

GLOSSARY OF TERMS

A

ACCRUAL BASIS OF ACCOUNTING -

A basis of accounting in which debits and credits are recorded at the time they are incurred, as opposed to when cash is actually received or spent. For example in accrual accounting, a revenue which was earned between April 1 and April 30, but for which payment was not received until May 10, is recorded as being received on April 30 rather than on May 10.

AD VALOREM TAXES - Property taxes computed as a percentage of the value of real or personal property expressed in mills.

AGENCY FUND - A fund used to account for assets held by the City as an agent for individuals, private organizations, other governments or other funds, such as deferred compensation plans.

AMORTIZATION - The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSESSED VALUATION - The County Property Appraiser's estimation of the Fair Market Value of real estate or other property. This valuation is used to determine taxes levied upon the property.

B

BOND - A written promise to pay a sum of money on a specific date at a specified interest rate. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets, and water and sewer systems.

BOND COVENANT - A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution (e.g., pledged revenues).

BOND RATING - An evaluation of credit worthiness performed by an independent rating service. The City's bonds have been rated "Aaa" by Moody's Investment Service, "AAA" by Standard and Poor's and "AAA" by Fitch Rating Service.

BONDED DEBT PER CAPITA - The amount of City indebtedness represented by outstanding bonds divided by the City's population, used to indicate the City's credit position by referring to the proportionate debt per resident.

BPD - Beach and Park District.

BUDGET - A statement of the financial position of a sovereign body for a definite period of time based on estimates of expenditures during the period and proposals for financing them. Also, the amount of money that is available for, required for, or assigned to a particular purpose.

BUDGET AMENDMENT - Generally done on a quarterly basis, the process by which unanticipated changes in revenue or expenditures are made a part of the budget, thereby amending it. These changes may be between Funds or Departments and require an Ordinance and City Council approval.

BUDGET REAPPROPRIATION - The process of bringing forward unspent dollars from the previous fiscal year budget to the current approved budget as follows: Automatic Reappropriations bring forward certain dollars budgeted and encumbered from the previous fiscal year but not as yet paid by close of fiscal year end, the purpose of which is to pay the bills. These require City Manager approval. Council Reappropriations bring forward certain dollars budgeted from the previous fiscal year but which had not been encumbered by close of the fiscal year, such as the remaining dollars for a capital improvement project in process. This requires an Ordinance and City Council approval.

BUDGET TRANSFER - The process by which approved budgeted dollars may be reallocated between line item expenditures within the same Fund and Department to cover unforeseen expenses. Requires City Manager approval.

BUDGETARY CONTROL - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

C

CAPITAL EXPENDITURES – Expenditures for those projects with a useful life span of ten years and a cost of at least \$35,000.

CAPITAL IMPROVEMENTS PROJECTS - Any program, project or purchase which has a useful life span of ten years and a cost of at least \$10,000 or a useful life span of seven years and a cost of at least \$35,000. These expenditures are related to the acquisition, expansion or rehabilitation of an element of the City's physical plant.

CAPITAL OUTLAYS - Expenditures that result in the acquisition of or addition to fixed assets.

CAPITAL RECOVERY COST - Spreads the cost of replacing a vehicle out over the life of the vehicle. Use of this system funds the depreciating value of the vehicle during its useful life, assures replacement funds will be available when the vehicle is no longer serviceable, and makes replacement funding a component of current operating costs.

CASH BASIS OF ACCOUNTING - A basis of accounting in which transactions are recorded when cash is either received or expended for goods and services.

CASH MANAGEMENT - The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

CDBG – Community Development Block Grant.

CIP – Capital Improvement Program.

CITY CODE – City of Boca Raton's Code of Ordinances.

CONTINGENCY - A budgetary reserve set aside for emergencies or unforeseen expenditures.

CRA – Community Redevelopment Agency (Boca Raton).

D

DEBT SERVICE FUNDS - The funds created to account for the accumulation of resources from, and the payment of, general long-term debt principal and interest.

DEFEASED BONDS - Bonds that have been issued but, due to some action, the proceeds are not used as planned. The proceeds are then used to establish an Escrow Trustee to pay off the principal and interest on the issued bonds.

DEPARTMENT - A major unit of organization in the City which indicates overall an operation or group of related operations within a functional area.

DEPRECIATION - (1) Expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a fixed asset which is charged as an expense during a particular period. In accounting, the cost of a fixed asset, less any salvage value, is pro-rated over the estimated service life of such an asset and each period charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DIVISION - A unit of organization which is comprised of a specific operation within a functional area. City Departments may contain one or more Divisions.

E

ENCUMBRANCE – A reservation of funds to cover purchase orders, contracts or other funding commitments which are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of an expenditure.

ENTERPRISE FUNDS - The funds established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

ESCROW - A deed, bond, money, or piece of property held in trust by a third party until fulfillment of a condition. (See Defeased Bonds)

ESTIMATED REVENUES - Projections of funds to be received during the fiscal year.

EXPENDITURES - The cost of goods delivered or services rendered including operating expenses, capital outlays and debt service.

F

FAU –Florida Atlantic University.

FISCAL YEAR - The period of 12 months to which the annual budget applies. The City’s fiscal year begins October 1 and ends September 30.

FIXED ASSETS - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, equipment and improvements (other than buildings).

FRANCHISE FEE - Fees levied on a corporation in return for granting a privilege, sanctioning monopoly, or permitting the use of public property, usually subject to regulation.

