

## Glossary

**Account** – An accounting concept used to capture the economic essence of an exchange or exchange-like transaction. Accounts are used to classify and group similar transactions. Account types include: revenue, expense/expenditure, asset, liability and equity.

**Accounting Principles Board (APB)** – Authoritative private-sector standard-setting body that preceded the Financial Accounting Standards Board (FASB). The APB issued guidance in the form of *Opinions*.

**Accounting System** – A total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, account groups, or organizational components.

**Accretion of a Discount** – An accounting process by which the book value of a bond purchased at a discount from par value is increased during the bond's holding period.

**Accrual Basis of Accounting**– A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the related cash flows.

**Accrued Interest** – The dollar amount of interest, based on the stated interest rate, which has accumulated on a bond from (and including) the most recent interest date or other stated date, up to (but not including) the due date of the interest payment.

**Activity** – A specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible.

**Ad Valorem Taxes** – Commonly referred to as property taxes, are levied on both real and personal property based upon the property's assessed valuation and applying a specific millage rate.

**Administrative Fees** – The Utility Fund, Charter Schools, Housing Division, and Fire Control are assessed a pro-rated share of the cost of City-wide management and control functions such as accounting, personnel, information technology and purchasing, all of which are budgeted in the General Fund. These fees appear as expenditures in the first-named funds above and as revenues (cost reimbursement) in the General Fund.

**Advance Refunding** – A bond refunding in which the proceeds of new debt are placed in an interest-bearing escrow account pending the call dates or maturity dates of the old debt. (See also "Defeasance" and "Refunding".)

**Agency Fund** – An agency fund is used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

**Allot** – To divide an annual appropriation of revenue or expense into amounts that may be encumbered or expended during an allotment period.

**Americans with Disabilities Act (ADA)** – a wide-ranging civil rights law that prohibits, under certain circumstances, discrimination based on disability.

**Amortization of a Premium** – An accounting process by which the book value of a bond purchased at a price above par value is decreased during the bond's holding period.

**Annualize** – To adjust or calculate to reflect a rate or cost for a full year.

**Appropriated Budget** – The expenditure authority created by the appropriation bills or ordinances that are signed into law and related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes.

**Appropriation** – A legal authorization to incur obligations and to make expenditures for specific purposes.

**Appropriation Ordinance** – The official enactment by the City Commission establishing the legal authority for City officials to obligate and expend resources.

**Assessed Valuation** – The valuation set upon real estate and certain personal property by the Property Appraiser as a basis for levying Ad Valorem (property) taxes.

**Asset** – Tangible or intangible, passive or active resources owned or held by a government which possess service potentials that generally are utilized (consumed) in the delivery of municipal services.

**Assigned Fund Balance** – Amounts that the City intends to use for a specific purpose; the intent shall be expressed by the City Commission or may be delegated to the City Manager. Assigned fund balance includes all remaining amounts that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

**Attrition** – A method of achieving a staffing reduction by not refilling the positions vacated through resignation, reassignment, transfer, retirement, termination or death.

**Authorized Positions** – Employee positions, which are approved and funded in the adopted budget.

**Balanced Budget** – To the extent that the sum of Appropriated Revenues, Beginning Surplus, and Estimated Budget Savings equals the Appropriated Expenditures, the budget is considered balanced. Should the Appropriated Expenditures be different from the Appropriated Revenues, the difference would be shown in the Fund Summaries Section as Excess (Deficit) Revenues over Expenditures and as Beginning Surplus and/or Estimated Budget Savings in the Revenue Detail Section. The amount of the Beginning Surplus would specify the amount by which the Fund Balance is expected to change.

**Basis of Accounting** – The timing of recognition; that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). "Basis of accounting" is an essential part of measurement focus, because a particular timing of recognition is necessary to accomplish a particular measurement focus.

**Basis Point** – Equal to 1/100 of one percent; for example, if interest rates rise from 4.75% to 5.00%, the difference is referred to as an increase of 25 basis points.

**Beginning Surplus** - A positive Beginning Surplus identifies the size of a projected deficit of expenditures exceeding revenues for that fund. The presumption is that a positive beginning surplus represents the amount of deficit that would be funded by use of Fund Balance in that fund. A negative Beginning Surplus in the City's budget can best be understood as a projected excess of revenues over expenditures that, in simplest terms, will produce an increase to the Fund Balance at year-end.

