

# Definitions

1. **Accounts Payable (A/P)**
  - a. An account within the general ledger that represents a company's obligation to pay off a short-term debt to its creditors or suppliers.
  - b. Division that is responsible for making payments owed by the company to suppliers and other creditors.
2. **Accounts Receivable (A/R)**
  - a. Accounts receivable is a legally enforceable claim for payment held by a business against its customer/clients for goods supplied and/or services rendered in execution of the customer's order.
3. **Accounting System**
  - a. See Financial Accounting System
4. **Automatic Clearing House (ACH)**
  - a. An electronic network for financial transactions in the United States.
5. **Appeal**
  - a. An objection to a specification, process, procedure or award.
6. **Arbitrage**
  - a. The simultaneous buying and selling of securities, currency, or commodities in different markets or in derivative forms in order to take advantage of differing prices for the same asset.
  - b. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on debt.
7. **Asset Disposal Form**
  - a. An internal City of Meridian form utilized to request the approval to dispose of City owned inventory.
8. **Asset Tag**
  - a. An internal City of Meridian identification tag affixed to City owned property for the management and tracking of inventory.
9. **Award**
  - a. The City's acceptance and approval of a bid or proposal.
10. **Bad Debt**
  - a. Payment for actual costs incurred on any given accounts receivable that is deemed uncollectible.
11. **Bid**
  - a. A competitive price offer submitted by a prospective vendor in response to a formal or informal invitation issued by the City.
12. **Bid Documents**
  - a. Formal and Semi-Formal:
    - i. A set of documents, made available to bidders that may include an invitation to bid, instructions to bidders, bid form, general conditions, supplemental general conditions, special provisions, technical specifications, drawings, or other information necessary to adequately convey the characteristics of the item or service being sought.
13. **Budget**
  - a. The budget is a document that informs and educates the public and elected officials about the City's structure, achievements, challenges and direction.
  - b. A budget document should ideally be a policy document, an operations guide, a financial plan and a communication device.
14. **Budget Basis**
  - a. The City of Meridian uses a combination of line item budgeting, program based budgeting, incremental, project based, and zero-based budgeting.
15. **Budget Calendar**

- a. The budget calendar will provide the annual due dates for specified budget items for the annual budget process.
  - b. The Finance department will be responsible for the development and distribution of the annual budget calendar to all employees.
16. **Capital Improvement Plan (CIP)**
- a. A capital improvement plan is a short-range plan, usually ten years long, which identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for financing the plan.
17. **Capital Infrastructure**
- a. The physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions
18. **Capital Investment**
- a. A capital expense should be a major, nonrecurring budget item that results in a fixed asset with an anticipated life of at least three years.
  - b. Capital investments eligible for inclusion into the CIP must have a minimum cost of \$25,000.
19. **Capital Lease**
- a. That transfers substantially all the benefits and risks inherent in the ownership of property to the City. A lease must meet one or more of the following four criteria to qualify as a capital lease:
    - i. Ownership of the leased property is transferred to the state by the end of the lease term; or
    - ii. The lease contains a bargain purchase option; or
    - iii. The lease term is equal to 75 percent or more of the estimated useful life of the leased property; or
    - iv. If, at the inception of the lease, the present value of the future minimum lease payments, excluding executory costs (usually insurance, maintenance, and taxes paid in connection with the leased property, including any profit thereof) is 90 percent or more of the fair value of the leased property.
20. **Capital Outlay**
- a. Is the outlay of funds for capital equipment purchases over a certain dollar threshold amount and useful life that have been approved through the budget process by Council.
21. **Cash Receipts**
- a. Receipt of coin, currency, checks, warrants, money orders, cashier checks, or EFT wire transfers.
22. **Change Order (CO)**
- a. A written alteration that is issued to modify a Contract or Purchase Order. A bilateral request that directs the Contractor to make changes to the contracted Scope of Work or Specifications. The modification may include time and/or costs changes. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans, or Specifications of the project.
23. **Community Development Departments**
- a. Community Development Administration (1900)
  - b. Planning Department (1910)
  - c. Economic Development (1930)
  - d. Building Department (1940)
24. **Comprehensive Financial Plan (CFP)**
- a. A comprehensive financial plan is both a short-term and long-term guide for capital, operating, and personnel expenditures.
  - b. The CFP includes a list of capital (obtained from CIP), operating, and personnel requests that a City and its community envisions for the future, and a plan that integrates timing of expenditures with the City's annual budget.
  - c. The CFP identifies future needs that will benefit the City and its community.

