APPENDIX D

GLOSSARY OF TERMS
AA+ BOND RATING  
A bond credit rating assesses the credit worthiness of the Townships debt issues. According to Standard & Poor’s rating, the Township is considered to be a high grade or high quality investment.

ACCESS PA  
The Access Pennsylvania Database is a project of the Pennsylvania Department of Education and the Office of Commonwealth Libraries that was started in 1985 as a way to provide a united catalog across the State of Pennsylvania. It was the first and remains the largest statewide united catalog that includes the holdings of all types of libraries.

ACCOUNTING SYSTEM  
The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL BASIS  
Basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received, notwithstanding that the receipt of the revenue or the payment of the expenditure may take place, in whole or in part, in another accounting period.

ALCOSAN  
Allegheny County Sanitary Authority (ALCOSAN) provides wastewater treatment services to 83 communities located in Allegheny County, Pennsylvania, including the City of Pittsburgh. ALCOSAN’s 56-acre treatment plant is the largest wastewater treatment facility in the Ohio River Valley, processing up to 225 million gallons of wastewater daily. ALCOSAN was created in 1946 under the Pennsylvania Municipal Authorities Act and began treating wastewater in 1959. Secondary (biological) treatment processes were added in 1972.

APPROPRIATION  
An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

ARAD (also RAD)  
Allegheny Regional Asset District supports and finances regional assets in the areas of libraries, parks & recreation, cultural, sports and civic facilities.

ARBITRAGE  
In government finance, the reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities.

ASSESSED VALUATION  
A valuation set upon real estate by the Assessment Office of Allegheny County as a basis for levying property taxes.

ASSETS  
Property owned by a government which has a monetary value.
### TERMS & DEFINITIONS

#### APPENDIX D

**GLOSSARY OF TERMS**

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**B**

**BALANCED BUDGET**

A budget in which all current expenditures are paid from current revenues and fund balance.

**BENCHMARKING**

A process of comparing an organization's performance to that of other organizations using objective and subjective criteria.

**BOND**

A written promise to pay (deb) a specified sum of money (called principal or face value) at a specified future date (called the maturity date[s] along with periodic interest paid at a specified % of the principal [interest rate]). Bonds are typically used for long-term debt.

**BUDGET**

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**BUDGET DOCUMENT**

The official written statement prepared by the Township Manager and supporting Staff which presents the Proposed Budget to the Board of Commissioners.

**BUDGET MESSAGE**

A general discussion of the Proposed Budget presented in writing as a part of the Budget document. The Budget Message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the Township Manager.

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**C**

**CAPITAL ASSETS**

Assets of significant value and having a useful life of several years. Capital Assets are also called Fixed Assets.

**CAPITAL IMPROVEMENT PROGRAM**

A plan for Capital Expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

**CAPITAL OUTLAYS**

Expenditures for the acquisition of capital assets.

**CAPITAL PROJECTS**

Projects in which the Township purchases or constructs capital assets. Typically, a capital project encompasses a purchase of land and/or the construction of a building or facility.

**CAPITAL PROJECT FUND**

A governmental fund that provides for capital outlays other than those from special assessment and proprietary funds, i.e., Enterprise Funds.

**CASH BASIS**

The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.
**COUNCIL OF GOVERNMENTS**

Council of Governments (COGs) are general or multipurpose organizations. They are established to enable a group of Municipalities to work together on whatever programs are in their mutual interest. The COGs do not run local governments, local governments run the COGs. They are not another form of government, but a tool of government. In their most elementary form COGs can serve as convenient forums for the open exchange of information of regional concern. Through COGs neighboring municipalities can ensure effective communications and avoid actions that might negatively affect each other. Cooperation can save municipalities money when purchasing supplies and services. Communities can offer a wider variety of services to their residents than would otherwise be possible. Intergovernmental cooperation can alleviate duplication, overlap and fragmentation in delivery of community services, while lowering cost to individual communities.

**CHARTIERS VALLEY DISTRICT FLOOD CONTROL AUTHORITY**

Concerned environmentalists established the Chartiers Nature Conservancy in 1992 as a private, nonprofit corporation to study, promote, and preserve the Chartiers Creek and its watershed, an area that comprises approximately 277 square miles within Washington and Allegheny Counties. The Conservancy enjoys tax exempt status under § 501 (c) (3) of the Internal Revenue Code, and is duly registered with the Pennsylvania Bureau of Charitable Organizations.

