



2009–2010 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 an accounting entity with a self-balancing set of accounts comprised of assets, liabilities, equity, resources, and requirements. Fund accounting segregates resources according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

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 spending on other than the specified purpose. In several funds, DBFB also reflects that the fund uses the full accrual basis of accounting and that accounts receivable revenue has not yet been collected. Examples of the City’s DBFB include debt service payable, reserve for major capital outlay, system development charge (SDC) balances, and corpus trust.

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

RESOURCES – Revenues

In governmental accounting, revenues are categorized as follows: taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeitures, special assessments, and miscellaneous. Revenue accounts are described by the account title and the accompanying comment.

RESOURCES – Transfers In

#6900-XX --- Transfers In: Transfers In from other funds consist of two types:

- **Personal service support transfers** – transfers between funds that compensate the employee’s “home fund” for the employee’s services. The City’s support departments’ personal service costs are allocated by transfers. Support departments are City Administration, Finance, Engineering, Planning, Parks & Recreation Administration, and Information Services. During the budget preparation process, support department employees’ time spent providing services to other funds is estimated and a percentage calculated. This percentage is then used to allocate the support department employees’ compensation and fringe benefits to other funds. The Transfer In reflects the fund’s reimbursement of those employee costs to the support department employees’ “home fund”.
- **Other transfers** - transfers not related to personal services are less common and specifically described in the Transfer In line-item account comment.

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REQUIREMENTS – Personal Services:

The personal services category includes employee compensation and fringe benefits.

#7000-XX --- Salaries and Wages: Employees' salaries and wages are accounted for according to their employment status; i.e., regular full-time, regular part-time or temporary. A list of positions is included in the account comments for each Personal Services account, and includes the number of full time equivalents (FTEs) associated with each position. Generally, 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. All non-support employees are directly allocated to the organization set(s) for which they work; e.g., the Fire Chief is expensed 75% to the Fire Department and 25% to the Ambulance Fund. Refer to the Salaries Paid By More Than One Source page at the beginning of each department or fund in which non-support employees are directly allocated to different organization sets.

- **#7000-05 --- Regular Full Time:** Includes regular budgeted full time positions that are compensated on a semi-monthly salary basis.
- **#7000-10 --- Regular Part Time:** Includes regular part time and part time plus positions that are compensated on an hourly basis.
 - ◆ Part-time plus --- Defined as employees working regular weekly hours of twenty or more per week. Employees are eligible for limited fringe benefits, including: single medical insurance coverage, life insurance, long-term disability insurance, and pro-rated sick leave in addition to the fringe benefits required by law.
 - ◆ Part-time --- Defined as employees working regular hours that are less than twenty hours per week. Employees are eligible only for those fringe

benefits required by law including: 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:** Includes extra help positions that are compensated on an hourly basis to meet a specific department need. Temporary employees are often seasonal workers and are eligible only for those fringe benefits required by law as previously indicated.
- **#7000-20 --- Overtime:** Non-exempt employees receive overtime compensation at a rate of time and a half for any hours worked in excess of their daily schedule (for full time employees) or in excess of 40 or 56 hours per week (for part time employees). Police and fire union members receive overtime pay according to their specific union contract rules. Compensatory time may be given in lieu of overtime.

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REQUIREMENTS – Personal Services (Continued):

#7300-XX --- Fringe Benefits: Fringe benefits 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 eligible compensation.
- **#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 payments consisting of the employer's contribution and the employees' contribution (6% PERS "pickup") of covered employee compensation. Generally, all employees who work over 600 hours per year are covered by Oregon PERS or Oregon Public Service Retirement Plan (OPSRP), which is the retirement system established for employees hired after August 29, 2003. Since January 1, 2004, all 6% PERS "pickup" contributions are deposited in Individual Account Program (IAP) accounts for all retirement members.

Employer Contribution:

- ◆ 13.93% --- PERS employer contribution rate for Tier One and Tier Two employees
- ◆ 12.25% --- OPSRP employer contribution rate for general service employees
- ◆ 14.96% --- OPSRP employer contribution rate for public safety employees

Employee Contribution (currently paid by the City):

- ◆ 6.00% --- PERS and OPSRP employee contribution to Individual Account Program (IAP)

- **#7300-20 --- Medical Insurance:** Employer portion of medical insurance premiums paid to Employee Benefit System Trust for Regence Blue Cross preferred provider coverage. Depending on the employee group, the City pays different percentages of the medical insurance premiums. Please refer to Personal Services Supplemental Information section for more detailed explanations of the employee group cost sharing and overall coverage costs.
- **#7300-25 --- Life Insurance:** Payment to Regence Life and Health Insurance for \$25,000 term life insurance for each full-time and part-time plus employee. Also covered are approximately 60 volunteer fire fighters and 10 police reserves. Premium is \$5.25 per month per employee.
- **#7300-30 --- Long-Term Disability Insurance:** Disability Insurance coverage provided to all full time and part time plus employees. Premium is 0.56% of employees' base salary.
- **#7300-35 --- Workers' Compensation Insurance:** Payment to the Insurance Services Fund for workers' compensation coverage on the basis of the employees' workers' compensation classification rate. Premiums to City County Insurance Service (CIS) are paid by the Insurance Services Fund.
- **#7300-40 --- Unemployment:** Reimbursement to the State of Oregon for unemployment. The City is on a cost reimbursement coverage program with the State and reimburses the State for actual unemployment payments to 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, capital outlay, or debt service. Accounts are generally described by the account title and the accompanying comments.

REQUIREMENTS – Capital Outlay

City assets purchased with a useful life over one year and with a cost of over \$5,000 are budgeted in the capital outlay category.

REQUIREMENTS – Debt Service

Principal and interest payments for 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. The City’s support department personal service costs are allocated by transfers. Support departments are City Administration, Finance, Engineering, Planning, Parks & Recreation Administration, and Information Services. During the budget preparation process, support department employees’ time spent providing services to other funds is estimated and a percentage calculated. This percentage is then used to allocate the support department employees’ compensation and fringe benefits to other funds. The transfer out reflects the fund’s reimbursement of those employee costs to the support department employee “home fund”.

- **Other transfers** – transfers not related to personal services are less common and specifically described in the transfer out account comment.

REQUIREMENTS – Contingency #9800

Available for unanticipated expenditures only after City Council passes a resolution amending budget authority. Any unspent contingency is carried over as part of the subsequent year’s beginning fund balance.

REQUIREMENTS – Ending Fund Balance

Ending fund balances are carried over and included in the beginning fund balance in the subsequent fiscal year.

#9900-XX --- Designated Ending Fund Balance:

Designated Ending Fund Balance (DEFB) is “designated” separate from Ending Fund Balance to reflect that this portion of fund balance is reserved for a specified purpose. In several funds, DEFB also reflects that the fund uses the full accrual basis of accounting and that accounts receivable revenue has not yet been collected. Examples of the City’s DEFB include debt service payable, reserve for major capital outlay, system development charge (SDC) balances, and corpus trust.

#9999 --- Unappropriated Ending Fund Balance:

Unappropriated Ending Fund Balance cannot be appropriated during the fiscal year, even by City Council action. Thus, this amount is carried over to the next fiscal year and will become the basis for the beginning fund balance along with any remaining contingency and excess or deficit of resources over requirements.