- d. The CFP also indicates the priorities assigned to each requests and presents a target construction/implementation schedule.
- 25. **Construction in Progress**
  - a. A long-term capital asset that records costs associated directly with the building of the asset. Once the capital asset is substantially complete, the capital asset is recognized by the City as a fixed asset.
- 26. **Consultant**
  - a. A person or firm that possesses unique qualifications that allow them to perform specialized advisory services usually for a fee. Serves in an advisory capacity.
- 27. **Contract**
  - a. Contract types include, Professional Services Agreements, Master Agreements, Task Orders, Contracted Services Agreements and Purchase Orders.
- 28. **Contracted Services**
  - a. Janitorial services, landscape services etc.
- 29. **Contractor**
  - a. An individual or firm who has been awarded a contract to provide goods and/or services to the City.
- 30. **Delinquent Account**
  - a. Are accounts that are 90 days or more past the date payment was due.
- 31. **Disbursement**
  - a. The payment of money from a fund.
- 32. **Discretionary Revenues**
  - a. Revenues available to the City after all personnel and operating expenses have been accounted for.
- 33. **Electronic Funds Transfer (EFT)**
  - a. a system of transferring money from one bank account directly to another without any paper money changing hands.
- 34. **Emergency Purchase**
  - a. A purchase made without a solicitation to safeguard life, health or property in response to a disaster, public calamity, or other unforeseen situation. Emergency purchases MUST be approved by Council.
- 35. **Financial Accounting System**
  - a. Is a computer program that assists bookkeepers and accountants in recording and reporting a firm's financial transactions.
    - i. Currently the City uses a program called ABILA MIP Fund Accounting (as of Dec. 2018).
- 36. **Fiscal Year**
  - a. The City follows [State Code Section : 50-1001 "Fiscal Year"](#) to establish the beginning and ending of a fiscal year.
  - b. The City begins its annual fiscal year on October 1st.
- 37. **Fixed Assets**
  - a. Tangible (also known as property, plant, and equipment (PP&E) ) or intangible property item of a relatively permanent nature (useful life of at least 3 years) of significant value used in conducting the City's activities.
  - b. Assets are capitalized when it is determined that the costs provide probable future benefits.
  - c. The full acquisition cost, including directly related expenses (i.e. freight, handling fees, installation charges, etc.) must meet the current minimum threshold set by Finance and approved by Council.
    - i. Types of fixed assets:
      - 1) Land, buildings, machinery, furniture, equipment, software, improvements, water and sewer lines, wells and easements.
    - ii. Capitalization Thresholds (see [Fixed Asset Capitalization Status](#))
- 38. **Full Accrual Accounting Basis**
  - a. An accounting system which incorporates accrual accounting with expense basis and

- periodic allocation of expenses between accounts. Accrual accounting recognizes assets and liabilities at the time they are accrued and not at the time payment changes hands.
39. **Full Cost Recovery**
    - a. 100% of all costs associated with a service will be collected from users of said services via a user fee.
  40. **Generally Accepted Accounting Principles (GAAP)**
    - a. GAAP is a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements.
  41. **Governmental Accounting Standards Board (GASB)**
    - a. GASB is the source of generally accepted accounting principles (GAAP) used by state and local governments in the United States.
    - b. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization.
  42. **Grant Committee**
    - a. Select employees under the direction of the Grant Committee Administrator (Finance employee) to provide oversight and coordination for all potential grant submissions and to ensure that all relevant personnel are made aware of award notices in a timely manner.
      - i. For more information on the [Grant Committee, please click link.](#)
  43. **Idaho Code (I.C.)**
    - a. Legal code of Idaho found in the Idaho State Statutes. (This policy refers to several Idaho Statutes. See Appendix A for a list of all statutes that impact public purchasing).
  44. **Incremental Based Budgeting**
    - a. A budget prepared using a previous year's budget or actual performance as a basis with incremental amounts added for the new budget year.
  45. **Intangible Asset**
    - a. Either purchased or internally developed such as land use rights not acquired with the purchase of land, software, patents, land easements, and trademarks. The asset is capable of being separated or divided and sold, transferred, licensed, rented or exchanged.
  46. **Internal Controls**
    - a. Measures employed for the purpose of safeguarding resources against waste, fraud, and inefficiency: promoting accuracy and reliability in accounting and operating data: encouraging and measuring compliance with policy and judging the efficiency of operations.
  47. **Inventory**
    - a. Tangible property with a significant value used in conducting City business.
    - b. Assets classified as inventory (and not as fixed assets) will not be capitalized or depreciated for accounting purposes.
  48. **Legal Tender**
    - a. United States currency, coins, checks, money orders, cashier's checks, credit and debit cards, or any other payment media declared by the United States Federal Government to be legal tender.
  49. **Line Item Based Budgeting**
    - a. Each general ledger line item is discussed and reviewed for budget consideration.
  50. **Minimal Cost Recovery**
    - a. 1% - 59% of all costs associated with a service will be collected from users of said services via a user fee.
  51. **Modified Accrual Accounting Basis**
    - a. Modified accrual accounting is an accounting method commonly used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is

