

Glossary

GLOSSARY

The following abbreviations are used throughout the budget book:

ADA	American with Disabilities Act
AED	Automated External Defibrillator
BOC	Board of Commissioners
CAD	Computer Aided Design
CDBG	Community Development Block Grant
CIP	Capital Improvement Program
CRA	Community Redevelopment Agency
DOT	Department of Transportation
EMS	Emergency Medical Service
FDOT	Florida Department of Transportation
FMIVT	Florida Municipal Investment Trust
FSA	Financial Security Assurance Inc.
FY	Fiscal Year
MIS	Management Information Systems
PT	Part-time
SBA	State Board of Administration
TIF	Tax Increment Financing
TP	Treatment Plant
W/S	Water-Sewer
WWTP	Waste Water Treatment Plant

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 timing of related cash flows.

Ad Valorem Taxes – Real estate and personal property taxes. Ad Valorem is defined by Webster’s New World Dictionary as “in proportion to the value”. The taxes are assessed on a portion of the value of the property. Local governments set the levy.

Adjusted Final Millage – Under Florida law, the actual tax rate levied by a local government when tax bills are issued. The rate is adjusted for corrected errors in property assessments for tax purposes and for changes in assessments made by property appraisal adjustment boards in each county. Usually, changes are slight and the adjusted millage does not change from the taxing agency’s levy.

Aggregate Millage Rate – The sum of all property tax levied imposed by the governing body of a county. State law limits the aggregate rate for a county or municipality to \$10 per \$1,000 worth of assessed taxable value.

Amendment – The process of formally altering or adding to a document or record.

American with Disabilities Act – Federal legislation requiring the accessibility of public facilities for handicap persons.

Appropriation – A specific amount of money authorized by City Commission for the purchase of goods and services.

Assessment – The value for tax purposes determined by the property appraiser for a given piece of real or personal property.

Balanced Budget – A budget in which planned funds available equal planned expenditures.

Basis of Accounting – The timing of recognition, that is, then 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.

Bond - Bonds are debt and are issued for a period of more than one year. The U.S. government, local governments, water districts, companies and many other types of institutions sell bonds. When an investor buys bonds, he or she is lending money. The seller of the bond agrees to repay the principal amount of the loan at a specified time. Interest-bearing bonds pay interest periodically.

Budget – The document that details how much revenue is expected and how it will be spent during a year.

Capital Improvement – Land, buildings, structures and all facilities other than buildings, traffic lights, machinery, equipment, automobiles, etc., with a unit cost in excess of \$5,000 and a useful life of five or more years.

Capital Outlay – The cost of acquiring land, building, equipment, furnishings, etc. (see Capital Improvement).

Contingency – Funds that are not earmarked for a specific purpose and may be used for emergency expenses or to make up cost overruns during a budget year.

Cost Allocation – The method used to charge Enterprise Funds for their share of central administration costs.

Cost-reimbursement Basis – Term used in connection with internal service funds. The setting of charges so that costs are systematically recovered on a break-even basis over time.

Debt Service – The expense of retiring such debts as loans and bond issues.

Depreciation – The periodic expiration of an asset’s useful life. There are several methods for computing depreciation. Straight line, which is the most common, divides the value of the asset at acquisition by its estimated useful life. This amount is charged to expense until the asset is written off. Depreciation is a requirement in proprietary-type funds, such as enterprises and internal service funds. It is not used in any other fund, except to establish insurance values, since assets are recorded only in a general grouping. Depreciation is a non-cash expense; however, it should be budgeted in proprietary funds to ensure that there is sufficient revenue being collected from rates to cover this expense.

Encumbrance – An amount of money committed for the payment of goods and services not yet received or paid

Enterprise Fund – A self-supporting fund designed to account for activities supported by user charges; examples are Water & Sewer and Sanitation funds.