**Benchmark** – A point of reference, anchored either in experiences of peer municipalities (when available) or prior City performance, against which performance results may be measured or judged.

**Biochemical Oxygen Demand (BOD)** – A measure of the amount of oxygen consumed in the biological processes that break down organic matter in water. The greater the BOD, the greater the degree of pollution.

**Bond** – A long-term debt obligation primarily used to finance capital projects or other long-term obligations. A bond represents a promise to repay a specified sum of money called the face value or principal amount at a specified maturity date or dates in the future, together with periodic interest at a specified rate.

**Bond Issue** – A borrowing based upon certificates of debt containing a promise to pay a specified sum of money (face value or principal) at a specified date or dates in the future (maturity date-usually annually) together with periodic interest (usually semi-annually) at a specified rate.

**Bond Refinancing** – The refunding (current or advanced) from the proceeds of a new issue, to reduce debt service costs, i.e. interest, realign maturities and/or modify or remove restrictive bond covenants.

**Bonded Debt** – That portion of indebtedness represented by outstanding bonds.

**Broward County Transit (BCT)** – One public transportation option for getting around Broward County.

**Budget** – An operational guide of planned financial activity for a specified period of time (fiscal year or project length) estimating all anticipated revenues and expected expenditures/expenses for the budget period. A policy document that communicates programmatic goals and objectives and the anticipated means and resources for achieving them.

**Budget Calendar** – The schedule of target dates that a government follows in the preparation of preliminary budgets and the adoption of the final budget.

**Budget Message** – An executive-level overview of the proposed and adopted budgets delivered by the City Manager to the Mayor and City Commissioners. It discusses the major City issues and the proposed means of dealing with them, highlights key experiences during the current fiscal year, and indicates how current and proposed budgetary plans will meet the City's objectives. The budget message is normally the first comprehensive public statement of the City's plans for the upcoming fiscal year.

**Budgetary Basis of Accounting** – This refers to the basis of accounting used to estimate when revenues and expenditures are recognized for budgetary purposes. This generally takes one of three forms: GAAP, cash, or modified accrual.

**Budgetary Control** – The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources. Budgetary control is exercised at the department level, at which point expenditures cannot legally exceed the appropriated amount.

**Capital Assets** – Assets of significant value that meet or exceed the capitalization threshold and have a useful life extending beyond a single accounting period. Capital assets are also called "fixed assets" and may include land, improvements to land, easements, buildings, building improvements, machinery, equipment, vehicles, infrastructure, works of art and historical treasures, and all other tangible or intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period.

**Capital Budget** – A plan of proposed capital outlays and the means of financing them for the current fiscal period. It is usually a part of the current comprehensive budget.

**Capital Expenditures** – See "Capital Outlay."

**Capital Improvements** – Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as "Infrastructure." See also "Capital Project".

**Capital Improvements Program (CIP)** – All capital expenditures planned for the next five years. The program specifies both projects and the resources estimated to be available to fund projected expenditures.

**Capital Lease** – A lease agreement that substantively transfers the benefits and risks of ownership of the property to the lessee and that meets one or more of the criteria set forth in Statement of Financial Accounting Standards No. 13 for lease capitalization.

**Capital Outlay** – Expenditures that result in the acquisition of or addition to fixed assets that have a value of \$1,000 or more (with the exception of computers) and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be identified and controlled for custody purposes as a fixed asset. Computers retain a lower threshold of at least \$750.

**Capital Project** – Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called "Capital Improvements."

**Capital Reserve** – An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition.

**Capitalization Threshold** – The dollar value at which the City elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Currently, this amount is \$1,000 or more, with the exception of computers. Computers retain a threshold of at least \$750.

**Capitalized Interest** – A portion of the proceeds of a bond issue, which is set aside to pay future interest payments of the bond issue for a specified period of time.

**Cash Basis of Accounting** – A basis of accounting in which transactions or events are recognized when related cash amounts are received or disbursed.

**Cash Equivalent** – The accounting industry recognizes cash equivalents as those non-cash assets that are readily convertible into cash within three months. These typically include money market holdings, bonds maturing within three months, T-bills, commercial paper, and marketable securities.

**Charges for Services** – These refer to program revenues, which finance in part or in whole the provision of a particular service. An example is admission fees for the use of the Pembroke Falls Aquatic Center.