- incurred, as under accrual accounting.
52. **Notice of Intent to Award**
    - a. A formal notice sent to the respondents to a bid or RFP stating the low bidder/highest ranked proposer and the City's intent to enter into contract with the successful bidder/proposer.
  53. **One-Time Revenue**
    - a. Revenue sources that the City cannot reasonably expect to receive from operating activities on an on-going basis for more than 12 months.
  54. **Partial Cost Recovery**
    - a. 60% - 99% of all costs associated with a service will be collected from users of said services via a user fee.
  55. **Payment Bond**
    - a. A financial or contractual instrument, issued by a surety that guarantees that subcontractors and material providers to contractors will be paid for labor and materials expended by the subcontractor. Acceptable forms of payment bonds may include cashier's check, certified check, or a surety bond. Also known as Labor and Materials Bond.
  56. **Performance Bond**
    - a. An instrument executed, subsequent to award, by a successful bidder that protects the public entity from loss due to the bidder's inability to complete the contract as agreed.
  57. **Petty Cash Box**
    - a. Petty cash boxes are used for making and reimbursing small purchases within the City.
  58. **Piggyback**
    - a. A form of intergovernmental cooperative purchasing in which an entity will extend the pricing and terms of a contract entered into by a separate entity.
  59. **Project Manager (PM)**
    - a. The City employee responsible for a purchasing of goods, services, equipment or a construction project. They are accountable for accomplishing the stated project objectives and have the responsibility of the planning, execution, and closing of a project, including processing of payment requests.
  60. **Professional Services**
    - a. Services rendered by members of a recognized profession or a person possessing a special skill. Such Professional Services are generally acquired to obtain information, advice, training, or direct assistance. This includes but is not limited to accounting and auditing, legal, education, engineering, architecture, construction management and research.
  61. **Program Based Budgeting**
    - a. A program is a broad category of similar services (WHAT) for an identifiable group (WHO) and for a specific purpose (WHY). A program has specified goals and objectives.
  62. **Project Based Budgeting**
    - a. A project budget is developed at the project level as opposed to Line Item budgeting.
  63. **Property**
    - a. Tangible ownership of something that can be disposed of.
    - b. Something to which a person or business has a legal title.
  64. **Proposal**
    - a. A document submitted by a firm or individual in response to a Request for Proposals (RFP).
  65. **Proposer**
    - a. A person or entity who submits a proposal in response to a Request for Proposals (RFP).
  66. **Prudent Person Standard**
    - a. A standard of care that holds that investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

67. **Public Hearings**

- a. A public hearing is typically held when a government, government agency, or organization is making a decision on a course of action, such as a law or plan for construction.

68. **Public Purchasing**

- a. The purchasing or purchasing of an item or a service for a Public Entity using public funds.