Exempt, Exemption, Non-Exempt – Amounts that State law determines should be deducted from the assessed value of property for tax purposes. Tax rates are applied to the balance, or the non-exempt portion of the assessment. A 1980 amendment to the Florida Constitution sets the homestead exemption at \$25,000; On January 29, 2008 Florida voters approved (Amendment 1) an additional \$25,000 homestead exemption to be applied to the value between \$50,000 and \$75,000. If a home is worth \$75,000 or more, the owner would receive the full exemption benefit. If the home is worth between \$50,000 and \$75,000, he or she would receive a pro-rated exemption amount.

Homeowners with the following example assessed values would receive these exemptions:

Assessed value - \$40,000	Exemption - \$25,000
Assessed value - \$65,000	Exemption - \$40,000
Assessed value - \$75,000 plus	Exemption - \$50,000

Senior Exemption:

An additional exemption of \$25,000 is available to senior residents of Tarpon Springs that meet the following qualifications:

- At least one property owner is 65 years of age or older on January 1, 2010
- The applicant qualifies for or is already receiving Homestead Exemption
- Total household income is \$25,780 or less
- Applicant lives in a tax district offering the exemption

Eligible homeowners must apply for exemption by March 1 each year. Other exemptions apply to agricultural land and property owned by widows, the blind, and permanently and totally disabled people who meet certain income criteria.

Expenditure – Decreases in (uses of) financial resources other than through interfund transfers.

Expense – A use of financial resources, denoted by its use in the proprietary funds, which are accounted for on a basis consistent with the business accounting model (full accrual basis).

Final Millage – The tax rate adopted in the second public budget hearing of a taxing agency.

Fiscal Year – (FY) The budget year – October 1 through September 30.

Franchise Fees – A fee assessed on a business, usually a public utility, in return for its exclusive right to operate inside the City limits. The City of Tarpon Springs has granted franchises for electric, gas, cable television, and telephone services.

Function – A major class of grouping of activities directed toward a common goal such as improvements to the public safety or improvement of the physical environment. For budgetary analysis, the categories of functions have been established by the State of Florida and financial reports must be grouped according to those established functions.

Fund – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances and changes therein, which are segregated for specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.

Fund Balance – Unspent funds that can be included as a source in the following year’s budget.

General Fund – A fund supported by revenues, such as property taxes, not designated by law for a special purpose. Some of the departments that are part of the General Fund include Fire, Police, Administration, Public Works, Library, and Recreation.

Government Finance Officers Association - (GFOA). An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local government since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

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.

Homestead Exemption – A deduction from the total taxable assessed value of property occupied by the owner in the State of Florida. Currently, the exemption is \$50,000 for all qualified property owners.

Indirect Costs – Costs associated with, but not directly attributed to, providing a product or service. These are usually costs incurred by other departments in the support of operating departments.

Interest - The price paid for borrowing money. It is expressed as a percentage rate over a period of time and reflects the rate of exchange of present consumption for future consumption. Also, a share or title in property.

Interfund Transfers – Transfers among funds to track items for management purposes. They represent a “double counting” and, therefore, are subtracted when computing a “net” operating budget.

Internal Service Funds – 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.

Mill – 1/1000 of one dollar; used in computing taxes by multiplying the rate times the taxable value divided by 1,000. Example: millage rate of \$5.45 per thousand, taxable value of \$50,000.

$$\frac{\$50,000}{\$ 1,000} \times 5.45 = \$272.50$$

Modified Accrual Basis – 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.

Object Code – An account to which an expense or expenditure is recorded in order to accumulate and categorize the various types of payments that are made by government. These are normally grouped into Personnel Services, Operating Expenses, Capital Outlay, and Other categories for budgetary analysis and financial reporting. Certain object codes are maintained by the State of Florida Uniform Accounting System.

Operating Budget – A budget for general expenditures also known as Operating and Maintenance costs. These are the expense of day-to-day operations such as salaries, utilities, and supplies.