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

FUND – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance. Types of funds include Governmental (Capital Projects, Debt Services, General Fund and Special Revenue); Proprietary (Enterprise Funds); and Fiduciary Funds (Trust and Agency Funds).

FUND BALANCE - Fund equity for governmental funds and trust funds which reflects the accumulated excess of revenues and other financial sources over expenditures and other uses for general governmental functions.

FY – Fiscal Year.

G

GASB - Governmental Accounting Standards Board, which sets standards for governmental accounting.

GENERAL FUND REVENUE - Most of the City revenue sources are channeled through the General Operating Fund. Such revenues are commonly generated by fees, charges, taxes and intergovernmental revenues.

GENERAL OBLIGATION BONDS - Upon voter approval at a general referendum, a project will be financed through a millage increase in ad valorem taxes for a specified period of time. This source is especially appropriate when the life of a project or improvement is expected to exceed 20 years and is City-wide in nature or benefit.

GOVERNMENTAL FUND TYPES - Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds.

GRANTS - A contribution by the Federal or State government to subsidize specific projects, either partially or entirely.

I

IMPACT FEES - Fees charged to developers to cover the anticipated cost of improvements that will be needed as a result of growth and development, i.e., water and sewer.

INFRASTRUCTURE - The basic installations and facilities on which the continuance and growth of the City depends, such as roads, schools, and water and sewer systems.

INTERFUND TRANSFERS - Transfers of resources between funds that are neither recorded as revenues to the fund receiving nor expenditures to the fund providing.

INTERGOVERNMENTAL REVENUE - Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

INTERLOCAL AGREEMENT - A written agreement between the City and other units of government to share in similar services, projects,

emergency assistance, support, funding, etc., to the mutual benefit of all parties.

INTERNAL SERVICE FUNDS - The funds established for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. Examples are the Motor Pool Fund and the Management Information Services Fund.

I.R.I.S. - In-City Reclamation Irrigation System whereby reclaimed water can be distributed to residents for irrigation use, thus conserving potable water. This project is part of the Comprehensive Plan.

I.S. – Information Services Division (Technology).

L

LEVY - To impose taxes, special assessments, or service charges for the support of City activities.

LINE ITEM BUDGET - A budget that lists each expenditure category separately, such as social security, office supplies, uniforms, etc., along with the dollar amount budgeted for each specific category.

LONG-TERM DEBT - Debt with a maturity of more than one year after the date of issuance.

M

MILLAGE RATE - The amount of tax stated in terms of a unit of the tax base; for example, each mill generates \$1 for every \$1,000 of assessed valuation of taxable property.

MODIFIED ACCRUAL BASIS OF ACCOUNTING - A basis of accounting in which expenditures are recognized when the related fund liability is incurred, but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting, since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or available and measurable. This type of accounting basis is a conservative financial approach and is recommended as the standard for most governmental funds.

M.S. – Municipal Services Department.

N

NON-AD VALOREM REVENUE BONDS - Through the anticipation of excess revenues for a specified period, revenue bonds may be sold to finance a special project or projects. These revenues can be from most any unpledged, consistent source, such as gas tax funds.

O

OMB – Office of Management and Budget. Division within the General Fund, City Manager's Department that is responsible for Management studies, research and budget preparation.

OPERATING BUDGET - The portion of the budget that pertains to daily operations that provide basic governmental services.

ORDINANCE - A formal legislative enactment by the City Council, barring conflict with higher law, having the full force and effect of law within the City.

P

PROGRAM - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. Examples include Public Safety, Physical Environment, and Recreation.

PROGRAM-SPECIFIC REVENUE - Examples of these sources of revenue are the gas tax, which must be used for transportation improvements only, or funds received from abandonment of rights-of-way, which can only be used to purchase new rights-of-way.

PROPRIETARY FUND TYPES - A group of funds in which the services provided are financed and operated similarly to those of a private business.

R

REBUDGETING – The process of City Council’s revising the proposed budget to include funds for items approved in the current year that have not been encumbered and are not anticipated to be spent prior to the end of the fiscal year.

REFUNDING BONDS - Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.

RETAINED EARNINGS - An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

REVENUE - Additions to assets which (a) do not increase any liability, (b) do not represent the recovery of an expenditure, (c) do not represent the cancellation of certain liabilities or decrease in assets, and (d) do not represent contributions of fund capital in Enterprise and Internal Service Funds.

RISK MANAGEMENT - An organized attempt to protect a government’s assets against accidental loss in the most economical method.

ROLL-BACK RATE - The millage necessary to raise the same amount of Ad Valorem Tax revenue as the previous year excluding taxes from new construction.

R.O.W. – Right of Way.

S

S.H.I.P. – State Housing Initiative Program.

SPECIAL ASSESSMENT (SA) - A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

SPECIAL REVENUE FUND - A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. An example is the Beautification Fund, which must be used for street and highway purposes.

T

TRUST FUND - A fund used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments or other funds, such as Pension Trust Funds.

U

UNENCUMBERED BALANCE - The amount of funds, which is neither expended nor reserved, but is still available for future purchases.

U.S. – Utility Services.

USER FEES - Charges for specific services rendered only to those using such services, i.e., sewer service charge.

UTILITY TAXES - Municipal charges levied by the City on each and every purchase of a public service within the corporate limits of the City. Public service includes electricity, gas, fuel, oil, water service, and telephone service.

X

XERISCAPE - The use of design and planning techniques with draught tolerant plant material in order to achieve water conservation.