69. **Public Works Construction**

- a. Public works construction includes any or all of the following branches:
  - i. Heavy construction
    - 1) which is defined as constructing substantially in its entirety any fixed works and structures (not including "building construction"), without limitation, for any or all of the following divisions of subjects: irrigation, drainage, sanitation, sewage, water power, water supply, reservoirs, flood control, reclamation, inland waterways, railroads, grade separations, track elevation, elevated highways, hydroelectric developments, aqueducts, transmission lines, duct lines, pipelines, locks, dams, dikes, levees, revetments, channels, channel cutoffs, intakes, drainage, excavation and disposal of earth and rocks, foundations, piers, abutments, retaining walls, viaducts, shafts, tunnels, airports, air bases and airways, and other facilities incidental to the same;
  - ii. Highway construction
    - 1) which is defined as all work included in highway construction contracts, including, without limitation, highways, roads, streets, bridges, tunnels, sewer and street grading, street paving, curb setting, surfacing and other facilities incidental to any of the same;
  - iii. Building construction
    - 1) which is defined as all work in connection with any structure now built, being built, or hereafter built, for the support, shelter and enclosure of persons, chattels, personal and movable property of any kind, requiring in its construction the use of more than two (2) unrelated building trades or crafts.
  - iv. Specialty construction
    - 1) which is defined as any work in connection with any public works construction, requiring special skill and the use of specially skilled trades or crafts.
- b. Statute and this policy cover any construction, repair or reconstruction of any public work (including, but not limited to, buildings, pipelines, irrigation, drainage facilities, curbing, and numerous "specialty construction" types of work). See I.C. §54-1901 for further definition and types of work subject to the requirements of this policy.

70. **Purchase Order (PO)**

- a. A short form of contract. PO includes goods and services to be purchased, amount and payment terms.

71. **Purchasing**

- a. The process of ordering and receiving goods and services. A subset of the wider purchasing process.

72. **Purchasing Manager**

- a. The professional within the City who is responsible for procuring or approving the acquisition of goods and services needed by the company. A Purchasing Manager oversees the acquisition of materials needed for production, general supplies for offices and facilities, equipment, or construction contracts.

73. **Qualified Bidder**

- a. A bidder, determined by the Purchasing Division, that;
- b. meets the minimum standards of business competence, reputation, financial ability, and product quality for placement on the bidders List, and/or;
- c. has met the requirements of a solicitation.

74. **Request for Proposal (RFP)**

- a. A method for acquiring services, equipment and supplies that permits the negotiation of all

- terms, including scope and price, prior to the award.
  - b. RFP's are typically utilized where the need is known but the solution is not.
  - c. An RFP describes a problem or need in general terms and seeks a written proposal. RFP's are evaluated and awarded on criteria listed in the solicitation.
  - d. Price is often one of the evaluation factors, however it is typically not the predominate basis for contract award.
75. Request for Qualification(RFQ)
- a. A Request for Qualification is a form of solicitation used to obtain statements of qualifications for professional services.
  - b. The basis for award shall be established in the solicitation. RFQ's may not consider pricing in the evaluation and award of solicitations.
76. Responsive Bidder
- a. A contractor, business entity, or individual who has submitted a bid or proposal that fully conforms in all material respects to the Invitation for Bids (IFB)/Request for Proposals (RFP) and all of its requirements, including all form and substance.
77. Scope of Work/Services
- a. A detailed, written description of the requirements for a procurement contained within an Invitation for Bids or Request for Proposals and/or contract.
  - b. The scope of work should establish a clear understanding of what the City requires.
78. Specialized Repair
- a. Specialized repair refers to repair of rolling stock (vehicles, trailers and equipment) where the repairs cannot be determined without tearing down the vehicle/equipment.
79. Specification
- a. A precise description of the physical characteristics, quality, or desired outcomes of good or services to be procured, which a supplier must be able to produce or deliver for consideration of award of a contract.
  - b. Specifications are written not to restrict bidding but to encourage open competition.
  - c. The goal is to attract maximum reasonable competition.
80. Statement of Work (SOW)
- a. Describes the work necessary to complete the required tasks. Used most commonly to procure services.
81. Statutes
- a. The written laws approved by legislatures, also known as legislation.
82. Straight Line Depreciation
- a. The straight line depreciation method is used to calculate the annual depreciation expense of a fixed asset.
  - b. The straight line method is the simplest and most generally used method of calculating depreciation, and is given by the straight line method formula as follows:
    - i.  $\text{Straight Line Depreciation} = (\text{Cost} - \text{Salvage Value}) / \text{Useful Life}$
83. Surety
- a. A pledge or guarantee by an insurance company, bank, individual, or corporation on behalf of the bidder/proposer that protects against default or failure of the contracted bidder/proposer to satisfy the contractual obligations.
84. Surplus Property
- a. Personal property owned by the City that is of no further use to the City, obsolete and/or where the cost of maintenance, transportation, storage, or other costs exceed the economic or useful life of the property.
85. Tangible Asset
- a. Tangible property in law is, literally, anything which can be touched, and includes both real property and personal property (or moveable property), and stands in distinction to intangible property.
  - b. In English law and some Commonwealth legal systems, items of tangible property are referred to as choses in possession (or a chose in possession in the singular).

