

GLOSSARY OF TERMS

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

Account Number - In accordance with the state chart of accounts, each class of expenditures and revenues is assigned a specific account number for use within the City's accounting system.

Activity - The smallest unit of budgetary accountability and control which encompasses specific and distinguishable lines of work performed by an organizational unit for the purpose of accomplishing a function for which the City is responsible.

Ad Valorem Tax - A tax levied on assessed value of real and personal property within the City and not expressly exempted. This tax is also known as property tax.

Appropriation - An authorization granted by the City Commission to make expenditures and to incur obligations for purposes specified in the Budget Appropriation Ordinance.

Assessed Valuation - A valuation set upon property by the County Property appraiser as a basis for levying taxes.

Available Fund Balance - This refers to the funds remaining from the prior year, which are available for appropriation and expenditure in the current year.

Base Budget Allowance - Continuous expenses for Personal Services, Operating Expenses and replacement of existing equipment to maintain service levels authorized by the City Commission.

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term usually indicates a financial plan for a single fiscal year.

Budget Message - A general discussion of the proposed budget as presented in writing by the City Manager to the City Commission.

Capital Outlay - A level of budgetary appropriation that includes expenses for building, machinery and equipment. Items that are additions to fixed assets.

Capital Improvement Plan - A financial plan for construction of physical assets such as buildings, streets, sewers and recreation facilities. The plan extends over several future years indicating the beginning and ending date of each project, the amount to be expended in each year and the method of financing those expenditures.

Charges for Services - Revenues derived from charging fees for providing certain government services. These revenues can be received from private individuals or entities, or other governmental units. Charges for services include landscaping services, water/sewer fees, solid waste fees, recreation and culture admissions.

Contingency - An appropriation of funds to cover unforeseen events that occur during the fiscal year.

Cost Allocation - A method used to charge Enterprise Funds and Federal Funds for their share of central administration costs.

GLOSSARY OF TERMS (Continued)

Culture and Recreation - The cost of providing recreational facilities and activities including golf, tennis, baseball, exhibition halls, performing arts halls and parks.

Debt Service - The payment of principal and interest on borrowed funds such as bonds.

Depreciation - The decrease in value of physical assets due to use and the passage of time.

Economic Environment - The cost of providing services that develop and improve the economic condition of the community and its citizens.

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

Enterprise Fund - A self-supporting fund designed to account for activities supported by user charges; examples are Sewer, Water and Solid Waste Funds.

Excise Tax - A tax assessed on the consumer of a service, usually a utility service, that is based upon the level of consumption. The City has excise taxes on water, electric, telecommunications services, natural gas, liquid propane and heating oil.

Fines and Forfeits - Fines and forfeits are derived from penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations and for neglect of official duty. These revenues include court fines, confiscated property and parking violations.

Fiscal Year - Any period of 12 consecutive months designated as the budget year. The City's budget year begins October 1 and ends September 30, the same as the Federal Government.

Franchise Tax - A fee assessed on a business, usually a public utility, in return for giving them the exclusive right to operate inside the City limits. The City of Sarasota has granted franchises for electric, cable television, natural gas and telephone service.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance - The resources available for appropriation in accordance with the prescribed basis of budgeting. Accordingly, only undesignated and/or unencumbered resources are considered fund balance for budget purposes.

GAAP - Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standard Board.

General Fund - Used to account for all governmental functions not required to be separately recorded by laws or governmental policy. Most of the essential governmental services such as police protection, public works, landscape maintenance, neighborhood services and general administration are provided by the General Fund.

General Government - A major class of services provided by the legislative, judicial and administrative branches for the benefit of the public and the governmental body as a whole.

GLOSSARY OF TERMS (Continued)

Growth Management Act of 1985 - State of Florida Legislation that amends the 1975 Local Government Comprehensive Planning Act. The amendment requires changes in local government planning procedures and gives State and Regional planning authorities more supervisory and coordinating involvement than in the past.

