GLOSSARY OF BUDGET TERMS

Appropriation - Amounts of money authorized to be spent during the fiscal year.

Assessed Value - The value of property used as a basis for levying property taxes.

Assessments - Levied on property owners to pay for improvements directly benefiting their property.

Bonds - Proceeds from the sale of debt, the principal that must be repaid with interest.

Debt Service - Payments of principal and interest on indebtedness incurred to finance the construction of a capital project.

Department Revenue - Selected fees, charges, rent or other income derived by a department from its own activities.

Designated Unreserved Fund Balance - Net financial resources of a governmental fund that are spendable or available for appropriation, but which have been earmarked by the City Manager or the City Council for some specific purpose.

Encumbrance - Reservation of funds for expenditure at a future date, usually under a purchase order.

Expense - As the authorization to spend is exercised, an appropriation becomes an "expense" or "expenditure", i.e., the amount expended.

Fiscal Year - The 12-month accounting period used by the City, from July 1 through June 30th of the following calendar year.

Fund - A separate fiscal and accounting entity used by governments to segregate resources related to specific activities. The City's finances are distributed among 33 separate funds required by the City, State or Federal government, or by proper accounting practice. Fund types include:

Fund Types:

The ***General Fund*** is the principal operating fund of a government and is typically used to account for most of a government's departments. As a rule, the general fund should be used to account for all of a government's activities unless there is a compelling legal or managerial reason to use some other fund type. Governments may report only a single general fund.

Special Revenue funds are revenues earmarked for specific purposes. One example is our "Gas Tax Fund" that records gas tax revenues, which may only be used for street repairs. Another example is the "Construction Impact Fees Fund."

Capital Project funds are used to account for construction of major public facilities or acquisition by the general government. The "Library Building Fund" and "General Capital Improvement Fund" are examples of capital project funds.

Enterprise funds are used to account for operations including debt service that are financed and operated in a manner similar to private businesses - where the intent of the governing body is that cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or where the governing body has determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance , public policy, management control accountability, or other purposes. The "Martin Luther King Fund" is an example of an enterprise fund. Another example is the "Sewer Fund" that records sewer fee collections, which may only be used for maintenance of the sewer main system throughout the city.

Internal Service funds are enterprises that sell service internally to other City entities, rather than to the general public. The "Vehicle Replacement Fund" is an example of Internal Service Funds.

Agency funds are used to account for accumulations of resources that will be used to pay debt of the Local Improvement Districts for which the City acts as administrator and pay agent. "The Downtown Sidewalk Assessment District Fund" and the "Sunshine Underground Assessment District Fund" are examples of agency funds.

Fund Balances - The excess of the total assets of a fund over its total liabilities and reserves.

Governmental Funds - this includes the general, special revenue, debt service and capital projects fund. They are accounted for on a financial flow basis, measuring available spendable resources and changes in net current assets.

Interest - Income earned on the investment of available cash balances.

Inter-fund Transfers - The reallocation of money from one fund to another. The receiving fund must spend the transferred money in a way that complies with any restrictions placed on the money when it was originally received by the donor fund.

Intergovernmental - Revenues shared with the City by the State (such as the Homeowners' Exemption, Motor Vehicle License Fees, Gas Tax), or Federal government.

Liabilities - Amount of obligations a fund has to make on future payments, such as accounts payable, deferred revenues or amounts due other funds.

Operations - Departmental costs for employees, contract services, repairs and maintenance, internal services, supplies, equipment and other expenses. These expenses are generally predictable and consistent with the on-going service demands of the City and the impact of inflation.

Non- Departmental - Expenses incurred at the fund level, which are not charged to an individual department, such as retiree health benefits, worker's compensation, liability insurance, Richardson Bay Regional Agency, and inter-fund transfers.

Projects - Long-term investments in public facilities and infrastructure; also known as capital improvements. Amounts spent may vary widely from year to year.

Reserved Fund balance - The portion of fund balance that is not available for appropriation because it is legally restricted (e.g., encumbrances).

Revenue - Money received from taxes, licenses, permits, interest, fees for service, bonds or from other governments by the City during the fiscal year.

User Fees - Charges of a voluntary nature paid by persons receiving a service in exchange for the fee (such as recreation activities).