The ultimate endeavor of the Conservancy is to establish a "greenway" along the Chartiers Creek from the point at which the creek crosses from Washington County into Allegheny County to the point at which the creek empties into the Ohio River. Because the Chartiers Creek flows through several heavily populated Pittsburgh area suburbs, the creek itself is an invaluable natural corridor for wildlife migrating between the Ohio River and rural Allegheny and Washington Counties. The Conservancy's formal mission is to protect these undisturbed natural habitats along the banks of the Chartiers Creek.

**COMMUNITY DEVELOPMENT**

This program provides for essential community services including land use control and zoning code enforcement.

**COMMUNITY & RECREATION CENTER (C&RC)**

A facility within the Township that provides recreational activities to residents and neighboring communities. Activities and classes are geared for all ages. A variety of physical activities such as swimming, basketball, indoor walking track, weight management, educational classes, etc. are offered.
## TERMS & DEFINITIONS

### APPENDIX D

#### GLOSSARY OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>COMPREHENSIVE PLAN</strong></td>
<td>Comprehensive planning is an attempt to establish guidelines for the future growth of the Township. It should be a comprehensive or all-inclusive approach at addressing the issue of the future growth of the Township. A comprehensive plan is the document that is the final product from the efforts of this process. The document is a ten year plan formally adopted by the Board of Commissioners. The document is then used as a policy guide for decisions about the development of the community.</td>
</tr>
<tr>
<td><strong>CONSUMER PRICE INDEX</strong></td>
<td>An index of prices maintained by the Department of Labor used to measure the change in the cost of basic goods and services in comparison with a fixed base period.</td>
</tr>
<tr>
<td><strong>COST ALLOCATION</strong></td>
<td>An allocation of those general governmental costs that are necessary to the operation of the Township to particular cost centers, functions or programs.</td>
</tr>
<tr>
<td><strong>COST CENTER</strong></td>
<td>The smallest unit of budgetary accountability and control. A cost center is made up of a group of related services responsibility for which is assigned to a specific individual or organizational unit.</td>
</tr>
<tr>
<td><strong>DEBT SERVICE</strong></td>
<td>Payment of interest and repayment of principal to holders of a government's debt instruments.</td>
</tr>
<tr>
<td><strong>DEBT SERVICE COSTS</strong></td>
<td>Cash required over a given period for the repayment of interest and debt principal as well as payment of related periodic financing charges.</td>
</tr>
<tr>
<td><strong>DEBT SERVICE FUND</strong></td>
<td>A governmental fund that is used to account for the payment of interest and principal on serial bonds and capital notes incurred in connection with all funds except Special Assessment and Enterprise Funds.</td>
</tr>
<tr>
<td><strong>DEFICIT</strong></td>
<td>The excess of an entity's liabilities over its assets. (See Fund Balance)</td>
</tr>
<tr>
<td><strong>DEPRECIATION</strong></td>
<td>The portion of the cost of the expiration in the service life of a fixed asset which is charged as an expense during a particular accounting period.</td>
</tr>
<tr>
<td><strong>DIRECT COSTS</strong></td>
<td>A category of expenditures which includes contractual services, insurance, legal judgments, taxes, abatements, and other similar costs.</td>
</tr>
<tr>
<td><strong>EARNED INCOME TAX</strong></td>
<td>The earned income tax is a tax levied as a percent of earned income.</td>
</tr>
<tr>
<td><strong>EiNETWORK</strong></td>
<td>The Library Electronic Information Network provides registered Allegheny County patrons access to materials in all County libraries.</td>
</tr>
</tbody>
</table>
ENCUMBRANCES
Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the application appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

ENTERPRISE FUND
A proprietary fund which accounts for operations financed and operated in the government in a manner similar to private business. The cost of providing the goods or services is financed primarily through user charges.

EQUIPMENT AND CAPITAL OUTLAY
A category of expenditures which includes the initial acquisition, replacement or improvement of land, buildings, facilities, machinery, rolling stock, and other fixed assets which are not consumed within one year.

EXPENDITURES
It is an outflow of cash or other valuable assets from the Township to another person or company.