Homestead Exemption - A deduction from the total taxable assessed value of property occupied by the owner in the State of Florida. The exemption is now \$25,000 for all property owners who qualify.

Human Services - The cost of providing services for the care, treatment and control of human illness, injury or handicap, for the welfare of the community as a whole, or for the housing and education of individuals.

Interfund Transfers - Transfers of resources from one fund to another fund in the same government. Transfers are not repayable and do not constitute payment or reimbursement of goods provided or services performed.

Intergovernmental Revenues - Revenues received from Federal, State and other local government sources including grants, shared revenues and payments in lieu of taxes.

Internal Service Funds - Established to account for the financing of goods or services provided by one department for other departments within the City. Goods and services furnished are billed at cost plus an overhead factor, which is designed to cover the indirect expenses of the funds.

Licenses and Permits - Revenues derived from the issuance of local licenses and permits including professional and occupational licenses, building permits and other miscellaneous permits.

Local Option Gas Tax - The Local Option Gas Tax is a 30 year tax, begun in 1983 to fund transportation related improvements.

Millage - The tax rate on real property, based on 1 mill equals \$1 per \$1,000 of assessed property value.

Miscellaneous Revenues - These revenues are those not otherwise specified under Taxes, Licenses and Permits, Intergovernmental, Charges for Services or Fines and Forfeits. They include investment earnings, rents, royalties, special assessments, impact fees and proceeds from asset sales.

Objective - Desired output-oriented accomplishments which can be measured and achieved within a given time frame.

Object of Expenditure - Expenditures are classified based upon the type of good or service incurred. Such classifications include:

- o Personal Services
- o Materials and Supplies
- o Contractual Services
- o Contractual Maintenance
- o Capital Outlay
- o Debt Service

Operating Costs - Expenses for such items as expendable supplies, contractual services, and utilities.

GLOSSARY OF TERMS (Continued)

Ordinance - A formal legislative enactment by the City Commission or governing body of a municipality. If it is not in conflict with any higher form of law such as a statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

Personal Services - Salaries/Wages and Benefits (Social Security, Medical/Dental/Life/Workers' Compensation Insurance and Retirement, etc.) provided by the City.

Physical Environment - The cost of services provided by government for the purpose of achieving a satisfactory living environment by controlling and utilizing elements of the environment. Included in this category are water/sewer services, solid waste services, conservation management, demolition and lot mowing.

Program - A program is a distinct, clearly identifiable activity, function, or organizational unit which is budgeted as a sub-unit of a department. A program budget utilizes the separate program budget as its basic component.

Public Safety - A major category of services provided by a government for the security of persons and property. This includes Police Services and Building, Zoning and Code Enforcement.

Reclassification - The moving of an existing position from one personnel classification (title) to another.

Resources - Total amounts available for appropriation, including estimated revenue, fund transfers and beginning fund balances.

Rolled-Back Rate - Under Florida law as property values are increased each year by the property appraiser due to inflation, the City property tax rate is automatically reduced proportionately so that the City does not automatically derive additional revenue. All property tax rate changes are calculated using the rolled-back rate as the base.

Special Revenue Funds - To account for revenues derived from specific sources which are restricted by law or policy to finance specific activities.

Tax Increment Financing - A mechanism for using property taxes to stimulate investment in economically depressed areas. This involves identifying the depressed areas, then reinvesting property taxes generated as a result of new construction in projects designed to further enhance the area's economic vitality.

Tax Revenues - Revenues derived by charges levied against the income or wealth of a person or other legal entity.

Transportation - The cost of services provided for the safe and adequate flow of vehicles, travelers and pedestrians including the provision and maintenance of roads and streets, transit systems and parking facilities.

User Charges - The payment of a fee for direct receipt of a public service by the party benefiting from the service.

Utilities Excise Tax - A tax levied by cities on the consumers of various utilities such as electricity, gas, and telephone service.