e., regular full-time, regular part-time, or temporary. Each classification FTE is described in the account comments for full-time and part-time accounts. With Logos.net, all non-support employees are directly allocated to the Organization Set for which they work; e.g., most firefighter/paramedics are coded 35% Fire Department and 65% Ambulance Fund, the 2008 – 2009 budget firefighter/paramedic additions are coded 50% Fire Department and 50% Ambulance Fund given the reason for hiring is driven primarily by fire response issues.

- **#7000-05 --- Regular full-time employees:** employees who are paid by salary versus an hourly wage and who work a 40-hour work week or the equivalent. FTE “portions” of employees can be tracked by referring to Salaries Paid By More Than One Source reference page at the beginning of each Department or Fund in which full-time employees have been directly allocated to different Organization Sets.
- **#7000-10 --- Regular part-time employees:** includes “part-time plus” employees who work over 20-hours per week and part-time employees who work under 20 hours per week.
 - “Part-time plus” employees --- qualify for single medical insurance coverage, life insurance, long-term disability insurance, and pro-rated sick leave in addition to the fringe benefits required by law.
 - Regular part-time employees who work under 20 hours per week --- receive no additional fringe benefits except 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.

- **#7000-15 --- Temporary employees:** employees hired on an hourly basis to meet a specific department need. Temporary employees are often seasonal workers. Temporary employees receive no fringe benefits other than those required by law as explained above.
- **#7000-20 --- Overtime:** Employee overtime hours are paid when the employee works in excess of 40-hours in a week and are paid at the pay rate of time and a half. Also, police and fire union members receive overtime pay according to their specific union contract rules. Compensatory time, given in-lieu-of overtime, may generally accumulate to only 50 hours per employee. In Logos.net, overtime follows an employee’s salary and wage Organization Set distribution.

Budget Note: All regular full-time salary and wage classifications are listed with the number of “full-time equivalents” (FTEs) associated with each 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.

#7300-XX --- Fringe Benefits: In Logos.net, all fringe benefits also follow an employee’s salary and wages Organization Set distribution.

- **#7300-05 --- FICA – Social Security:** City portion of social security payment computed at 6.2% of covered compensation.

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REQUIREMENTS – Personal Services (Continued):

#7300-XX --- Fringe Benefits (Continued):

- **#7300-06 --- FICA – Medicare:** City portion of Medicare tax computed at 1.45% of compensation.
- **#7300-15 --- 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:

- 16.66% --- PERS employer contribution rate for Tier One and Tier Two employees
- 17.08% --- OPSRP employer contribution rate for general service employees
- 20.35% --- OPSRP employer contribution rate for public safety employees

Employee Contribution:

- 6.00% --- PERS employee contribution to Individual Account Program
- 6.00% --- OPSRP employee contribution to Individual Account Program
- **#7300-20 --- Medical Insurance:** Payment to the Insurance Services Fund for employees' actual medical insurance coverage. Premiums paid to League of Oregon Cities Employee Benefit System Trust for Regence Blue Cross preferred provider coverage are

paid from the Insurance Services Fund. Depending on the employee group, the City pays different percentages of the medical insurance premiums. Please refer to the Insurance Services Fund, Fund #85, Budget Summary for more detailed explanations of the employee group cost sharing and overall coverage costs, etc.

- **#7300-25 --- 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 60 volunteer fire fighters and 10 police reserves. Premium \$5.75 per month per employee.
- **#7300-30 --- Long-Term Disability Insurance:** Disability Insurance coverage provided to all full-time and part-time plus employees. Depending on employee group rate fluctuates between .57% to .54% of salary and wages.
- **#7300-35 --- Workers' Compensation Insurance:** Payment to the Insurance Services 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) coverage are paid from the Insurance Services Fund.
- **#7300-40 --- Unemployment:** Payment to the Insurance Services 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.

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REQUIREMENTS – Materials and Services:

The materials and services category, often called M&S, includes all expenditures other than personal services or capital outlay. Line-item accounts are generally self-explanatory by the account title, although a few accounts are further explained below:

#7540 --- Employee Development: In-house presentations, seminars, and workshops providing continuing development for City employees.

#7550 --- 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.

#7750-XX – 7770-XX --- Professional Services: Payments to self-employed independent contractors or companies for services to the City not otherwise categorized.

#7790-XX --- Maintenance & Rental Contract: Payments made to private vendors for contracts covering a variety of different maintenance and rental contracts; i.e., HVAC maintenance, photocopier maintenance, security alarms, etc.

#7800-XX --- M&S Equipment: City assets purchased with a useful life of longer than one year and with a value under \$5,000.

REQUIREMENTS – Capital Outlay

City assets purchased a useful life over one year and with a value over \$5,000 are budgeted in the capital outlay category. Line-item accounts specifically explain all capital outlay purchases.

REQUIREMENTS – Debt Service

Principal and interest payments made on City financed purchases including general obligation bonds, revenue bonds, notes payable, lease purchases, and full-faith and credit financing obligations.

REQUIREMENTS – Transfers Out

#9700 --- Transfers Out: Transfers out 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. In Logos.net, only the City's support departments are allocated by transfers; i.e., City Administration, Finance, Engineering, Planning, Parks & Recreation Administration, and Information Services. During the budget preparation process, each employee's time of service to all 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 into the employee's "home" fund.
- **Other transfers** – transfers not related to personal services are less common and specifically described in the Transfer Out budget account comment.

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REQUIREMENTS – Contingency #9800

Appropriated amount for unanticipated expenditures only available for spending through City Council action. Without City Council action for current year addition to expenditure authority, the contingency amount will become part of the year-end fund balance; thus, it is carried over as part of the subsequent year's Beginning Fund Balance.

REQUIREMENTS – Ending Fund Balance

Budgeted Ending Fund Balances will be available for carryover as Beginning Fund Balance in the subsequent fiscal year as long as revenues meet budgeted amounts.

#9900-XX --- 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 City examples include debt service payable, reserve for major capital outlay, system development charge internal fund balance, and corpus trust.

#9999 --- Unappropriated Ending Fund Balance:

Budgeted Unappropriated Ending Fund Balance cannot be appropriated during the fiscal year, 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 Beginning Fund Balance that will also include any remaining contingency and any excess or deficit of resources over requirements.