**Chart of Accounts** – The classification system used by a City to organize the accounting records.

**Collective Bargaining Agreement** – A legal contract between the employer and verified representatives of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

**Committed Fund Balance** – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Commission, the City's highest level of decision making authority. Commitments may only be changed or lifted by the City Commission taking the same formal action (resolution) that imposed the constraint originally.

**Commodities** – Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, etc.

**Constant or Real Dollars** – The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power and recognize the time value of money. Dividing current dollar amounts by a price index derives constant dollars. The result is that a constant dollar series would report transaction(s) for several years on the basis of inflation-adjusted common dollar values.

**Consumer Price Index (CPI)** – A statistical description of price levels provided by the U.S. Department of Labor, Bureau of Labor Statistics. The monthly index is used as a measure of the increase or decrease in the

cost of living (i.e., economic inflation or deflation). The CPI shows the relative cost of purchasing a specified market basket compared to the price of the same basket in a designated base year. CPI measures how fast prices are rising or falling.

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contractual Services** – Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

**Cost-of-living Adjustment (COLA)** - An increase in salaries to offset the adverse effect of inflation on compensation.

**Cost Allocation** – Method designed to transfer direct or indirect costs from a primary account/function to one or more secondary accounts/functions for administrative support services provided to those activities.

**Current Financial Resources Measurement Focus** – Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

**Debt** – An obligation resulting from the borrowing of money or from the purchase of goods and services on credit. Debt instruments used by the City of Pembroke Pines may include general obligation bonds, revenue bonds, bond anticipation notes, and tax anticipation notes. The City Commission must approve all debt instruments. All General Obligation (G.O.) bonds must be approved by the voters in a referendum.

**Debt Limit** – The maximum amount of debt that the City is permitted to incur under constitutional, statutory, or charter provisions. Usually expressed as a percentage of assessed valuation.

**Debt Service** – The cost of paying principal and interest on borrowed money according to a predetermined payment schedule. Includes required monthly contributions to a sinking fund for bond issue repayments.

**Debt Service Fund** – A governmental fund established to finance and account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Also known as "Sinking Fund."

**Debt Service Requirements** – The amounts of revenue that must be provided so that all principal and interest payments can be made in full and on schedule. See also "Sinking Fund".

**Dedicated Tax** – A tax levied to support a specific government program or purpose.

**Defeasance** – An advance refunding procedure whereby a new debt issue provides funds for an interest-bearing escrow account to repay the old debt issue at its maturity dates, and the new debt replaces the old debt on the City's Statement of Net Assets. See also "Advance Refunding" and "Refunding".

**Deficit** – The excess of an entity's liabilities and reserved equity of a fund over its assets (deficit fund balance), or the excess of expenditures or expenses and encumbrances over revenues during an accounting period.

**Department** – An organizational unit of government, which is functionally unique in its delivery of services.

**Depreciation** – A method of cost allocation to recognize the decline in service potentials of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

**Derivative** – A derivative instrument is a contract between two parties the value of which is derived from that of other financial quantities. Traditional derivatives include call and put contracts, commodities futures, and swaps (e.g., interest-rate swaps). Other common bets or hedges the counterparties may place on external quantities through derivatives include equity derivatives, foreign exchange derivatives, and credit derivatives. Under the laws of the US and many other countries, derivatives have special legal exemptions that make them a particularly attractive form through which to extend credit; however, their complexity and lack of transparency can cause capital markets to underprice credit risk.

**Development-related Fees** – Those fees and charges generated by building, development and growth in a community. Included are building and street permits; development review fees; and zoning, platting and subdivision fees.

**Disbursements** – The payment of monies by the City from a bank account or cash fund.

**Discount** – The amount by which the par value of a bond exceeds the price paid for it.

**Distinguished Budget Presentation Awards Program** – A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents.

**Division** – An organizational sub-unit of a department, with responsibility for carrying out a more specific function. An example is the Ambulance/Rescue Division in the Fire Department.

**Economic Resource Measurement Focus** – Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It also is used by business enterprises and not-for-profit organizations in the private sector.

**Employee (or Fringe) Benefits** – Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and Medicare, and the various pension, medical, and life insurance plans.

