

GLOSSARY OF BUDGET TERMS

Ad Valorem Tax

A tax levied on the assessed value of both real and personal property in proportion to the value of the property (also known as "property taxes").

Appropriation

An authorization made by the City Council which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Valuation

The valuation placed upon real and certain personal property by the County Assessor as the basis for levying property taxes.

Assets

Resources owned by the City which have monetary value.

Balance Sheet

A basic financial statement that discloses the assets, liabilities, reserves and equity of specific governmental funds as of a specific date.

Bond

A written promise to pay a specified sum of money on a specific date at a specified or variable stated interest rate. The most common types of bonds are general obligation and revenue bonds. Bonds are typically used as long-term debt to pay for specific capital expenditures.

Bond Rating

A rating that is received from Standard & Poor's Corporation, Moody's Investors Service, Inc., and Fitch Ratings that shows the financial and economic strengths of the City.

Budget

A plan of financial operation embodying an estimate of proposed revenue and expenditures for a given period of time. It is the primary means by which most of the expenditures and service activities of the City are controlled. The City of Overland Park's budget is for one year.

Capital Improvements Program

A plan for capital expenditures to be incurred each year over a fixed period of years setting forth each capital project and identifying the expected beginning and ending date for each project, the amount to be expended in each year and the method of financing those expenditures.

Commodities

Items of expenditures which are consumed or show a material change in their physical condition. Examples include office supplies, replacement parts and gasoline.

<u>Contingency</u>	A budgetary resource set aside for emergencies or unforeseen expenditures not otherwise known at the time the budget is adopted.
<u>Cost Center</u>	A division of a department which has functional responsibility for related activities within that department. For example: Finance and Accounting, Administration and City Clerk are three Cost Centers within the Finance, Budget and Administration Department.
<u>Debt</u>	An obligation resulting from the borrowing of money.
<u>Debt Service</u>	The City's obligation to pay the interest and repay the principal of all bonds and other debt instruments according to a predetermined payment schedule.
<u>Delinquent Taxes</u>	Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. The unpaid balances continue to be delinquent taxes until abated, paid or converted into tax liens.
<u>Department</u>	An organizational unit of the City which is responsible for overall management of a group of related major governmental functions, such as Public Safety and Public Works.
<u>Encumbrances</u>	The commitment of appropriated funds to purchase goods or services to be delivered or performed at a future date.
<u>Equipment</u>	Tangible property having a useful life of more than one year, but less than fifteen years, and used by employees in the performance of work activities.
<u>Expenditures</u>	The outflow of funds paid or to be paid for assets, goods or services obtained regardless of when the expense is actually paid.
<u>Fiscal Year</u>	The time period designated by the City signifying the beginning and the ending period of recording financial transactions. The City of Overland Park has specified the calendar year as its fiscal year.
<u>Franchise Tax</u>	A tax levied by the City on the utility companies, such as electricity, telephone, telecable and natural gas.
<u>Fund</u>	An accounting entity with a self-balancing set of accounts that records all financial transactions that are segregated for specific activities or for attaining certain objectives.

<u>Fund Balance</u>	The difference between an entity's assets and its liabilities.
<u>General Fund</u>	The fund used to account for all of the financial resources of the City except those required to be accounted for in another fund.
<u>General Obligation Bonds</u>	Bonds that finance a variety of public projects, such as streets, buildings and improvements, which are backed by the full faith and credit of the City.
<u>Goal</u>	A statement of broad direction, purpose or intent.
<u>Grant</u>	A contribution by a government or other organization to support a specific function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed to the grantee.
<u>Infrastructure</u>	Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the government unit.
<u>Liability</u>	Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date. This term does not include encumbrances.
<u>Long-Term Debt</u>	Debt with a maturity of more than one year after the date of issuance.
<u>Mill Levy</u>	To impose taxes for the support of governmental activities. A mill levy is expressed as one dollar per one thousand dollars of assessed valuation.
<u>Modified Accrual</u>	Revenues are recognized in the accounting period in which they become available and measurable. 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, which is recognized when due.
<u>Objective</u>	A statement of specific direction, purpose or intent based on the needs of the community and the goals established for a specific program.
<u>Operating Budget</u>	The portion of the budget that pertains to daily operations that provide basic governmental services within a set period of time. The operating budget contains appropriations for such expenditures as personnel, commodities and contractual services.

P.A.Y.G. – Pay As You Go

Funding budgeted each year in order to pay cash for capital improvements. This funding is used in lieu of issuing general obligation bonds.

Performance Measures

Quantitative and/or qualitative objective measurement of results by a unit or program, which helps to determine effectiveness in meeting goals and objectives.

Personal Services

Expenditures relating to compensating City of Overland Park employees, including salaries, wages, overtime pay, shift differential and holiday pay, but excluding employee benefits.

Property Tax

Ad valorem taxes levied on both real and personal property according to the assessed valuation and the tax rate.

Revenue

All money that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Estimate

A formal estimate of how much revenue will be earned from a specific revenue source for some future period - typically a future fiscal year.

Source of Revenue

The classification of revenues according to their source or point of origin.

Special Assessment

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 Funds

Fund type used to account for the proceeds from specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Tax Rate Limit

The maximum legal rate at which a government may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes.

User Charges

The payment of fees for direct receipt of a public service by the party benefiting from the service.