- 86. **Terms and Conditions**
  - a. Standard boilerplate language that includes standard clauses and rules that apply to bids and proposals formally solicited that may become incorporated into the final contract.
- 87. **Threshold**
  - a. Is a dollar amount set by Finance that will be the minimum amount that will be regarded as a fixed asset that will be capitalized and depreciated.
- 88. **Transparency**
  - a. In an ethical context, the idea that the more information disclosed about a business, financial, or economic activity, the better.
  - b. Transparency improves ethical conduct. Maximum disclosure is for the betterment of the public and will help to discourage more regulation.
- 89. **Use Tax**
  - a. A tax imposed on contractors when they install City owned and/or pre-purchased goods, materials or equipment.
- 90. **Vendor**
  - a. A vendor is a party in the supply chain that makes goods and services available to companies or consumers.
  - b. The term "vendor" is typically used to describe the entity that is paid for goods that are provided.
- 91. **Zero-Based Budgeting**
  - a. Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from zero.
- 92. **Zero Cost Recovery**
  - a. 0% of all costs associated with a service will be collected from users of said services via a user fee.

## Fund Identification

- 1. **General Fund (01)**
  - a. The primary operating fund of the City.
  - b. The general fund derives most of its income from property tax and funds the general operations of the City.
  - c. The fund uses the accounting approach known as the modified accrual accounting basis.
- 2. **Impact Fee Fund (07)**
  - a. A general fund used to account for and report the proceeds of impact fee revenue sources that are associated to expenditures for impact fee purposes.
  - b. The fund uses the accounting approach known as the modified accrual accounting basis.
- 3. **Public Safety Fund (08)**
  - a. A general fund used to account for and report the proceeds of public safety fund revenue sources that are associated to expenditures for public safety purposes.
    - i. Primary revenue source is derived from transfers from the General Fund.
  - b. The fund uses the accounting approach known as the modified accrual accounting basis.
- 4. **Grants Fund (20)**
  - a. A general fund used to account for and report the proceeds of grant revenue sources (federal, state, local) that are associated to expenditures for grant purposes.
  - b. The fund uses the accounting approach known as the modified accrual accounting basis.
- 5. **Capital Improvement Fund (55)**
  - a. A capital projects fund used to account for and report the proceeds of capital improvement fund revenue sources that are restricted or committed to expenditures for capital improvement purposes within the general fund.
    - i. Primary revenue source is derived from transfers from the General Fund.
      - 1) Primary revenue source is derived from excess revenues generated by the Community Development Department.
  - b. The fund uses the accounting approach known as the modified accrual accounting basis.



6. **Enterprise Fund (60)**
  - a. A government-owned self-sustaining fund that accounts for any activity for which a fee is charged to external users for goods or services.
  - b. User fees finance activities in these funds.
  - c. The primary goods and services sold in this fund would be sewer and water utilities.
  - d. The fund uses the accounting approach known as the economic resources measurement focus and the accrual basis of accounting.
7. **Enterprise Fund - Grants (61)**
  - a. An enterprise fund used to account for and report the proceeds of grant revenue sources that are associated for grant purposes and associated to Enterprise Fund assets.
  - b. The fund uses the accounting approach known as the economic resources measurement focus and the accrual basis of accounting.
8. **Enterprise Fund FAAG (68)**
  - a. A clearing fund used to account for and report the transactions associated to the annual closing process to track assets.
    - i. Fund is based on accrual accounting.
    - ii. Fund will never have actual cash transaction.
  - b. The fund uses the accounting approach known as the full accrual accounting basis.
9. **Enterprise Fund LTDG (69)**
  - a. A clearing fund used to account for and report the transactions associated to the annual closing process to track accruals for debt/liability transactions.
    - i. Fund is based on accrual accounting.
    - ii. Fund will never have actual cash transaction.
  - b. The fund uses the accounting approach known as the full accrual accounting basis.
10. **General Fund FAAG (90)**
  - a. A clearing fund used to account for and report the transactions associated to the annual closing process to track assets.
    - i. Fund is based on accrual accounting.
    - ii. Fund will never have actual cash transaction.
  - b. The fund uses the accounting approach known as the full accrual accounting basis.
11. **General Fund LTDG (91)**
  - a. A clearing fund used to account for and report the transactions associated to the annual closing process to track accruals for debt/liability transactions.
    - i. Fund is based on accrual accounting.
    - ii. Fund will never have actual cash transaction.
  - b. The fund uses the accounting approach known as the full accrual accounting basis.