**Encumbrance** – The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

**Enterprise Fund** – A proprietary fund used to account for business-like operations of a government to provide goods or services or both to the general public. The intent is that enterprise fund operations should be supported by user fees on a cost recovery basis. The periodic determination of revenues and expenses is appropriate for capital maintenance, management control, or other public policy. An example of an enterprise fund is the Utility Fund (Water and Sewer).

**Entitlements** – Payments to which eligible local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually by an agency of the state or the federal government.

**Estimated Budget Savings** – refers to an amount of projected favorable expenditure budget variances expected to be realized during the budget year but that is not identifiable before the start of the year in a way that could be attributed to one or more specific line items. Estimated Budget savings are shown in the City's budget as a revenue item.

**Existing Resources** – Includes beginning surplus and appropriated fund balance.

**Expenditure** – The incurring of a liability, the payment of cash, or the transfer of property for the purpose of acquiring an asset, or a service or settling a loss. A decrease in net financial resources under the current financial resources measurement focus not properly classified as “Other Financing Uses”.

**Expense** – Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges. Decreases the net assets of a fund.

**Face Value** – See “Par Value”.

**Fair Value** – Amount at which an investment or capital asset could be exchanged in a current transaction, other than a forced or liquidation sale, between willing parties at arms’ length. Certain investments or capital asset exchanges are required by the FASB and GASB to be reported at fair value.

**Fiduciary Fund** – Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities. In the City of Pembroke Pines, fiduciary funds include the employee pension and other post-employment benefit funds.

**Financial Accounting Standards Board (FASB)** – The authoritative accounting and financial reporting standard-setting body for business enterprises and not-for-profit organizations. The GASB and its predecessors have elected to apply a number of the FASB’s standards as well as those of its predecessors to state and local governments.

**Fiscal Policy** – A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

**Fiscal Year** – A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City’s fiscal year runs from October 1<sup>st</sup> to September 30<sup>th</sup>.

**Fixed Assets** – See “Capital Assets”.

**Full Faith and Credit** – A pledge of a government's taxing power to repay debt obligations.

**Full-time Equivalent Position (FTE)** – A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to 50% of a full-time position.

**Function** – A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

**Fund** – An accounting and reporting entity with a self-balancing set of accounts. Funds are created to establish accountability for revenues and expenses that are segregated for the purpose of carrying out a specific purpose or range of activities.

**Fund Balance** – The difference between assets and fund liabilities in the governmental funds balance sheet and is referred to as fund equity.

**GAAP** – Generally Accepted Accounting Principles. The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

**General Fund** – The chief operating fund used to account for both general government transactions and those financial resources not required to be accounted for in another fund.

**General Obligation (G.O.) Bond** – This type of bond is backed by the full faith, credit and taxing power of the government. It is not supported by a specified source of pledged revenue, but is usually payable from ad valorem taxes and other general revenues of the government.

**GIS** – Geographic Information System.

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. An objective to be achieved assuring the fulfillment of program purposes.

**Governmental Accounting Standards Board (GASB)** – The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

**Governmental Funds** – Governmental funds are those that are not more narrowly defined as being proprietary funds or fiduciary funds, each of which is defined separately in this glossary.

**Government Finance Officers Association (GFOA)** – An association of public finance professionals. The GFOA has played a major role in the development and promotion of GAAP for state and local government since its inception and sponsors the Certificate of Achievement for Excellence in Financial Reporting Program and the Distinguished Budget Presentation Awards Program.

**Grants** – Contributions or gifts of cash or other assets by a government or other organization to support a specified purpose, activity or facility. Grants may be classified as either operating, capital, or both depending upon the restrictions placed on use of the grant monies by the grantor.

**Homestead Exemption** – A state program that permits up to a \$50,000 reduction from the assessed value of the primary residential real estate property occupied by a Florida resident in order to determine the net taxable value. Additional exemptions are available for qualified seniors, the disabled, the blind, and widows/widowers.

**Indirect Cost** – A cost necessary for the functioning of the organization as a whole, but which cannot be directly associated with a particular functional category.

**Infrastructure** – Long lived capital assets that are usually stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. (e.g., streets, water and sewer systems, public buildings, parks, bridges, tunnels, dams, drainage systems, and lighting systems). See also "Capital Improvements."

**Interfund Transfers** – Flows of assets (such as cash or goods) between funds of the primary government without equivalent flows of assets in return and without a requirement for repayment.

