

## **GLOSSARY OF FREQUENTLY USED FISCAL TERMS**

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**APPROPRIATION:** An enactment by the General Assembly authorizing the withdrawal of money from the State treasury. Article V, Section 7 of the NC Constitution states that “no funds shall be drawn from the State treasury but in consequence of appropriations made by law”. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

**AUTHORIZED BUDGET:** The certified budget with changes authorized by the Director of the Budget through authority granted in G.S. 143C-6-4 or other statutes.

**BASE BUDGET:** That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:

- a. Annualization of programs and positions.
- b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
- c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
- d. Adjustments for federal payroll tax changes.
- e. Rate increases in accordance with the terms of existing leases of real property.
- f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.
- g. Reconciliation of intragovernmental and intergovernmental transfers.

**BOILERPLATE:** Budget language that is typically repeated year after year without alteration in the budget bill. For example, seized-asset expenditure reporting requirements are boilerplate.

**CARRY-FORWARDS:** Funds appropriated but unspent in the first fiscal year of a biennium which by authorized budget revision are brought forward for expenditure in the second fiscal year of the same biennium.

**CERTIFIED BUDGET:** The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes mandated by the General Assembly.

**COMMITTEE REPORT (aka Money Report):** A compilation of all legislative adjustments made to the Governor's Recommended Base Budget. The Committee Report lists each adjustment and provides a brief description along with guidance on specific items or explicit legislative intent. This report is used to construe the intent of the appropriations act (G.S. 143C-5-5).

**ENACTED BUDGET:** The budget as enacted by the General Assembly in the annual Current Operations Appropriations Act in accordance with Article 5 of Chapter 143C. The enacted budget usually includes items funded through various reserves but not yet distributed to State

agencies. Examples include the funding needed to bring a new building online during the fiscal year and funds anticipated for economic incentive projects.

**ENCUMBRANCE:** A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

**ENTERPRISE FUNDS:** Accounts for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Each of these criteria should be applied in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- b. Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

**EXPANSION BUDGET:** The recommendations to increase funding for existing programs, to establish new programs, to provide for salary increases, and to provide for increases in enrollments, caseloads and institutional populations.

**FISCAL MEMO:** An analysis of direct budgetary impact akin to a fiscal note, but remains confidential until the requesting member releases the information to the public. The memo may have the same structure and elements as a fiscal note or may be less formal depending upon the member's request. Any member may request a fiscal memo on any issue; there does not have to be an introduced bill.

**FISCAL NOTE:** A formal fiscal estimate, including a brief statement of costs and revenue impact, for the first five fiscal years the legislation would be in effect. GS 143C-2-3 requires a State agency proposing a bill that affects the State budget to prepare a fiscal analysis for the bill and submit the analysis to the Fiscal Research Division upon introduction of the bill.

**FULL-TIME EQUIVALENT (FTE):** The figure arrived at by converting an unduplicated head-count of full-time and part-time program participants to an equivalent full-time count. For example one forty-hour per week employee plus one twenty-hour per week employee equals 1.5 FTE.

**GENERAL FUND:** A pool of financial resources made up of a beginning credit balance, State tax revenues, and State non-tax revenues. These funds are appropriated for both the operation of State agencies and construction and renovation of State facilities.

**LAPSED SALARIES:** Lapsed salaries are surpluses that accrue because a position may be temporarily vacant due to delays in hiring, resignation, termination, or retirement. Lapsed salary

surpluses are nonrecurring funds that accumulate only while a position vacancy exists. They may not be used to support recurring expenses.

**MANAGEMENT FLEXIBILITY RESERVE:** A reduction to an agency's operating budget that does not specify the fund codes or line items from which the reduction is to be taken, but instead requires the agency to determine where reductions should be made.

**NEGATIVE RESERVE:** See Management Flexibility Reserve.

**NET APPROPRIATION:** The portion of program requirements funded through general purpose taxes and other revenues. Stated differently, the net appropriation is the balance remaining after offsetting receipts are deducted from requirements. Requirements less receipts equals net appropriations.

**NONRECURRING:** Term used to denote one-time revenues (windfalls, reversions) or one-time expenditures (grant-in-aid, capital).

**PERSONAL SERVICES:** Expenditures incurred for services rendered by permanent and temporary employees and the related fringe benefits. Special employee awards and settlements, as well as compensation to board members, are also included in this expenditure group.

**RECEIPTS:** Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions that are applied to the cost of a program administered by the State. Departmental receipts may include funds transferred into a fiscal year from a prior fiscal year.

**RECURRING:** Term used to denote revenues or expenditures that will be continuing, such as sales and personal income taxes, or salaries, fringe benefits, and utilities.

**REQUIREMENTS:** The total cost associated with a proposed expenditure of funds regardless of source of funds. Requirements – receipts = net appropriation.

**REVERSIONS:** Unspent appropriations returned to the General Fund or Highway Fund (as applicable) at the end of each fiscal year.

**SALARY RESERVE:** Unobligated or surplus funds generated by a position that is filled at a salary less than the budgeted salary authorized by the General Assembly. These funds are recurring.

**SPECIAL PROVISIONS:** Language contained in the appropriations bill pertaining to State fiscal matters, the management, evaluation, and oversight of State government programs or policy, and the expenditure of appropriations contained in the Bill.

**SPECIAL FUNDS:** Accounts for the proceeds of specific revenue sources, other than trusts for individuals, private organizations, or other governments or for major capital projects that are legally restricted to expenditure for specified purposes.

**STATE AID FOR NONSTATE ENTITIES:** Funds appropriated by the General Assembly to nongovernmental entities for a variety of purposes. Funds may or may not carry restrictions on expenditures.

**SWORN POSITION:** A law enforcement position which, by law, has general power of arrest and requires the successful completion of the Basic Law Enforcement Training curriculum offered by the State and an independent oath of office providing for the execution of the laws of the State. Sworn positions receive a higher retirement contribution than regular State employees.

**TRUST FUNDS:** Accounts consisting of resources received and held by the State as trusted to be expended or invested in accordance with the conditions of the trust. In other words, Trust Funds are accounts where the State acts as a trustee. The State can only execute the terms of the trust; it cannot change the purpose for which the trust was created. Trust funds are classified as to what assets, if any, may be paid out of the fund. The three classifications are (1) expendable, (2) non-expendable, or (3) expendable as to income but unexpendable as to principal.

**UNRESERVED FUND BALANCE:** The available General Fund cash balance after excluding documented encumbrances, unearned revenue, federal grants, statutory requirements, and other legal obligations to General Fund cash as determined by the State Controller. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year.