GLOSSARY

GLOSSARY OF TERMS

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

ACCOUNT CLASSIFICATION: A basis for distinguishing types of expenditures. The five major classifications used by the City of Brownsville are: personnel services (600's), material/supplies (700 thru 719), maintenance of buildings and structures (740's), maintenance of equipment (750's), and capital outlay (900's).

AD VALOREM TAXES: Also referred to as property tax, this is the charge levied on all real, personal, and mixed property according to the property's assessed valuation and the tax rate, in compliance with the State Property Tax Code.

ALL FUNDS: Combined total of general fund, non-bonded debt service fund, bonded debt service fund, special revenue fund, and enterprise fund.

ASSESSED VALUATION: A value established by the Cameron County Appraisal District which approximates market value of real of personal property. According to state law one hundred percent (100%) of the property value is used for determining the basis for levying property taxes.

BALANCED BUDGET: A budget adopted by the legislative body and authorized by ordinance where the proposed expenditures are equal to or less than the proposed revenues.

BOND: A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayments of the principal are detailed in a bond ordinance. The most common type of bonds is general obligation (G.O.) and revenue bonds. These are most frequently used for construction for large capital projects, such as buildings, and streets.

BONDED-DEBT SERVICE FUND: A fund used to account for the monies set aside for the payment of interest and principal to holders of the City's general obligation bonds, the sale of which finances long-term capital improvements, such as facilities, streets and drainage, and parks.

BUDGET: A financial plan for a specified period of time (fiscal year) that matches planned revenues with expenditures. The "preliminary budget" designates the financial plan initially developed by departments and presented by the city manager to the city commission for approval. The "adopted budget" is the plan as modified and finally approved by that body. The approved budget is authorized by ordinance and thus specifies the legal spending limits for the fiscal year. The budget process in every Texas City must comply with the requirements of the Texas Uniform Budget Law.

BUDGET DOCUMENT: The compilation of the spending plans for the various funds, along with supporting schedules, tables and charts, which, in total comprises the annual revenue and expenditure plan.

BUDGET MESSAGE: The opening section of the budget, which provides the city commission and the public with a general summary of the most important aspects of the budget. The message explains principal budget issues against the background of financial experience in recent years, and presents the views and recommendations of the city manager.

CAPITAL OUTLAY: Expenditures for equipment, vehicles, or machinery that results in the acquisition of assets with a useful life of more than one year. Cost of each individual item is $500 or more.

DELINQUENT TAXES: Real or personal property taxes that remain unpaid on and after February 1st of each year upon which penalties and interest and assessed.

DEPARTMENT: A major administrative segment responsible for management of operating divisions, which provide services within a functional area.

DIVISION: A basic organizational unit that is functionally unique and provides service under the administrative direction of a department.

EFFECTIVE TAX RATE: A rate that raises the same total levy as last year from properties taxable in both years.

ENTERPRISE FUND: A fund established to account for operations that are financed and operated in a manner similar to private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures. The airport, motor vehicle parking system, public transit and country club are enterprise funds in the City of Brownsville.

ESTIMATED REVENUE: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

EXPENDITURE: Funds spent in accordance with budgeted appropriations on assets or goods and services obtained.

FISCAL YEAR: A consecutive 12-month period, which signifies the beginning and ending dates for recording financial transactions. The City of Brownsville's fiscal year begins October 1 and end September 30 of the following calendar year. This is also called the budget year.

FUND: An accounting device established to control receipt a disbursement of income from sources set aside to support specific activities or attain certain objectives. Each fund is treated as a distinct fiscal entity with a self-balancing set of accounts. In the budget process a formal annual budget is required for the general fund, debt service fund, non-bonded debt service funds and special revenue funds.

FUND BALANCE: The excess of a fund's current assets over its current liabilities, which sometimes is called working capital in enterprise funds. A negative fund balance is often referred to as a deficit.

GENERAL FUND: The largest fund within the city, the general fund accounts for the majority of the financial resources of the government. General fund revenues include property taxes, sales taxes, licenses and permits, services charges, and other types of revenue. This fund includes most of the basic operating functions such as fire and police protection, municipal court, finance, city manager, city secretary, data processing, legal, health, personnel, inspection, public works, parks and recreation, EMS, engineering, zoning and general services and contingencies.

GENERAL OBLIGATIONS (G.O.) BONDS: Legal debt instruments which finance a variety of public projects such as streets, buildings, and improvements. These bonds are backed by the full faith and credit of the issuing government and are financed through property tax revenues. In Texas, G.O. bonds must be authorized by public referenda.

INTERGOVERNMENTAL REVENUE: Grants, entitlements and cost reimbursements from another federal, state or local governmental unit.

LEVY: To impose or collect by legal authority. The city commission has the authority to levy taxes, special assessments, and service charges as stated in the city charter.

MAINTENANCE: Cost of upkeep of property or equipment (account classification 740's and 750's).

NON-BONDED DEBT SERVICE FUND: A fund used to account for the debt service on other general governmental non-bonded long-term debt of the city, such as lease-purchases.

OPERATING BUDGET: Plans of current expenditures and proposed means of the financing them. The annual operating budget is the primary mean by which most of the financing, acquisition, spending, and service delivery activities of the city are controlled. State law requires the use of annual operating budgets.

PERSONNEL SERVICES: Cost related to compensating employees, including salaries, wages, insurance, payroll taxes, and retirement contributions (account classifications 600's).

PROPERTY TAX: Also called ad valorem tax, this is the charge levied on all real, personal, and mixed property according to the property's valuation and tax rate, in compliance with the State Property Tax Code.

RESERVE: An account used to indicate that a portion of fund resources is restricted for specific purpose, or is not available for appropriation and subsequent spending.

REVENUES: Funds received by the government as income, including tax payments, fees for specific service, receipts from other governments, fines, forfeitures, grants, rentals, interest income, and other miscellaneous receipts.

ROLLBACK TAX RATE: The rate that will produce last year's maintenance and operation adjusted tax levy from this year's adjusted values multiplied by 1.08 plus a rate that will produce this year's debt service from this year unadjusted values divided by the anticipated tax collection rate.

SPECIAL REVENUE FUND: A separate fund, which accounts for resources that are legally restricted to expenditures for specific operational purposes. Convention and Tourism, Community Development, and B.P.D. are special revenue funds in the City of Brownsville.

SUPPLIES\MATERIALS: Cost of goods consumed by the City in the course of its operations (account classification 700 thru 719).

TAX RATE: The amount of tax levied for each $100 of assessed value for real, personal, or mixed property. The rate is set sometime in September each year by the city commission of the City of Brownsville, Texas.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.