**Intergovernmental Revenue** – Funds received from federal, state and other local government sources in the form of grants, shared revenues, entitlements, or payments in lieu of taxes.

**Internal Service Charges** – The charges to user departments for services provided by an internal service fund, such as data processing, health insurance, life insurance, workers' compensation or liability insurance.

**Internal Service Fund** – Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

**Inventory** – A detailed list showing quantities, descriptions, and values of property; also units of measure and unit prices. The term is often confined to consumable supplies but may also cover fixed assets.

**LAN** – A local area network. A series of computers connected to a common communications system (server), which enables them to share data. A LAN covers a smaller service area than a MAN- Metropolitan Area Network and is normally limited to one or two buildings in relatively close geographic proximity.



**Lapsing Appropriation** – An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period, any unexpended or unencumbered balance lapses or terminates, unless otherwise provided by law. The City can avoid the termination of the appropriation by automatically appropriating any unexpended or unencumbered balance outstanding at the end of the prior budget year as part of the budget for the following year.

**Legal Debt Limit** – The maximum amount of debt which an issuer of municipal securities is permitted to incur under constitutional, statutory or charter provisions. The debt limit is usually expressed as a percentage of assessed valuation.

**Legal Debt Margin** – The excess of the amount of debt legally authorized over the amount of debt outstanding.

**Levy** – To impose taxes, special assessments or service charges for the support of governmental activities. Also, the total amount of taxes, special assessments and service charges imposed by the City.

**Line-item Budget** – A detailed expense or expenditure budget, generally classified by object-code within each organizational unit.

**Long-term Debt** – Debt with a maturity of more than one year after the date of issuance. Ordinarily used to finance long-lived assets or other long-term obligations.

**Major Funds** – Major funds are those with “revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) that are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all government and enterprise funds for the same item.” (See also “Non-Major Funds,” below.)

**Materials and Supplies** – Expendable materials and operating supplies necessary to conduct departmental operations.

**Measurement Focus** – Nature of the resources, claims against resources, and flows of resources that are measured and reported by a fund or other entity. For example, governmental funds measure and report current financial resources, whereas government-wide financial statements, proprietary and fiduciary funds measure and report economic resources.

**Millage Rate** – The ad valorem tax rate expressed in terms of mills (levy per thousand dollars of net assessed valuation).

**Modified Accrual Basis of Accounting** – Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

**Nephelometric** - Method of measuring turbidity in a water sample by passing light through the sample and measuring the amount of the light that is deflected.

**Net Budget** – The legally adopted budget less all interfund transfers and interdepartmental charges.

**Nominal Dollars** – The presentation of dollar amounts including the influence of inflation. Real dollar values, on the other hand, are the result of restating amounts to reflect the real purchasing power of money by adjusting for the inflation factor.

**Non-Departmental** – A group of accounts which are not directly related to a department's primary service activities, or which are separate from departmental operations for control purposes.

**Non-Major Funds** – Non-major funds are those that fail the test defining major funds in one or more aspects. Major funds have revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) that are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all government and enterprise funds for the same item.

**Non-operating Expenses** - Expenses chargeable to a program, which are not personnel costs or purchases of services, supplies or materials. One example would be debt service. Another example would be proprietary fund expenses not directly related to the primary activities of the fund, such as interest.

**Non-operating Revenues** – Governmental Revenues that are not derived from the basic operations of such government, such as beginning surplus, estimated budget savings, water and sewer connection fees. Another example would be proprietary fund revenues incidental to, or by-products of, the primary activities of the fund.

**Non-spendable Fund Balance** – Amounts that are not in a spendable form (such as inventory, prepaid amounts and long-term portion of loans receivable) or are legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Object of Expenditure** – An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, furniture, and personal or contractual services.

**Objective** – Something to be accomplished in specific, well defined, and measurable terms, and that is achievable within a specific time frame.

**Obligations** – A commitment, encumbrance or liability that a government may be legally required to meet out of its resources. They include indebtedness of any kind, actual liabilities, and encumbrances not liquidated.

**Operating Expenses** – The cost for personnel, materials and equipment required for a department to function. Another example is Proprietary Fund expenses related directly to the primary activities of the fund.

**Operating Lease** – A rental-type lease agreement in which the risks and benefits of ownership are substantially retained by the lessor and that does not meet the criteria for capitalization set forth in Statement of Financial Accounting Standards No. 13.