Operating Fund – Also called General Fund. Usually, the Operating Fund is the major portion of a budget.

Other Expenses or Expenditures – These include non-expense or expenditure items such as reserves, transfers to other funds, depreciation, and debt service.

Personal Property – Livestock, commercial equipment and furnishings, attachments to mobile homes, railroad cars and similar possessions that are taxable under State law.

Personnel Services – Costs related to compensating employees including salaries, wages, and benefits.

Principal - (1) The total amount of money being borrowed or lent. (2) The party affected by agent decisions in a principal-agent relationship.

Property Appraiser – Elected county official responsible for setting property valuations for tax purposes and preparing the annual tax roll.

Proposed Millage – The tax rate certified to a property appraiser by each taxing agency within a county. Proposed millage must be sent to an appraiser within 30 days after a county's tax roll is certified by the State Department of Revenue and is listed on notices sent to property owners. No taxing agency may approve a levy that is larger than originally proposed.

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.

Real Property – Land and the buildings and other structures attached to it that is taxable under State law.

Recurring Expenses – Expenses that continue from year to year, where a similar amount can be expected annually. Examples include personnel expenses and charges for utilities. Non-recurring expenses are those that exist for a limited period or whose amounts vary considerably from one year to the next. Examples of non-recurring expenses include one-time expenses for special projects.

Recurring Revenue – Revenue sources that continue from year to year, where a similar amount can be expected annually. Examples of recurring revenues include property taxes, utility taxes, and license fees. Non-recurring revenues are those that exist for a limited period or whose amounts vary considerably from one year to the next. Examples of non-recurring revenue include proceeds from grants and the sale of assets.

Refunding Bond – The issuance of a new bond for the purpose of retiring an already outstanding bond issue.

Revenue – An increase in (source of) fund financial resources other than from interfund transfers or debt issue proceeds.

Revenue Bond – A municipal bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds.

Revenue Sharing – State money allocated to local governments.

Rolled-Back Rate – The millage rate that, when multiplied by the tax roll, would yield the same amount of revenue for the taxing authority as was yielded by the millage rate levied in the previous year. Normally, as the tax roll rises by virtue of reassessment, the rolled-back rate will be slightly lower than the previous year's millage levy. This reduced rate multiplied by the value of new construction/annexations added to the roll during the year provides the only source of additional tax revenue if the rolled-back rate is levied.

Special Revenue Fund – A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Tax Base – The total property valuations on which each taxing agency levies its tax rates.

Tax Increment Financing – (TIF) A mechanism for using property taxes to stimulate investment in economically depressed areas.

Tax Roll – The certification of assessed/taxable values prepared by the Property Appraiser and presented to the taxing authority by July 1 (or later if an extension is granted by the State of Florida) of each year.

Tax Year – A calendar year. The tax roll for the 2010 calendar year would be used in figuring the 2010-2011 budget year. The tax bills mailed November 1 represent the property taxes due for the 2010 tax year.

Tentative Millage – The tax rate adopted at the first public budget hearing of a taxing agency. Under State law, the agency may reduce, but not increase, the tentative millage during the second budget hearing.

Truth in Millage Law – Also called the TRIM BILL. A 1980 law that changed the budget process for local taxing agencies, designed to keep the public informed about the taxing intentions of the agencies.

Uniform Accounting System The chart of accounts prescribed by the Office of the State Comptroller designed to standardize financial information to facilitate comparison and evaluation of reports.

User Charges – The payment of a fee for direct receipt of a public service by the party benefiting from the service. Examples are Water and Sewer services.

Utility Tax – A tax levied by cities on the consumers of various utilities such as electricity, telephones, or gas.

Voted Millage – Property tax levies authorized by voters within a taxing agency. Bond issues that are backed by property taxes are a common form of voted millage in the State. Such issues are called general obligation bonds.

Working Capital - the difference between current assets and current liabilities, measures the margin of protection for current creditors. It reflects the ability to finance current operations.