FINANCIAL FORECASTING
Is a prediction of the economy in the future based on current trends and other statistics such as national wealth and global market status.

FRINGE BENEFITS
A category of expenditures which includes the Township's share of Social Security, Group Life Insurance, Medical Insurance, Workmen’s Compensation Insurance, Long-term Disability Insurance and Retirement Fund Contributions for Township employees. Fringe Benefits also include any benefit received by an employee in addition to regular pay, i.e. paid holidays or vacation time.

FULL FAITH AND CREDIT
A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

FUNCTION
A portion of a program made up of related cost centers (See Cost Center and Program).

FUND
A self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.
**FUND ACCOUNTING**
The legal requirement for the Township to establish accounts for segregating revenues and other resources, together with all related liabilities, obligations, and reserves, for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**FUND BALANCE**
The excess of funds assets over its liabilities. A negative fund balance is sometimes called a deficit.

**FUND RESERVE**
The portion of prior years fund balance that is authorized for expenditure in the current year.

**GAAP**
Generally Accepted Accounting Principles (GAAP): A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

**GASB**
Governmental Accounting Standards Board: Organization that formulates accounting standards for governmental units.

**GENERAL FUND**
A governmental fund supported by taxes, fees, and other revenues that may be used for any lawful purpose. This is the principal fund of the Township and includes all operations not required by law or policy to be recorded in other funds.

**GENERAL GOVERNMENT**
This program provides the legislative, executive and staff activities essential for effective policy making and professional administration of the Township of Upper St. Clair government.

**GENERAL OBLIGATION BOND**
When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.

**GOVERNMENTAL FUNDS**
Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

**GRANT**
A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal governments. Grants are usually awarded for specified purposes.
HOME RULE CHARTER

In 1972, the "Home Rule Charter and Optional Plans Law" [Act 62 of 1972 (53 P.S. § 1-101 et seq.)] was passed by the Pennsylvania Legislature, giving to municipalities the right and power to adopt a home rule charter, or one of several optional plans, and to exercise the powers and authority of local self-government. In accordance with that law, the electorate of the township voted in November 1972 to elect a Government Study Commission to study and draft a Home Rule Charter and to recommend whether or not a home rule charter should be adopted. The report of that commission recommended adoption of a charter which provided for a commission-manager form of government, with a seven-member Board of Commissioners. The recommended charter was approved by the voters of the township on November 6, 1973, and became effective on the first Monday of January 1976. The Home Rule Charter established a 7 member Board of Commissioners, 2 of whom serve "at large" and 5 of whom serve by ward. The Township Manager implements all programs, policies and general directives of the Board of Commissioners.

INFLATION

The rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling. Refer to Consumer Price Index for measurement.

INTER-FUND TRANSFER

The transfer of monies from one fund to another.

LOCAL OPTION SALES & USE TAX

This tax is collected by the Pennsylvania Department of Revenue and 25% of all collections are distributed to qualifying municipalities of Allegheny County.

LIBRARY SERVICES

This program provides Township residents with a full array of library services such as the standard loaning of books, newspapers, magazines and reference materials to patrons being able to borrow stereo recordings, compact discs, audio and video cassettes, Polaroid cameras and cassette recorders. Additional programs for children, the handicapped, the blind, and senior citizens are also provided.