**Operating Revenues** – Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services. Another example would be Proprietary Fund user fees for goods or services that are directly related to the primary activities of the fund.

**Ordinance** – A formal legislative enactment by the governing board (council or commission) of a municipality. Revenue-raising measures, such as the impositions of taxes, special assessment and service charges, require ordinances.

**Original Issue Discount** – An amount by which the par value of a bond exceeds its public offering price at the time it was originally offered to the investors.

**Other Revenues** – Includes miscellaneous revenue items and often includes investment income.

**Output Indicator** –A unit of work accomplished, without reference to the resources required to do the work (for example, number of permits issued, number of refuse collections made, or number of burglary arrests made). Output indicators do not reflect the effectiveness or efficiency of the work performed.

**Par Value** – 100% of the face value of the security. In the case of bonds, the amount of principal that must be paid at the maturity date.

**Pay-as-you-go Basis** – A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing. Also, for pensions and risk management, another example would include the omission of financing retirement obligations or anticipated losses on a current basis, using an acceptable actuarial funding method.

**Payment in Lieu of Taxes** – Charges to the Utility Fund, which are intended to replace General Fund ad valorem revenues, which the City would receive if the Utility Fund were a private sector operation. It is based on the value of the real property assets of the fund. It appears as expenditures in the Utility Fund and as revenue in the General Fund. Also, any payment made to the City by a property owner not subject to taxation (a tax-exempt entity) to compensate the City for services received by the property owner.

**Performance Budget** – A budget format that relates the input of resources and the output of services for each organizational unit individually. Performance budgeting facilitates the evaluation of program efficiency and effectiveness.

**Performance Indicators** – Specific quantitative and qualitative measures of work performed and outcomes achieved as an objective of specific departments or programs.

**Performance Measure** – Data collected to determine how effective or efficient a program is in achieving its objectives.

**Personnel Services** – Expenditures for salaries, wages, and fringe benefits of a government's employees.

**pH** – An expression of the intensity of the basic or acid condition of a liquid; may range from 0 to 14, where 0 is the most acid and 7 is neutral. Natural waters usually have a pH between 6.5 and 8.5.

**Premium** – The amount by which the price paid for a bond exceeds the bond's par value.

**Principal** – A term used to describe repayments of the face value or par value of debt obligations exclusive of interest.

**Prior-Year Encumbrances** – Obligations/commitments from the previous fiscal year, which are carried forward to the subsequent fiscal year and become chargeable as an appropriation in that following period.

**Program** – A group of related activities performed by one or more organizational units for the purpose of attaining specific purposes or objectives.

**Program Budget** – A budget that allocates resources to the functions or activities of a group of related activities with a common focus for the attainment of specific objectives.

**Program Performance Budget** – A method of budgeting whereby the services provided to the residents are broken down into identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. Performance indicators measure the effectiveness and efficiency of providing the service by the program.

**Program Revenue (Income)** – Revenues earned by a program, including fees for services, license and permit fees, and fines. Program revenues reduce the net cost of a program or function and specifically exclude general government revenues, such as taxes.

**Proprietary Fund** – Proprietary funds are defined as both Internal Service funds, which serve other funds or departments within the government on a cost-reimbursement basis, and Enterprise funds, which track services provided to the public and exist primarily by charging user-fees for those goods and services.

**Purpose** – A broad statement of goals and objectives, predicated on satisfying public service needs, that a department is organized to meet.

**Ratings** – Evaluations of the credit quality of the City's notes and bonds usually made by independent rating services. Major rating agencies include: Moody's Investor Service, Standard & Poor's, and Fitch Ratings.

**Receipts** – Cash received by the City.

**Refunding** – The issuance of new debt whose proceeds are used to repay previously issued debt. See also "Advance Refunding" and "Defeasance".

**Resolution** – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**Resources** – Reflects funding that is available for appropriation, such as revenues, debt proceeds, transfers from other funds and existing resources.

**Restricted Assets** – Assets whose use is subject to constraints that are either externally imposed by creditors, grantors, contributors, or other governments, or that are imposed by law.

**Restricted Fund Balance**– Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors), or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

**Restricted Net Assets** – A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related outstanding debt.

**Retained Earnings** – An account that reflects accumulated net earnings (or losses) of an enterprise or internal service fund. As in the case of fund balance, retained earnings may include certain reservations of fund equity.