## Fund Type Classifications

1. **General Fund**
  - a. A general fund is the primary operating fund for the entire government. It slightly serves as a catch-all fund for resources that aren't required or designated for another fund.
2. **Special Revenue Funds**
  - a. These are used to track the revenue from specific sources restricted to certain purposes.
  - b. Special revenue funds provide an extra level of accountability and transparency to taxpayers/ratepayers that their dollars will go toward an intended purpose.
3. **Debit Service Fund**
  - a. A debt service fund is used to pay back long-term debt issued in order to finance specific government projects. This includes both the principal and interest amounts paid out.
4. **Capital Projects Fund**
  - a. This accounts for financial resources related to the construction of major capital projects or facilities. Capital projects tend to include work on long-lived facilities like libraries or government buildings.
5. **Permanent Fund**

- a. This is a restricted endowment fund that generates and disburses money for those that are entitled to receive it.

## Fund Balance Classifications

### 1. Nonspendable

- a. This fund balance is for those assets that are noncash or legally or contractually required to be maintained intact. Amounts that are not in a spendable form.
  - i. Examples would include inventory, long term loans receivable, property held for sale, endowment or permanent fund principal and prepaid items.

### 2. Restricted

- a. This fund balance is constrained for a specific purpose and legally restricted by external parties, such as state or federal agencies.
  - i. Examples would include grants.

### 3. Committed

- a. This fund balance constraint is self-imposed by the City Council. Formal action is required by City Council to commit funds and must occur prior to year-end; however, the actual dollar amount may be determined in the subsequent period.
  - i. Examples would include contractual agreements approved by City Council.

### 4. Assigned

- a. This fund balance is intended for a specific purpose and the authority to "assign" is delegated to the Chief Financial Officer/City Treasurer or City Council. Formal action is not necessary to impose, remove, or modify any assigned fund balance.
  - i. Examples would be Carryforward amounts.

### 5. Unassigned

- a. This fund balance is the residual classification of the Fund and the includes all amounts not contained in other classifications. Unassigned amounts are available for any purposes.

## User Fees and Charges - Cost Recovery Criteria

- i. The following criteria are used to determine if a service is Full, Partial, Minimal or No Cost recovery.
- ii. The service does not have to meet every criterion.

### a. Full Cost Recovery

- i. Individuals or groups benefit from the service and there is little community benefit.
- ii. There is excess demand for the service; therefore, allocation of limited services is required.
- iii. Administrative costs of imposing and collecting the fee are not excessive.
- iv. The service is provided at market price by the private sector.

### b. Partial Cost Recovery

- i. The individual or group using the service is the primary beneficiary.
- ii. Administrative costs of imposing and collecting the fee are not excessive.
- iii. Imposing a substantial cost fee would not place the agency at a competitive disadvantage.
- iv. The service is usually provided by the private sector, but may also be provided by the public sector.
- v. User fees should recover the substantial cost of services benefiting specific groups or individuals.

### c. Minimal Cost Recovery

- i. Services benefit those who participate but the community at large also benefits.
- ii. Administrative costs of imposing and collecting the fee are not excessive.
- iii. Imposing a full cost fee would place the agency at a competitive disadvantage.
- iv. The services may be provided by the public sector, but may also be provided by the private sector.
- v. There is considerable community and balanced community/ individual benefits

### d. No Cost Recovery

- i. The service is equally available to everyone in the community and should benefit everyone.

- ii. Because the service is basic, it is difficult to determine benefits received by one user.
- iii. The level of service attributable to a user is not known.
- iv. Administrative costs of imposing and collecting a fee exceed revenue expected from the fee.
  - v. Imposing the fee would place the agency at a serious disadvantage.
- vi. The service is primarily provided by the public sector.

Governance Body : [Finance Department](#)