LOCAL SERVICES TAX

The Local Services Tax is a $52.00 annual tax levied on all persons employed with the corporate limit of the Township and who make over $12,000 annually.
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<tr>
<th>Terms &amp; Definitions</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>LONG-TERM DEBT</strong></td>
<td>Debt payable more than 1 year after date of issue.</td>
</tr>
<tr>
<td><strong>LOCAL TAX ENABLING ACT</strong></td>
<td>Law enacted to provide Pennsylvania municipalities and school districts a means of funding their operations by levying certain types of taxes as defined by the Act.</td>
</tr>
<tr>
<td><strong>MATERIALS AND SUPPLIES</strong></td>
<td>A category of expenditures which includes goods or services that are consumed in achieving cost center objectives.</td>
</tr>
<tr>
<td><strong>MATURITY</strong></td>
<td>The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.</td>
</tr>
<tr>
<td><strong>MATURITY DATE</strong></td>
<td>The date on which all or a stated portion of the principal of a security is due and payable.</td>
</tr>
<tr>
<td><strong>MILL</strong></td>
<td>Tax rate of $1/1000^{th}$ of each dollar of assessed property value.</td>
</tr>
<tr>
<td><strong>MILLAGE</strong></td>
<td>Tax rate expressed in mills per dollar, of property taxation.</td>
</tr>
<tr>
<td><strong>MINIMUM MUNICIPAL OBLIGATIONS (MMO)</strong></td>
<td>In the United States, the state-mandated smallest amount a municipality must contribute to any pension plan established for its employees. The amount is calculated using actuarial science to ensure that municipal pension plans are sufficiently funded. The Township, regardless of the amount contributed by it, is also required to keep the pension plan solvent. If the pension funds become insufficient to meet obligations then the Township must augment the pension funds using money from other sources. The general funds of the Township are thus in effect a guarantor and insurance policy against under-contributions by employees or poor performance of pension fund investments. However, the Township is responsible for making up any shortfall between the MMO and the sum of contributions the Township makes for each employee as a percentage of that employee's wages, plus realized earnings on the pension fund investments.</td>
</tr>
<tr>
<td><strong>MODIFIED ACCRUAL BASIS</strong></td>
<td>The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.</td>
</tr>
<tr>
<td><strong>MUNICIPAL BOND</strong></td>
<td>A bond issued by a local government. (See Bond)</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
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<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NET COST</td>
<td>The cost of a program, function or cost center after deducting all revenues generated by it which must be supported by the general revenues of the Township. If revenues exceed the costs, it becomes a &quot;net contribution&quot; available to offset costs of other programs, functions or cost centers.</td>
</tr>
<tr>
<td>NOMINAL INTEREST RATE</td>
<td>The contractual interest rate appearing on a bond and determining the amount of interest to be paid to a holder.</td>
</tr>
<tr>
<td>OBJECT OF EXPENDITURE</td>
<td>A uniform classification identifying the transactions of the government by the nature of the goods or services purchased (such as personnel compensation, supplies and materials, and equipment).</td>
</tr>
<tr>
<td>OBLIGATIONS</td>
<td>Obligations are binding agreements that result in outlays. Budgetary resources must be available before obligations can be incurred legally.</td>
</tr>
<tr>
<td>OPERATING BUDGET</td>
<td>A financial plan that presents proposed expenditures for a given period and estimates of revenue to finance them. Excludes expenditure for capital assets.</td>
</tr>
<tr>
<td>ORDINANCE</td>
<td>An authoritative rule or law; a decree.</td>
</tr>
<tr>
<td>PENNSYLVANIA AMERICAN WATER COMPANY (PAWC)</td>
<td>Pennsylvania American Water Company (PAWC) is the local water company. In Pennsylvania, PAWC serves more than 2 million people, in more than 370 communities, supplying high quality water service. The Pennsylvania Public Utility Commission (PA PUC) and the Pennsylvania Department of Environmental Protection (PA DEP) sets rules and PAWC carefully follows them. Those regulations are what help to ensure everyone is receiving quality water service at a fair price. All changes and increases to service rates are directly related to the cost of providing high quality service and are subjected to a public review process and approval by the PA PUC.</td>
</tr>
<tr>
<td>PENNDOT</td>
<td>The Pennsylvania Department of Transportation (PennDOT) is responsible for design, construction and maintenance of 2,167 miles of state highway and 1,772 bridges in the Pittsburgh metro area.</td>
</tr>
<tr>
<td>PERCENTAGE (%) OF COSTS COVERED</td>
<td>The percentage of total expenditures that is covered by total revenues.</td>
</tr>
</tbody>
</table>
### TERMS & DEFINITIONS

#### PERSONAL SERVICES
Amounts paid for compensation of officers and employees of the Township. Personal services consist of gross compensation before deductions for taxes, retirement plans and other fringe benefits.

#### PA MUNICIPAL LEAGUE (PML)
A nonprofit, nonpartisan association established in 1900, the Pennsylvania Municipal League is dedicated to preserving the autonomy of local governments by serving as an advocate for cities and urban municipalities.

#### PROGRAM
A group of activities (functions and cost centers) directed at attaining specific purposes and objectives.

#### PROPRIETARY FUNDS
Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

#### PUBLIC SAFETY
This program provides the surveillance, prevention and protection system necessary to ensure public safety from dangers which include crime, traffic violations, fire and hazardous conditions, disasters, uncontrolled animals and medical emergencies.