**Revenue** – Inflows of resources to finance the operations of government. Increases the net assets of the fund.

**Revenue Bond** – This type of bond is secured by the pledging of specified sources of revenue stream(s) other than ad valorem taxes, and not the full faith, credit and taxing power of the government. Generally, voter approval is not required prior to the issuance of such obligations.

**Rolled Back Rate** – The millage rate which, exclusive of new construction, will provide the same property (ad valorem) tax revenue for each taxing entity as was levied during the prior year. The rolled back rate controls for changes in the market value of property and represents "no tax increase." The only source of additional tax revenue, if the rolled-back rate is levied, is the tax upon new construction.

**Self-insurance** – Decision of an entity not to purchase insurance, but instead to accept the risk of claims as a part of its risk-management policy.

**Service Lease** – A lease under which the lessor maintains and services the asset.

**Service Level** – Services or products which comprise actual or expected outputs of a given program. Focus is on results (output), not measures of workload (input).

**Shared Revenue** – Revenue that is earned by one governmental unit but that is shared, usually on a predetermined basis, with other units or classes of governments.

**Sinking Fund** – A fund established by the bond contract of an issue into which the City makes periodic deposits (usually monthly) to assure the timely availability of sufficient monies for the payment of debt service requirements. Also known as "Debt Service Fund".

**Site-based Budgeting** – A decentralized budget process whereby budget preparation and development are based on an individual organizational component or site(s).

**Source of Revenue** – Revenues are identified and classified according to their point of origin, for example taxes, inter-governmental, user fees, fines and forfeitures, etc.

**Special Revenue Fund** – A governmental fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Standard deviation** – Measure of variation equal to the square root of the variance.

**Standard score** – Number of standard deviations that a given value is above or below the mean; also called “z score”.

**Status Quo Budget** – Cost of continuing the existing levels of service in the current budget year.

**Supplemental Appropriation** – An additional appropriation made by the governing body after the adoption of the original budget for a particular fiscal period.

**Supplemental Requests** – Programs and services that departments would like to have added (in priority order) over their target budget, or if revenue received is greater than anticipated.

**Target Budget** – Desirable expenditure levels provided to departments in developing the coming year's budget. Based on the prior year's adopted budget, excluding one-time expenditures, projected revenues, and reserve requirements.

**Tax Levy** – The resultant product when the millage rate per one thousand dollars of taxable property value is multiplied by the taxable values of all properties in the tax base.

**Taxes** – Charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments or user fees.

**Temp Employee** – An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads, or to address temporary staffing needs. Temp employees are paid on a per-hour basis and receive limited or no benefits.

**Transfers In/Out** – Amounts transferred from one fund to another to assist in financing the services for the recipient fund, or for repayment of funds previously received from the recipient fund.

**Trust Funds** – Fiduciary funds used to account for assets, which are held by the City in a trustee capacity for individuals, private organizations, other governments, or other funds.

**Truth in Millage (TRIM) Act** – Incorporated in Florida Statutes 200.065, it requires that property owners be notified by mail of the proposed property taxes for the next fiscal year based on "tentative" budgets approved by the City, County, School Board, and other taxing districts. The TRIM Act also includes specific requirements for newspaper advertisements of budget public hearings and the content and order of business of the hearings.

**Total Suspended Solids (TSS)** - A measure of the suspended solids in wastewater, effluent, or water bodies, determined by tests for "total suspended non-filterable solids."

**Unassigned Fund Balance** – The residual classification for the general fund and includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

**User Charges** – The payment of a fee for direct receipt of a public service by the party who benefits from the service.

**Variable Cost** – A cost that changes with increases/decreases in the amount of service provided, such as the payment of a salary.

**Variance** - The variance,  $s^2$ , of a set of  $n$  sample measurements is equal to the sum of the squares of deviations of the measurements about their mean, divided by  $(n-1)$ .

**Working Capital** – Excess of current assets over current liabilities. This measure largely depends upon the availability of cash and cash equivalents that may be used to satisfy immediate cash needs.

**Workload Indicator** – A unit of work to be done (for example, number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated).

**Work Years** – The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year" is equal to one full-time, 12-month employee. For most categories, this equals 2,080 hours year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position. See also "Full-time Equivalent Position (FTE)," above.

**Z Score** – Number of standard deviations that a given value is above or below the mean.