#### PUBLIC WORKS
This program provides for the collection and disposal of refuse from Township residents, the building and improving of streets and storm sewers of the Township, the monitoring of the sanitary sewer system, the maintenance of parks, forest areas, and all recreational facilities of the Township, and the general upkeep of the buildings and equipment owned by the Township.

#### PUBLIC UTILITIES TAX
This is a state tax on public utilities which is distributed back to municipalities based on a distribution formula established by the Commonwealth of Pennsylvania.

#### QUASI-JUDICIAL
Quasi – translates to having a likeness to something; resembling and used in this text Quasi-Judicial relative to the legal issues for civil and/or zoning that are similar but not specific.

### Q

#### RAD
See ARAD.

#### REAL ESTATE TAX LEVY
The total amount to be raised by general property taxes.

#### REAL ESTATE TAX RATE
The amount of taxes levied for each $1,000 of assessed valuation.

#### REAL ESTATE
This is a 1.0% tax collected for the Township by the County Recorder of
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<th><strong>GLOSSARY OF TERMS</strong></th>
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<tbody>
<tr>
<td><strong>TRANSFER TAX</strong></td>
<td>Deeds through the sale of deed transfer stamps on the sale price of all property in the Township. The State of Pennsylvania and Upper St. Clair School District tax rates are 1.0% and 0.5%, respectively.</td>
</tr>
<tr>
<td><strong>RECREATION AND LEISURE SERVICES</strong></td>
<td>This program encompasses the culture and recreational activities and facilities which are provided by the Township of Upper St. Clair for the participation and enjoyment of all residents.</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>All amounts of money received by a government from external sources-net of refunds and other correcting transactions-other than from issue debt, liquidation of investments, and as agency and private trust transactions. Note that revenue excludes noncash transactions such as receipt of services, commodities, or other “receipt in kind.”</td>
</tr>
<tr>
<td><strong>REVENUE ESTIMATE</strong></td>
<td>A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.</td>
</tr>
<tr>
<td><strong>RISK</strong></td>
<td>The uncertainty of loss, chance of loss, or variance of actual from expected results.</td>
</tr>
<tr>
<td><strong>SALARIES AND WAGES</strong></td>
<td>A category of expenditures which includes the compensation paid to all full-time, part-time, or seasonal employees. This category also includes payments for vacation and sick leave.</td>
</tr>
<tr>
<td><strong>SERIAL BONDS</strong></td>
<td>A bond that is retired by annual installments directly from appropriations. Payments are made in installments during each year bonds are outstanding.</td>
</tr>
<tr>
<td><strong>SINKING FUND</strong></td>
<td>Fund used to accumulate periodic payments toward redemption of bonds at maturity: Payments on Schedule plus interest will accumulate to par value of the bonds.</td>
</tr>
<tr>
<td><strong>SHACOG</strong></td>
<td>The South Hills Area Council of Governments (SHACOG), incorporated in 1973, is a voluntary organization of municipalities located in the South Hills area of Allegheny County. SHACOG’s purpose is to meet at regular intervals to discuss and study community challenges of mutual interest and concern and also to develop policy and action recommendations. Members seek, by agreement, solutions to common problems for their collective benefit. In addition, SHACOG can and does undertake, coordinate and administer programs of regional interest that benefit some or all of the member municipal governments. SHACOG encompasses 17 communities and/or townships.</td>
</tr>
<tr>
<td><strong>SPECIAL REVENUE FUND</strong></td>
<td>A governmental fund established to account for revenues that are legally restricted to expenditure for specific purposes.</td>
</tr>
</tbody>
</table>
SURPLUS
See "Fund Balance."

T

TAX
A compulsory payment to a government based on holdings of a tax base.

TREND ANALYSIS
The analysis of a variable's past value changes to determine if a trend exists and, if so, what the trend indicates. Trend analysis is based on the idea that what has happened in the past gives insight to what will happen in the future. There are three main types of trends: short-, intermediate- and long-term.

U

USER CHARGES
The payment of a fee for direct receipt of a public service by the party benefiting from the service.

W

WINTER AVERAGING
This program offers resident sewer users a credit on a more equitable basis for water used that does not flow through the Township sewer system without the expense of the installation of a credit meter.